

Bay Area Housing Finance Authority

December 17, 2025

Agenda Item 4a-26-0024

Bay Area Housing Finance Authority (BAHFA) Resolution No. 038

Proposed Fiscal Year (FY) 2025-26 Operating Budget Amendment No. 1

Subject:

Staff requests adoption of Bay Area Housing Finance Authority (BAHFA) Resolution No. 038, Revised— Proposed Fiscal Year (FY) 2025-26 Operating Budget Amendment No.1.

Background:

On June 25, 2025, the Bay Area Housing Finance Authority (BAHFA) adopted Resolution No. 038, approving the Fiscal Year (FY) 2025-26 Operating Budget. The approved budget totaled \$45.9 million in operating revenue and expenses and reflects BAHFA's ongoing commitment to regional housing initiatives. These efforts are supported by the remaining California Department of Housing and Community Development (HCD) start-up grant funds, the Regional Early Action Planning (REAP) 2.0 grant, and various philanthropic and local funding sources. The expenditure plan prioritizes delivery of key pilot programs, such as the Doorway Housing Portal, Housing Preservation Loans, Priority Sites Program, and the Rental Assistance Pilot, while sustaining core operations and administrative functions.

As BAHFA transitions from its initial start-up phase to positioning itself for long-term sustainability, additional revenue sources have materialized to support the expansion of one new program in FY 2025-26 that has been identified as a priority in BAHFA's Strategic Planning process. Additional revenue includes new philanthropic contributions, reprogrammed exchange funds, and updated allocations across BAHFA's state grant portfolio. This budget amendment incorporates resources and aligns expenditures with updated implementation schedules, program launches, and operational needs for the remainder of the fiscal year.

Most of the FY 2025-26 budget continues to represent spend down of previously allocated one-time grant funds; it remains a priority for BAHFA to secure new resources to sustain the long-term operational needs of the agency. BAHFA's Strategic Planning process, launched in early 2025, is designed to chart a path to sustain a narrower set of BAHFA programs as a bridge towards a large-scale capitalization strategy. The Strategic Planning process is scheduled to conclude in early 2026 and will shape the BAHFA FY2026-27 budget and beyond.

FY 2025-26 Operating Budget Amendment:

The Proposed FY 2025-26 Operating Budget Amendment No. 1 includes revisions to reflect updated revenue sources and program expenditures, increasing total operating revenue and expenses from \$45.9 million to \$58 million. The \$12.1 million net increase is primarily driven by the launch of the Mixed-Income Financing Program and new philanthropic and local

contributions that fully support the corresponding expansion in BAHFA's operating and programmatic activities.

Revisions to operating revenue total \$12.1 million and include:

- \$11 million in transfers from the Metropolitan Transportation Commission (MTC), composed of:
 - \$6 million donation from the Chan Zuckerberg Initiative (CZI)
 - \$5 million in Exchange Funds reprogrammed to support the Mixed-Income Financing Program
- \$200,000 donation from the San Francisco Foundation in support of Doorway operational costs
- Updates to State grant allocations, reflecting the rebalancing of remaining California Department of Housing and Community Development (HCD) Startup Grant and Regional Early Action Planning (REAP) 2.0 funding to align with BAHFA's consolidated housing and planning initiatives and the extended REAP 2.0 expenditure timeline

Total operating expenses are increasing from \$45.9 million to \$58 million, driven by:

- \$11 million for the launch of the Mixed-Income Financing Program
 - The \$10 million Mixed-Income Financing Program expenditure is supported by \$5 million in CZI funds and \$5 million in MTC Exchange Funds
 - The CZI grant further provides \$1 million for BAHFA Mixed-Income Financing Program operating costs.
- Revisions to REAP 2.0 staff cost allocations, extending expenditure flexibility through the grant expiration deadline of December 2026
- Updating costs across BAHFA's Doorway Pilot program and general operational costs

The proposed amendment increases total operating revenue and expenses to \$58 million, a 26.4% increase from the adopted FY 2025-26 budget. These changes position BAHFA to:

- Launch the Mixed-Income Financing Program in spring 2026
- Continue implementation of Doorway, Housing Preservation Loans, Priority Sites, and rental assistance efforts
- Realign state and philanthropic funding to current program timelines

- Support expanded operational capacity consistent with BAHFA's strategic planning process

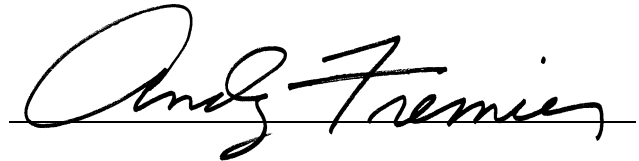
The proposed adjustments ensure that BAHFA's budget reflects updated funding availability and program needs, while maintaining fiscal alignment across funding sources and operational priorities.

Recommendations:

Staff recommends adoption of BAHFA Resolution No. 038, Revised— Bay Area Housing Finance Authority (BAHFA) Resolution No. 038 FY 2025-26 Operating Budget Amendment No. 1.

Attachments:

Attachment A: Bay Area Housing Finance Authority (BAHFA) Resolution No. 038 FY 2025-26 Operating Budget Amendment No. 1

A handwritten signature in black ink, reading "Andrew B. Fremier", written over a horizontal line.

Andrew B. Fremier