



375 Beale Street
Suite 800
San Francisco, California
94105

Meeting Agenda

Bay Area Housing Finance Authority

Sue Noack, Chair Stephanie Moulton-Peters, Vice Chair

Wednesday, May 27, 2026

9:40 AM

Board Room - 1st Floor

The Bay Area Housing Finance Authority (BAHFA) is scheduled to meet at 9:40 a.m. or immediately following the preceding meeting, whichever occurs later. This meeting shall consist of a simultaneous teleconference call at the following location(s):
City Clerk's Conference Room, Mountain View City Hall, Third Floor, 500 Castro Street,
Mountain View, CA 94041

Meeting attendees may opt to attend in person for public comment and observation at 375 Beale Street, Board Room (1st Floor). In-person attendees must adhere to posted public health protocols while in the building. The meeting webcast will be available at <https://mtc.ca.gov/whats-happening/meetings/live-webcasts>. Members of the public are encouraged to participate remotely via Zoom at the following link or phone number.

Members of the public participating by Zoom wishing to speak should use the "raise hand" feature or dial *9. When called upon, unmute yourself or dial *6. In order to get the full Zoom experience, please make sure your application is up to date.

Attendee Link: <https://bayareametro.zoom.us/j/86530213760>

iPhone One-Tap: US:

+16694449171,,86530213760# US or +16699006833,,86530213760# US (San Jose)

Join by Telephone (for higher quality, dial a number based on your current location) US:

888 788 0099 (Toll Free) or 877 853 5247 (Toll Free)

Webinar ID: 865 3021 3760

International numbers available: <https://bayareametro.zoom.us/j/86530213760>

All standing committee meeting agendas may also be accessed on MTC's website here:

<https://mtc.ca.gov/meetings-events>

On Legistar here: <https://mtc.legistar.com/Calendar.aspx>

Detailed instructions on participating via Zoom are available at:

<https://bayareametro.zoom.us/j/86530213760>

<https://mtc.ca.gov/how-provide-public-comment-board-meeting-zoom>

Members of the public may participate by phone or Zoom during the meeting. In order to be posted to the meeting's web page and circulated to committee members prior to the meeting, written comments must be sent by email at info@bayareametro.gov by 5:00 p.m. two (2) business days before the scheduled meeting date. Please include the committee or board meeting name and agenda item number in the subject line.

All comments received will be submitted into the record.

Roster

Sue Noack (Chair), Stephanie Moulton-Peters (Vice Chair),
Margaret Abe-Koga, Eddie Ahn, David Ambuehl*, Candace Andersen,
Marilyn Ezzy Ashcraft, Pat Burt, Noelia Corzo, Victoria Fleming,
Dorene M. Giacomini*+, Alicia John-Baptiste, Barbara Lee, Matt Mahan,
Amber Manfree, Mitch Mashburn, Myrna Melgar, Nate Miley, Gina Papan,
Belia Ramos, Libby Schaaf*

*Non-Voting Members

+Remote per Government Code s. 54953(c)

1. Call to Order / Roll Call / Confirm Quorum

A quorum of the Authority shall be a majority of its voting members (10).

2. Chair's Report**3. Consent Calendar**

- 3a. [26-0638](#) Approval of the BAHFA Minutes of the December 17, 2025 meeting

Action: Authority Approval

Attachments: [3a 26-0638 December 17 2025 Draft Meeting Minutes.pdf](#)

4. BAHFA Oversight Committee Report (Ramos)

- 4a. [26-0639](#) BAHFA Resolution No. 016. Welfare Tax Exemption Preservation Program - Update to Terms and Name

Adoption of Resolution No. 16, Revised to update the terms of the Welfare Tax Exemption Preservation Program (Program), expanding the program to include new construction projects and changing its name to the "Welfare Tax Exemption Program"

Action: Authority Approval

Presenter: Somaya Abdelgany

Attachments: [4a 26-0639 1 Summary Sheet Welfare Tax Exemp Preservation Program](#)

[4a 26-0639 2 BAHFA Resolution 0016 Clean.pdf](#)

[4a 26-0639 3 BAHFA Resolution 0016 Redlined.pdf](#)

[4a 26-0639 4 BAHFA Resolution 0016 Attachment A Term Sheet.pdf](#)

[4a 26-0639 5 Presentation.pdf](#)

- 4b. [26-0640](#) BAHFA Resolution No. 039. Welfare Tax Exemption Program - Adoption of Fee Schedule and Delegation of Authority

Adoption of Resolution No. 39 to adopt a fee schedule for the Welfare Tax Exemption Program and to delegate authority to staff to collect those fees from program applicants and to approve fee reduction requests if such a request meets the criteria specified in the adopted Fee Schedule

Action: Authority Approval

Presenter: Lydia Tan

Attachments: [4b 26 0640 1 Summary Sheet Welfare Tax Exemption Fee Schedule.pdf](#)
[4b 26-0640 2 May 13 Summary Sheet Welfare Tax Exemption Fee Sche](#)
[4b 26-0640 3 BAHFA Resolution 0039.pdf](#)
[4b 26-0640 4 WTEP Fee Schedule.pdf](#)
[4b 26-0640 5 Presentation Welfare Tax Exemption Fee Schedule.pdf](#)

5. BAHFA Information

- 5a. [26-0641](#) Bay Area Housing Financing Authority (BAHFA) Draft Fiscal Year (FY) 2026-27 Operating and Capital Budget

Presentation on the BAHFA Draft FY 2026-27 Operating and Capital Budget.

Action: Information

Presenter: Ilesha Spencer

Attachments: [5a 26 0641 1 Summary Sheet Draft BAHFA FY 2026-27 Operating Budg](#)
[5a 26 0641 2 Attachment A Draft BAHFA FY 2026-27 Operating Budget.](#)
[5a 26-0641 3 Presentation Draft BAHFA FY 2026-27 Operating Budget.pc](#)

6. Public Comment / Other Business

*Members of the public participating by Zoom wishing to speak should use the "raise hand" feature or dial *9. When called upon, unmute yourself or dial *6.*

7. Adjournment / Next Meetings:

The next regular meeting of the Bay Area Housing Financing Authority is scheduled to be held at the Bay Area Metro Center, 375 Beale Street, San Francisco on Wednesday, June 24, 2026. Any changes to the schedule will be duly noticed to the public.

Public Comment: The public is encouraged to comment on agenda items at Authority meetings by completing a request-to-speak card (available from staff) and passing it to the Authority secretary. Public comment may be limited by any of the procedures set forth in Section 3.09 of MTC's Procedures Manual (Resolution No. 1058, Revised) if, in the chair's judgment, it is necessary to maintain the orderly flow of business.

Meeting Conduct: If this meeting is willfully interrupted or disrupted by one or more persons rendering orderly conduct of the meeting unfeasible, the Chair may order the removal of individuals who are willfully disrupting the meeting. Such individuals may be arrested. If order cannot be restored by such removal, the members of the Authority may direct that the meeting room be cleared (except for representatives of the press or other news media not participating in the disturbance), and the session may continue.

Record of Meeting: Authority meetings are recorded. Copies of recordings are available at a nominal charge, or recordings may be listened to at MTC offices by appointment. Audiocasts are maintained on MTC's Web site (mtc.ca.gov) for public review for at least one year.

Accessibility and Title VI: MTC provides services/accommodations upon request to persons with disabilities and individuals who are limited-English proficient who wish to address Commission matters. For accommodations or translations assistance, please call 415.778.6757 or 415.778.6769 for TDD/TTY. We require three working days' notice to accommodate your request.

可及性和法令第六章: MTC 根據要求向希望來委員會討論有關事宜的殘疾人士及英語有限者提供服務/方便。需要便利設施或翻譯協助者，請致電 415.778.6757 或 415.778.6769 TDD / TTY。我們要求您在三個工作日前告知，以滿足您的要求。

Acceso y el Titulo VI: La MTC puede proveer asistencia/facilitar la comunicación a las personas discapacitadas y los individuos con conocimiento limitado del inglés quienes quieran dirigirse a la Comisión. Para solicitar asistencia, por favor llame al número 415.778.6757 o al 415.778.6769 para TDD/TTY. Requerimos que solicite asistencia con tres días hábiles de anticipación para poderle proveer asistencia.

Attachments are sent to Authority members, key staff and others as appropriate. Copies will be available at the meeting.



Metropolitan Transportation Commission

Legislation Text

375 Beale Street, Suite 800
San Francisco, CA 94105

File #: 26-0638, **Version:** 1

Subject:

Approval of the BAHFA Minutes of the December 17, 2025 meeting

Recommended Action:

Authority Approval



375 Beale Street
Suite 800
San Francisco, California
94105

Meeting Minutes

Bay Area Housing Finance Authority

Sue Noack, Chair Stephanie Moulton-Peters, Vice Chair

Wednesday, December 17, 2025

9:30 AM

Yerba Buena Conference Room - 1st Floor

Special Meeting

Roster:

**Sue Noack (Chair), Stephanie Moulton-Peters (Vice Chair),
Margaret Abe-Koga, Eddie Ahn, David Ambuehl*, Candace Andersen,
Marilyn Ezzy Ashcraft, Pat Burt, David Canepa, Victoria Fleming,
Dorene M. Giacomini*, Alicia John-Baptiste, Barbara Lee, Matt Mahan,
Amber Manfree, Mitch Mashburn, Myrna Melgar, Nate Miley, Gina Papan,
Belia Ramos, Libby Schaaf***

***Non-Voting Members**

Chair Noack called the meeting to order at approximately 10:43 a.m.

1. Call to Order / Roll Call / Confirm Quorum

Present: 15 - Commissioner Abe-Koga, Commissioner Ahn, Commissioner Andersen, Commissioner Ashcraft, Commissioner Burt, Commissioner Canepa, Commissioner Fleming, Commissioner Lee, Commissioner Mahan, Commissioner Manfree, Commissioner Mashburn, Vice Chair Moulton-Peters, Chair Noack, Commissioner Papan and Commissioner Ramos

Absent: 3 - Commissioner John-Baptiste, Commissioner Melgar and Commissioner Miley

Non-Voting Commissioner Present: Commissioner Giacomini

Non-Voting Commissioners Absent: Commissioner Ambuel and Commissioner Schaaf

2. Chair's Report

3. Consent Calendar

Commissioner Manfree arrived during agenda item 3.

Upon the motion by Commissioner Papan and seconded by Commissioner Lee, the Authority unanimously approved the Consent Calendar by the following vote:

Aye: 15 - Commissioner Abe-Koga, Commissioner Ahn, Commissioner Andersen, Commissioner Ashcraft, Commissioner Burt, Commissioner Canepa, Commissioner Fleming, Commissioner Lee, Commissioner Mahan, Commissioner Manfree, Commissioner Mashburn, Vice Chair Moulton-Peters, Chair Noack, Commissioner Papan and Commissioner Ramos

Absent: 3 - Commissioner John-Baptiste, Commissioner Melgar and Commissioner Miley

3a. [26-0017](#) Approval of BAHFA Minutes of June 25, 2025

Action: BAHFA Approval

Presenter: Secretary

4. BAHFA Operating Budget

4a. [26-0024](#) Adoption of Bay Area Housing Finance Authority (BAHFA) Resolution No. 038, Revised - Fiscal Year 2025-26 Operating Budget Amendment No. 1

Action: BAHFA Approval

Presenter: Elizabeth Ramos

Upon the motion by Commissioner Ezzy Ashcraft and seconded by Commissioner Canepa, the Authority unanimously adopted BAHFA) Resolution No. 038, Revised. The motion carried by the following vote:

Aye: 15 - Commissioner Abe-Koga, Commissioner Ahn, Commissioner Andersen, Commissioner Ashcraft, Commissioner Burt, Commissioner Canepa, Commissioner Fleming, Commissioner Lee, Commissioner Mahan, Commissioner Manfree, Commissioner Mashburn, Vice Chair Moulton-Peters, Chair Noack, Commissioner Papan and Commissioner Ramos

Absent: 3 - Commissioner John-Baptiste, Commissioner Melgar and Commissioner Miley

5. Public Comment / Other Business

6. Adjournment / Next Meeting

The next regular meeting of the Bay Area Housing Finance Authority is scheduled to be held at the Bay Area Metro Center, 375 Beale Street, San Francisco on January 28, 2026. Any changes to the schedule will be duly noticed to the public.



Metropolitan Transportation Commission

Legislation Text

375 Beale Street, Suite 800
San Francisco, CA 94105

File #: 26-0639, **Version:** 1

Subject:

BAHFA Resolution No. 016. Welfare Tax Exemption Preservation Program - Update to Terms and Name

Adoption of Resolution No. 16, Revised to update the terms of the Welfare Tax Exemption Preservation Program (Program), expanding the program to include new construction projects and changing its name to the "Welfare Tax Exemption Program"

Presenter:

Somaya Abdelgany

Recommended Action:

Authority Approval

May 13, 2026

Agenda Item 7.a.

Welfare Tax Exemption Preservation Program Update to Terms and Name Change

Subject:

Recommend adoption of Resolution No. 16, Revised to update the terms of the Welfare Tax Exemption Preservation Program (Program), expanding the program to include new construction projects and changing its name to the “Welfare Tax Exemption Program”

Background

The California Legislature has the authority to exempt property from taxation if it is used exclusively for charitable purposes and if it is owned by nonprofit organizations. This is known as the “welfare exemption” and California’s statutory requirements include rental housing dedicated to occupancy by low-income households as one property type that qualifies for the exemption. Eliminating property taxes from a building’s operating budget enables the owner to offer lower rents to tenants.

For an affordable or mixed-income housing project to obtain the welfare exemption, state law requires: 1) building ownership by a nonprofit organization; 2) a financial investment of public sector funds; 3) recordation of a deed restriction by a public agency memorializing the occupancy restrictions; and 4) an income cap of 80% of area median income (AMI) for occupants of restricted units.

In June of 2022, the Bay Area Housing Finance Authority (BAHFA) created the Welfare Tax Exemption Preservation Program to provide housing developers with the public sector support they need to secure a welfare tax exemption and ultimately convert existing unrestricted residential buildings to permanently affordable housing. The program’s assistance includes a \$5,000 grant, which is the minimum public financing required to apply for a welfare tax exemption, and a recorded deed restriction on the property that ensures that rents remain affordable to low-income residents.

To date, BAHFA’s \$40,000 grant investment across eight properties has successfully preserved 881 units of affordable housing with 55-year restricted terms. BAHFA’s regulatory agreement introduces several anti-displacement measures to assisted properties, including:

- Occupancy and rent restrictions at 80% of AMI for 55 years
- Proposed rents must offer a 10% discount to market rate rents
- Annual rent increase limits on restricted units, specifically (1) adherence to any existing local rent regulation, and, if no such local regulations apply, then (2) rent increases capped at the increase in AMI for that year or 4%, whichever is less
- Rent reductions for severely rent-burdened tenants
- No displacement of existing residents, regardless of income

May 13, 2026

Agenda Item 7.a.

Welfare Tax Exemption Preservation Program Update to Terms and Name Change

Discussion:

During the course of program implementation over the last four years and BAHFA's strategic planning process over the last year, staff have identified opportunities to improve and expand the Welfare Tax Exemption Preservation Program to more effectively preserve and produce affordable housing throughout the region.

Relationship of Program to BAHFA's Strategic Plan

BAHFA's Strategic Plan includes two modules that have informed lessons learned for the Welfare Tax Exemption Preservation Program:

- **Module 3, New Mixed-Income Housing Program:** The purpose of Module 3 is to develop a new, small-scale regional finance program before a successful ballot measure, both demonstrating and testing BAHFA's potential as a public lender and creating a stable revenue stream for the agency. Staff recommends a "kit-of-parts" approach for the program to ensure long-term affordability by combining multiple tools to reduce the financing gap for middle- and mixed-income projects. One of these layered tools includes operating support to decrease projects' ongoing expenses, including integration of BAHFA's existing Welfare Tax Exemption Preservation Program and expansion of the program to include new construction, in addition to preservation.
- **Module 4, Regional Housing Programs:** The purpose of Module 4 was to evaluate BAHFA's initial portfolio of pilot programs, including the Welfare Tax Exemption Preservation Program, to prioritize regional programs in the near-term, resource-constrained environment while positioning BAHFA to scale in the future. This included measurement of the program's progress against BAHFA's Equity Framework metrics and collecting feedback from program grantees and potential applicants. Given the program's efficacy, consensus was reached to continue support for the Welfare Tax Exemption Program by rolling it into the new Mixed-Income Financing Program and to make revisions that incorporate feedback received.

Proposed Revisions to Program Terms

Since program launch, BAHFA has received several inquiries from potential applicants regarding projects that meet the broad goals of the Welfare Tax Exemption Preservation Program by providing affordable homes to low-income residents earning no more than 80% of AMI, but don't squarely meet the program's current eligibility requirements laid out in the Board-approved term sheet. Most notably, while eligible projects under the current program are limited to preservation of existing, occupied buildings, developers have expressed interest in using the welfare tax exemption as a financing tool for new construction of affordable housing. As such, staff propose revisions to the term sheet to include new construction projects, with a corresponding change of the program name from Welfare Tax Exemption Preservation Program to Welfare Tax Exemption Program or "WTEP."

May 13, 2026

Agenda Item 7.a.

Welfare Tax Exemption Preservation Program Update to Terms and Name Change

Staff also propose the following minor revisions to further expand the pool of eligible projects and incorporate other feedback received from grantees and potential applicants.

- Elimination of requirement that projects comprise of 4 or more units to allow for smaller projects, which is likely to benefit emerging and community-based developers
- Elimination of requirement that the majority of building square footage in a mixed-use project be used for residential uses to allow for projects with any amount of residential square footage
- Clarification that unrestricted units may be designated as new affordable units through either turnover or income certification of existing low-income tenants (better enabling an increase in the total number of income-restricted, affordable units over time)
- Increase of allowable temporary relocation from 90 days to 180 days to allow for projects with more substantial rehabilitation scopes
- Clarification of rent-setting requirements to ensure protections for most vulnerable tenants, while also allowing some flexibility around how property owners will alleviate rent burden for such residents
- Introduction of program fees governed by a new program fee schedule, further described in item 7b for Oversight Committee review and approval

Staff have drafted redlines to the program's current Resolution 16 and attached term sheet to implement these proposed changes, which can be found in Attachments B and C to this summary sheet.

Issues:

None

May 13, 2026

Agenda Item 7.a.

Welfare Tax Exemption Preservation Program Update to Terms and Name Change

Recommended Action:

The BAHFA Oversight Committee is requested to recommend that the Bay Area Housing Finance Authority adopt Resolution No. 16, Revised to update the terms and name of the Program

Attachments:

- A. Resolution 16, Revised (Clean)
- B. Resolution 16, Revised (Redline)
- C. Attachment A to Resolution 16, Revised, Welfare Tax Exemption Program Term Sheet, Revised (Redline)
- D. Presentation

Reviewed:



Andrew Fremier

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 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 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.

Date: June 22, 2022
Referred By: BAHFA Oversight
Revised: May 27, 2026

RE: Approval of the Welfare Tax Exemption 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 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 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 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

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 May 27, 2026 and supersedes all prior resolutions.

ATTACHMENTS

Attachment A, Welfare Tax Exemption Program Term Sheet, Revised

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](#)~~

Attachment A to BAHFA Resolution 16, Revised



BAY AREA HOUSING FINANCE AUTHORITY

**Welfare Tax Exemption ~~Program Preservation~~ Term Sheet
Multifamily Rental Properties**

<p>Program Description</p>	<p>BAHFA assists mission-driven developers to <u>produce and</u> preserve <u>affordable and existing</u> mixed-income, multifamily housing by providing the public sector regulation necessary to achieve the “welfare exemption” defined in California Revenue and Taxation Code (R&T) Section 214(g). BAHFA assistance includes:</p> <ol style="list-style-type: none"> 1) A grant of the minimum amount the California Board of Equalization (BOE) will accept to meet the local financing provision of R&T Section 214(g)(A) (currently \$5,000) 2) A recorded deed restriction on the property that continuously limits occupancy of designated units to Lower Income households (see R&T Section 214(g)(2)(A)(ii). <p>The Program’s goal is to prevent displacement of low-income households, to create a permanently affordable housing stock that provides safe, decent, stable residencies for working households, and to promote neighborhood vitality.</p>
<p>Eligible Applicants</p>	<p>Affordable housing development teams that:</p> <ol style="list-style-type: none"> 1) Meet the ownership requirements of R&T Section 214(g)(1); and 2) Have a demonstrated track record of successfully developing, owning and operating comparable projects.
<p>Eligible Projects</p>	<p>Occupied, unrestricted <u>multi-family residential</u> buildings with 4 or more legal dwelling units.</p> <p>1) Mixed-use buildings are eligible so long as the majority of the building square footage is used for residential uses.</p> <p>2) 1) Applicants must demonstrate that the proposed welfare-exempt rent restrictions provide a discount to market-rate rents of at least 10% or, in the alternative and subject to the approval of BAHFA, other economic conditions that justify imposition of the welfare exemption.</p>



BAY AREA HOUSING FINANCE AUTHORITY

Welfare Tax Exemption ~~Program Preservation~~ Term Sheet

Multifamily Rental Properties

<p>Term and Regulatory Restrictions</p>	<p><u>Regulatory Term</u>: 55 years. BAHFA will consider shorter regulatory periods if the Applicant demonstrates that a shorter term remains compatible with 1) permanent affordability and 2) a prohibition on displacement. For example, Applicants may plan to refinance the property with tax credit equity or other public sources that would provide new regulatory controls that supersede BAHFA’s restrictions.</p> <p><u>Lien Priority</u>: BAHFA requires first lien priority for its occupancy deed restriction. In its sole discretion, BAHFA will consider subordination of its restriction if Applicant demonstrates the necessity of subordination to secure financing and if such subordination is consistent with the goal of creating permanent affordable housing.</p> <p><u>Displacement</u>: Notwithstanding the imposition of income restrictions, <u>in the case the program is applied to an existing building</u>, no existing resident in the Project shall be displaced because of the preservation action or by Applicant’s imposition of any new, discretionary “house rules”.</p> <ol style="list-style-type: none"> 1) Eligibility for the welfare exemption may be full or partial at <u>recordation of BAHFA’s Deed Restriction</u>. acquisition, <u>In the case of a partial welfare exemption, with</u> additional units converting <u>may convert</u> to welfare exempt over time through unit turnover <u>or income certification of existing residents</u>. 2) For units subject to local “just cause” eviction ordinances, Applicants shall continue to comply with the just cause ordinance rules after acquisition. 3) All Applicants must comply with the Tenant Protection Act of 2019, Civil Code Sec. 1946.2 et seq. (AB 1482, Chiu) provisions regarding protections of tenants from tenancy terminations without just cause. <p><u>Temporary Relocation</u>: If Applicant must temporarily relocate tenants for the purpose of safely conducting a Project rehabilitation, the following requirements apply:</p> <ol style="list-style-type: none"> 1) Temporary relocation shall not exceed 180<u>90</u> days unless approved by BAHFA. Permanent relocation is prohibited. 2) Applicants shall provide temporary housing that is decent, safe, sanitary and of comparable size to the relocated tenant’s dwelling unit. 3) Tenants shall continue to pay the rent for their original unit, but shall bear no costs related to relocation, including:
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BAY AREA HOUSING FINANCE AUTHORITY

Welfare Tax Exemption ~~Program Preservation~~ Term Sheet

Multifamily Rental Properties

- a. Moving and packing expenses
- b. Any costs associated with the relocation dwelling that exceed their typical housing expenses (rent, utilities, other charges)

- 4) Notwithstanding the relocation requirements listed above, if Applicant conducts a substantial rehabilitation project funded with low-income housing tax credits or a similar program that ensures permanent affordability and extends the useful life of the building, BAHFA will subordinate its relocation requirements to the relocation requirements of the permanent rehabilitation affordable funding source.

Rent Setting:

- 1) Existing Tenants: Upon acquisition, rents for all existing residents shall remain unchanged until the anniversary of the tenant's initial leasing.
 - a. For units subject to local rent stabilization ordinances, Applicants shall continue to comply with the rent stabilization ordinance when imposing rent increases after acquisition.
 - b. For units not subject to or exempt from rent stabilization requirements, annual rent increases shall be limited to the lesser of the annual increase in area median income (AMI) or 4%.
 - c. ~~As a condition of project approval, Applicant will propose a program to address reducing severe rent burden for~~ existing residents earning less than or equal to 80% AMI and who pay more than ~~350%~~ 30% of gross household income for rent. ~~Applicant shall decrease those households' rents to a maximum of 30% of gross annual income upon approval of the Applicant's welfare tax exemption application by the local assessor's office, assuming Project income is sufficient to allow a rent decrease for such households while covering necessary and standard Project operating expenses.~~
- 2) New Tenants (filling existing vacancies or newly vacated units ~~in welfare exempt designated units~~):
 - a. Tenant household income must be certified as meeting welfare exemption requirements prior to lease execution
 - b. Rents for welfare exempt designated units shall not exceed 30% of 80% of AMI, adjusted for household size.



BAY AREA HOUSING FINANCE AUTHORITY

Welfare Tax Exemption Program Preservation Term Sheet

Multifamily Rental Properties

	<p>b.c. <u>In all cases, initial rents subject to regulation will be set at a level that is 10% below market rents for comparable unit type.</u></p>
<p>Submission Requirements</p>	<p>Applicants must submit the following documents for BAHFA review. BAHFA's Executive Director or their designee will create and maintain a list of submission requirements for all projects, which may be amended from time to time. Anticipated requirements may include, but are not limited to:</p> <p><u>1) Project proposal, including project narrative, property description, development team description, and business plan.</u></p> <p>±)2) _____ and acquisition d <u>Due diligence documents, including but not limited to:</u></p> <ul style="list-style-type: none"> a. Purchase and Sale Agreement b. As-is, current appraisal <u>for preservation projects, and As-completed appraisal for new construction projects</u> c. Independent, third-party physical needs assessment <u>for preservation projects</u> d. Environmental review documents (e.g., Phase 1 and, as applicable, Phase 2, lead and asbestos survey, etc.) e. Preliminary Title Report <p>2) <u>Rent roll for preservation projects, including (i) original lease start date and (ii) if known, household income</u></p> <p><u>f.</u></p> <p>3) Project financing documents, including:</p> <ul style="list-style-type: none"> a. Sources & Uses budget b. Rehabilitation <u>or Construction</u> scope c. Operating budget d. 20-year cash flow <p>4) Development Team Documents, including:</p> <ul style="list-style-type: none"> <u>a.</u> Applicant's current <u>and past 2 years of</u> audited financials; organizational chart; board of directors roster <u>a-b.</u> <u>Key staff resumes</u> <u>c.</u> As applicable, description of Project architect; general contractor; and <u>property manager; and social service provider</u> <u>b-d.</u> <u>Schedule of real estate owned and projects under construction (if any)</u>
<p>Compliance</p>	<p><u>Fair Housing and Rehabilitation/Construction</u>: The Applicant must comply with all applicable Federal, State, and local laws, orders, and regulations prohibiting housing discrimination as well as all applicable laws and</p>



BAY AREA HOUSING FINANCE AUTHORITY

Welfare Tax Exemption Program Preservation Term Sheet

Multifamily Rental Properties

	<p>regulations governing construction, rehabilitation, and building operations.</p> <p><u>Welfare Exemption</u>: Applicant is solely responsible for and must annually secure the welfare exemption from the applicable governing bodies. Applicant shall provide evidence of the welfare exemption to BAHFA annually, as well as any other Project-related information BAHFA reasonably requests.</p>
<p><u>Program Fees</u></p>	<p><u>Program fees will be charged according to BAHFA’s adopted fee schedule for the Program.</u></p>
<p>Contact</p>	<p><u>Kate Hartley</u> <u>Director</u> Bay Area Housing Finance Authority <u>khartleybahfa@bayareametro.gov</u></p>

Welfare Tax Exemption Program Expansion and Revision

**BAHFA Oversight Committee and ABAG Housing
Committee**

May 13, 2026



ASSOCIATION OF BAY AREA GOVERNMENTS
METROPOLITAN TRANSPORTATION COMMISSION



Grounding the Program in BAHFA's Strategic Plan



ASSOCIATION OF BAY AREA GOVERNMENTS
METROPOLITAN TRANSPORTATION COMMISSION

BAHFA Strategic Planning Overview

North Star:

BAHFA was created to raise transformative revenue to meet regional affordable housing needs at scale

Purpose:

Articulate the vision and plan to sustain BAHFA until capitalized at scale

Process:

An inclusive process is necessary to maintain, strengthen, and expand coalition of BAHFA supporters



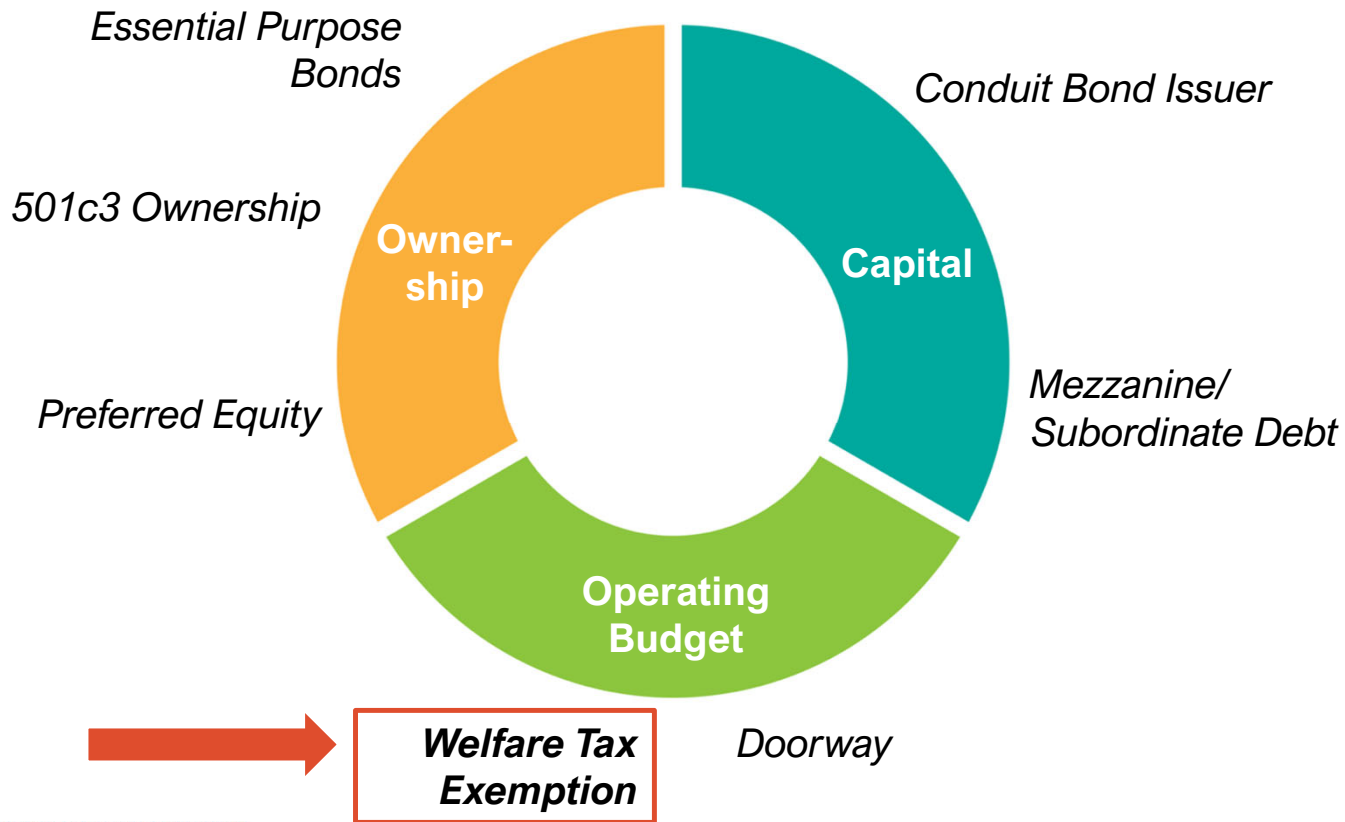
Four Modules:

1. Regional Revenue Measure: Reflections & Framework for Future Ballot Measure
2. Funding Strategy and Financial Sustainability Plan
- 3. New Regional Financing Products & Approaches**
4. Regional Housing Programs



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Real Estate Financing Roles



Module 3 (New Mixed-Income Program)

Goal: develop a new regional financing program to demonstrate BAHFA's potential and create a stable revenue stream

- **Established Program Principles**
- **Defined Real Estate Financing Roles**
 - Public financing
 - Public ownership
 - Operating support
- **Designed Program: a “kit-of-parts” that can be easily layered to multiply impact**
 - Initial focus on middle or mixed-income, acquisition-rehab projects
 - Incorporate existing Welfare Tax Exemption Program and expand to new construction
- **Multiple rounds of feedback with Committees, Technical Advisory Group and other stakeholders**
- **Due diligence, case studies, modeling and budgeting**

How the Welfare Tax Exemption Works



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California's Welfare Tax Exemption Rules

- California law* provides an exemption from property tax payments for rental apartments that meet all of the following conditions:
 - Are owned by a charitable organization
 - Are occupied by a lower-income household
 - Have a recorded deed restriction from a public agency restricting occupancy to lower-income tenants
 - Have received a public sector financial investment

*Revenue & Taxation Code Section 214(g)

Welfare Tax Exemption Benefits

- Reduced building operating costs = lower rents (<80% area median income)
- Affordable rents continue for the life of the deed restriction (55 years)
- Affordable rents can prevent displacement that often accompanies building sales to market-rate buyers

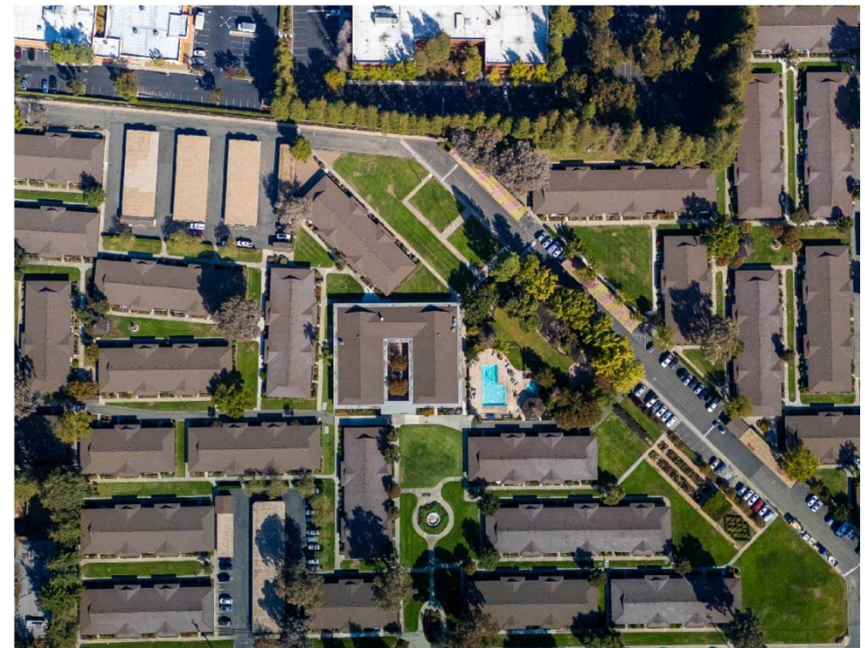
BAHFA's Existing Program



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Overview

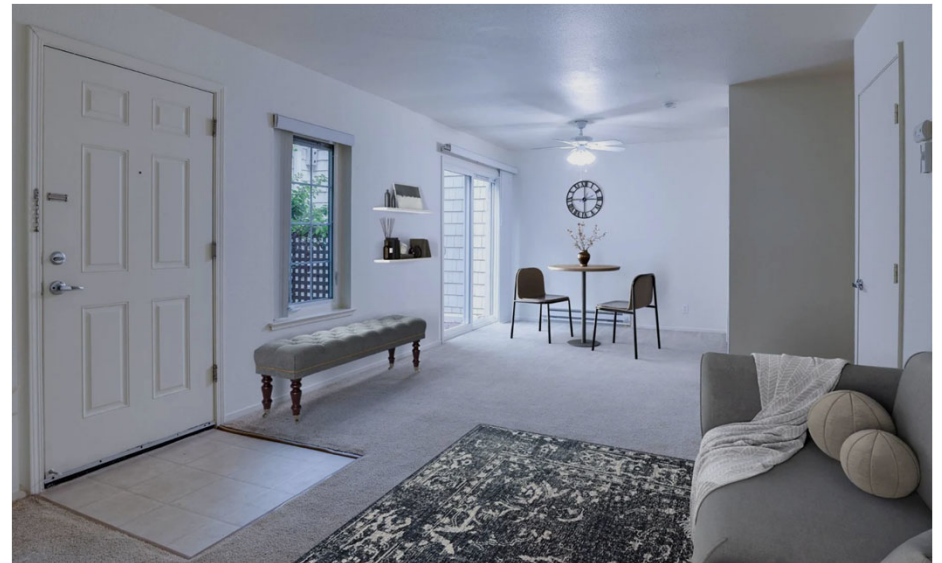
- Program launched in 2022 in response to a need identified by local jurisdiction and development partners
- Provides public agency support that owners need to qualify for the Welfare Tax Exemption
 - Recorded Deed Restriction
 - \$5,000 Grant Agreement



81 Mayhew Way, Ethos Real Estate

Eligibility

- Eligible Applicants:
 - Developers/Owners with a successful track record of owning and operating comparable affordable projects
- Eligible Projects:
 - Existing rental buildings with 4 or more units
 - Occupied and unrestricted
- BAHFA Restriction:
 - All or percentage of units restricted at 80% AMI for 55 years



500 King Drive, BRIDGE Housing

Tenant Protection Measures

- Proposed restricted rents must be at least 10% below market
- Displacement is prohibited, regardless of income
- Existing local Rent Control and Just Cause Eviction ordinances must continue
- Annual rent increases where rent controls do not apply capped at the increase in area median income (AMI) or 4%, whichever is less
- Rents for rent-burdened tenants should be reduced over time, as financially feasible

Coordination and Enforcement

- BAHFA staff consults with local jurisdiction housing staff prior to project approval
- The State Board of Equalization and county assessor's office approve and monitor property tax exemptions
- Failure to comply means owners must pay property taxes
- Owners must annually report on compliance with regulatory agreement and tax exemption status to BAHFA

Projects To Date

Project / Developer	Jurisdiction	County	Funding	Affordable Units	Total Units
16455 E. 14th St. / Eden Housing	Ashland	Alameda	\$5,000	23	24
482 40th St. / Urban Core Preservation	Oakland	Alameda	\$5,000	5 (minimum)	24
1848 25th St. / Urban Core Preservation	Oakland	Alameda	\$5,000	5 (minimum)	24
763 Blossom Way / Urban Core Preservation	Hayward	Alameda	\$5,000	12 (minimum)	58
500 King Drive / BRIDGE Housing	Daly City	San Mateo	\$5,000	99 (minimum)	195
1919 Fruitdale Avenue / Jonathan Rose Companies	San Jose	Santa Clara	\$5,000	330	331
81 Mayhew Way / Ethos	Walnut Creek	Contra Costa	\$5,000	313 (minimum)	418
400 Canal Street / Tesseract Capital Group	San Rafael	Marin	\$5,000	94 (w/additional units to convert over time)	99
Totals	7 Jurisdictions	5 Counties	\$40,000	881	1,173



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Lessons Learned

- Low-cost, high-impact program:
 - \$40,000 investment has preserved at least 881 units across 8 projects over 4 years
 - Module 4 Program Evaluation:
 - 47% of units located in Equity Priority Communities
 - 43% of funding to BIPOC-led developers
- Diversity of building sizes and geographies achieved, but not all prospective projects meet eligibility requirements
 - Building sizes range from 24 units to 418 units
 - 5 counties
- Financial feasibility supported by:
 - Minimal rehabilitation needs
 - Existing rents between 60-80% AMI to support conventional debt
 - Applicants have access to private equity

Lessons Learned (continued)

- Tenant protection measures have ensured mission-alignment of projects/applicants
- Importance of coordination with local jurisdictions to confirm sufficient public benefit
- Importance of coordination with local county assessor to ensure ultimate approval of the welfare tax exemption



400 Canal Street, Tesseract Capital Group

Proposed Revisions to BAHFA's Program



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Expansion to Include New Construction

- Eligible projects under the current program are limited to preservation of existing, occupied buildings
- Since program launch, several developers have expressed interest in using the welfare tax exemption as a financing tool for new construction of affordable housing
- Staff propose revisions to terms to:
 - Include new construction as an eligible project
 - Refine regulatory and submission requirements to account for minor distinctions between preservation and new construction projects
 - Corresponding change of the program name to **Welfare Tax Exemption Preservation Program** or “WTEP”

Overview of Proposed Revisions

Goal	Topic Area	Applicable Revision to Term Sheet
Expansion	New Construction	Revise definition of eligible projects to include new construction
	Small Projects	Eliminate 4-unit minimum
	Mixed-Use Projects	Eliminate minimum residential square footage
	Substantial Rehab Projects	Increase allowable temporary relocation from 90 days to 180 days
Clarification	Adding Affordable Units Over Time	Add that affordable units may be added upon income-certification of existing occupant
	Relief of Severe Rent Burden	Clarify that owner must propose a program to reduce rents for low-income residents spending 50% of income or more on rent
	10% Discount to Market	Clarify that initial rents for each protected household must start at 10% below market, including upon turnover or when a unit is newly restricted
Financial Sustainability	Introduction of Fee Schedule	Add the fees will be charged according to program's adopted fee schedule



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BAHFA Advisory Committee Feedback

The BAHFA Advisory Committee received this program update on April 23, 2026. Feedback included:

- Unanimous Recommendation: Adopt term sheet and program name revisions
- Enthusiasm for both original intent of the program and expansion under proposed revisions
- Allows projects to move forward without traditional affordable housing financing
- Cautioned staff to monitor capacity to take on new projects if program expansion results in higher volume of applications
- Encouraged staff to continue building out annual compliance monitoring process as well as coordination with local jurisdiction staff and county assessors
- Requested collection of demographic data at the tenant level to complete equity analysis for the program

BAHFA Oversight Committee Action: Recommend that BAHFA adopt Resolution 16, Revised to update the Welfare Tax Exemption Program terms and name



ASSOCIATION OF BAY AREA GOVERNMENTS
METROPOLITAN TRANSPORTATION COMMISSION

Thank you



ASSOCIATION OF BAY AREA GOVERNMENTS
METROPOLITAN TRANSPORTATION COMMISSION



Metropolitan Transportation Commission

Legislation Text

375 Beale Street, Suite 800
San Francisco, CA 94105

File #: 26-0640, **Version:** 1

Subject:

BAHFA Resolution No. 039. Welfare Tax Exemption Program - Adoption of Fee Schedule and Delegation of Authority

Adoption of Resolution No. 39 to adopt a fee schedule for the Welfare Tax Exemption Program and to delegate authority to staff to collect those fees from program applicants and to approve fee reduction requests if such a request meets the criteria specified in the adopted Fee Schedule

Presenter:

Lydia Tan

Recommended Action:

Authority Approval

Bay Area Housing Finance Authority BAHFA

May 27, 2026

Agenda Item 4b - 26-0640

Bay Area Housing Finance Authority (BAHFA)

Resolution No. 039 – Welfare Tax Exemption Program: Adoption of Fee Schedule and Delegation of Authority

Subject:

Adoption of Resolution No. 039 to adopt a Fee Schedule for the Welfare Tax Exemption Program and to delegate authority to staff to collect those fees from program applicants and to approve fee reduction requests if such a request meets the criteria specified in the adopted Fee Schedule.

Background:

On April 23, 2026, the BAHFA Advisory Committee received a presentation regarding the proposed new fee schedule for the Welfare Tax Exemption Program. After substantive discussion, the BAHFA Advisory Committee unanimously recommended that the BAHFA Board adopt Resolution No. 039 as proposed.

On May 13, 2026, the BAHFA Oversight Committee, meeting jointly with the Association of Bay Area Governments (ABAG) Housing Committee, received the same presentation. The materials provided to the BAHFA Oversight Committee, including the proposed Resolution, are included as Attachment A. Following the presentation, a motion was made and seconded to recommend that the Board adopt the Resolution as proposed. The motion was followed by discussion among the Committee members. Generally, comments from Committee members were supportive, recognizing the opportunity to generate a modest revenue stream (limited to program cost recovery) that will contribute to BAHFA's financial self-sustainability while also continuing a high impact program.

Towards the end of the meeting, a noticed remote location in San Jose was disconnected from the Zoom. This led to the automatic adjournment of the meeting without the Oversight Committee taking action on the pending motion. Consequently, staff are bringing this item directly to the BAHFA Board for approval.

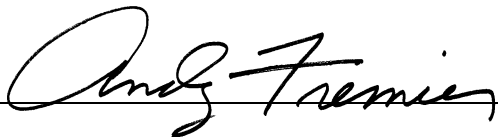
Recommendation:

The BAHFA Board is requested to adopt Resolution No. 039 – to adopt a Fee Schedule for the Welfare Tax Exemption Program and to delegate authority to staff to collect those fees from

program applicants and to approve fee reduction requests if such a request meets the criteria specified in the adopted Fee Schedule.

Attachments:

- Attachment A: May 13, 2026 Summary Sheet and accompanying materials for the BAHFA Oversight and ABAG Housing Committee



Andrew B. Fremier

May 13, 2026

Agenda Item 7.b.

Welfare Tax Exemption Program Fees

Subject:

Recommend adoption of Resolution No. 39 – to adopt a fee schedule for the Welfare Tax Exemption Program and to delegate authority to staff to collect those fees from program applicants and to approve fee reduction requests if such a request meets the criteria specified in the adopted Fee Schedule

Background & Summary

On June 22, 2022, the Bay Area Housing Finance Authority (BAHFA) Board adopted BAHFA Resolution No. 16, approving the creation of a [Welfare Tax Exemption Preservation Program](#) (WTEPP) to assist housing developers secure a welfare tax exemption necessary to create and preserve affordable housing. 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. To date, BAHFA's \$40,000 grant investment across eight properties has successfully preserved 881 units of affordable housing with 55-year restricted terms.

To date, the program has operated at no cost to properties, with BAHFA staff time associated with this work being paid for by other sources. Application of a program fee has been contemplated since WTEPP was first launched, and this item proposes the adoption of a fee schedule that would recover the costs of operating the program, either in its current form or expanded form.

Adoption of a Fee Schedule per this proposal will serve to implement part of BAHFA's recently completed Strategic Plan, as the outcome of Module 2 calls for the generation of revenue from BAHFA Programs to support efforts to achieve financial sustainability.

Concurrent with this item, staff propose revisions to the WTEPP program to address lessons learned since the program was initially adopted and in response to stakeholder feedback from the recently completed Strategic Plan's Module 3 work. The main substantive proposed change to the program is to expand its scope to include new construction (with corresponding change of the program name to Welfare Tax Exemption Program or "WTEP"), along with some minor term revisions as further described in item 7.a for Oversight Committee and ABAG Housing Committee review and feedback. The recommendations outlined in this proposed fee schedule summary would apply regardless of whether the recommended expansion is approved as recommended.

May 13, 2026

Agenda Item 7.b.

Welfare Tax Exemption Program Fees

Discussion:

A. Applicability of Proposed Fee Schedule:

As part of implementation of BAHFA’s recently completed Strategic Plan, staff proposes the adoption of a fee schedule intended to recover the costs of implementing the Welfare Tax Exemption Program on a project-by-project basis. The proposed fee schedule would be applicable to projects processed under the current WTEPP program as well as the proposed expanded WTEP program, as the scope of work, time, and cost involved with either the current or expanded program is anticipated to be very similar.

B. Research and Considerations:

Staff undertook two streams of work that resulted in background and information that helped to shape and inform the proposed fee structure:

1. Overview of Other Similar Programs and Fee Structures
2. Review of BAHFA Program Costs

Both bodies of work are further discussed below.

1. Overview of Other Similar Programs and Fee Structures: While staff identified several programs across the country that allow projects to qualify for a property tax exemption as a result of applying income-based deed restrictions, most programs were operated as a small part of a larger portfolio of affordable housing programs within public agencies that received funding outside of a cost recovery model. These programs were not considered similar to BAHFA’s WTEPP.

A few programs were identified in which agencies operate standalone welfare tax exemption programs and have instituted fee schedules designed to reflect the actual initial cost and anticipated long term costs of program operations over time. In these cases, the fee structure typically consisted of two components: (a) an upfront project initiation and closing fee, and (b) an ongoing annual monitoring fee. Under both, up front and monitoring fee structures, these programs charged a base fixed fee and a variable fee that increased with the number of housing units in the program.

A couple of features that distinguish the BAHFA program from others, and which are designed to ensure that BAHFA’s program results in a net public benefit, include:

- BAHFA requires any restricted unit to have starting rents set at least 10% below market rents
- For preservation projects, BAHFA requires sponsors to develop a plan for reducing the financial impact on severely rent burdened households at the property.

May 13, 2026

Agenda Item 7.b.

Welfare Tax Exemption Program Fees

2. Review of BAHFA Program Costs: Staff have analyzed the standard tasks associated with processing a typical project to estimate the internal costs of administering the program. Typical activities include:
- Responses to pre-application inquiries
 - Application intake
 - Review of submitted application and documentation
 - Project underwriting
 - Research market rate rents and negotiation of 10% discounted rents
 - Outreach to/interface with local jurisdiction and interested community stakeholders
 - Negotiation of grant agreement and regulatory agreement
 - Grant funding and close
 - Regular internal and applicant meetings over the course of the process
 - Post-close debrief and lessons learned

While most of the tasks associated with application intake and review would be similar among all applications, a few factors will impact the time required to review and process any particular application. These include:

- Level of local jurisdiction and community interest and interaction
- Project size
- Quality of application submittals
- Determination of market rents and negotiation of 10% discount, as applicable

Of these factors, the most predictable variable is project size, due to the work involved in reviewing unit-by-unit information, including rent rolls, income certifications, lease terms, etc.

In reviewing staff time spent on prior applications, the process of application intake, underwriting, processing, and closing is estimated to have an internal cost of \$40,000 - \$50,000 for an average application. Project size also plays a role, with larger projects requiring incrementally more time to review project specifics.

Similar to the Project Initiation phase, staff anticipate that the cost of Annual Monitoring will follow a similar pattern, with some of the activities the same amongst all projects, but the most predictable and impactful variable will be project size and the time involved in reviewing unit-by-unit documentation.

C. Proposed Fee Structure:

As a result of both the market research for similar programs as well as review of internal BAHFA processes and costs, staff is proposing a fee structure that recognizes there is a

May 13, 2026

Agenda Item 7.b.

Welfare Tax Exemption Program Fees

base cost to processing and monitoring but also a predictable variable cost based on project size:

1. Project Initiation Fees:

- a. Application Fee: \$2,500 nonrefundable, due at time of application, credited against Base Fee at close
- b. Base Fee: \$20,000, due at close
- c. Per Unit Fee: \$150 per Restricted Unit, due at close applied to total number of units anticipated to be restricted over time

2. Annual Project Monitoring Fees:

- a. \$100 per Restricted Unit, up to 200 Units
- b. \$50 per Restricted Unit for every additional unit over 200 units
- c. Minimum \$5,000 per Year

An example of Project Initiation Fees and Annual Monitoring Fees, by project size, is illustrated below:

Project Size	Project Initiation Fee (Includes Application Fee)	Annual Monitoring Fee
50 Units	\$27,500 Total/ \$550 per unit	\$5,000/ \$100 per unit
100 Units	\$35,000 Total/ \$350 per unit	\$10,000/ \$100 per unit
150 Units	\$42,500 Total/ \$283.33 per unit	\$15,000/ \$100 per unit
300 Units	\$65,000 Total/ \$216.66 per unit	\$25,000/ \$83.33 per unit

May 13, 2026

Agenda Item 7.b.

Welfare Tax Exemption Program Fees

Issues:

- Cost Monitoring: Given that the WTEPP program is still in its early stages, staff recognize that BAHFA's costs of processing may evolve over time. As the program continues and expands, staff will conduct cost analyses and will revisit the recommended fee structure in the future as more data is available.
- Financial Feasibility for Smaller Projects Achieving Outsized Impact: While most applications will likely be larger in size, staff anticipate that smaller projects may occasionally find the program's core components to be beneficial but given thin margins due to the lack of economies of scale the proposed fee structure could create financial hardship and render smaller projects infeasible. In keeping with BAHFA's Equity Framework, the proposed Fee Schedule delegates authority to staff to apply fee reductions to the extent small projects meet specific criteria, including meeting target equity outcomes and demonstration that a reduced fee would result in the project achieving long term financial viability.
- CPI Adjustments: Staff propose that the fee schedule include the ability for fees to be adjusted from time to time to reflect increasing staff costs over time. Because staff time comprises the majority of costs, CPI-U is proposed as the means for adjusting fees.

May 13, 2026

Agenda Item 7.b.

Welfare Tax Exemption Program Fees

Recommended Action:

The BAHFA Oversight Committee is requested to recommend Bay Area Housing Finance Authority (BAHFA) adoption of BAHFA Resolution No. 39 – to adopt a fee schedule for the Welfare Tax Exemption Program and to delegate authority to staff to collect those fees from program applicants and to approve fee reduction requests if such a request meets the criteria specified in the adopted Fee Schedule

Attachments:

- A. BAHFA Resolution No. 39
- B. Attachment A to BAHFA Resolution No. 39: Proposed Fee Schedule for Welfare Tax Exemption Program
- C. Presentation

Reviewed:



Andrew Fremier

ABSTRACT

Resolution No. 0039

This resolution approves the creation of a fee schedule for the Welfare Tax Exemption Program (Program) by the Bay Area Housing Finance Authority for the purpose of converting existing residential buildings, and supporting the production of new residential buildings, as permanently affordable housing, delegates authority to the Executive Director or designee to collect fees from program applicants and take such actions as are necessary or convenient for the implementation of the adopted fee schedule, and finds that creation of a fee schedule for the Program is exempt from further environmental review under CEQA Guideline 15061(b)(3) because it can be seen with certainty that there is no possibility that the adoption of these fees may have a significant effect on the environment.

Further discussion of this subject is contained in the attached Summary Sheet dated May 13, 2026, for the Joint Meeting of the ABAG Housing and BAHFA Oversight Committees.

RE: Approval of a Fee Schedule for the Welfare Tax Exemption Program; Delegation of Authority to the Executive Director or Designee to Collect Fees From Program Applicants; CEQA Determination: Exempt Pursuant to CEQA Guideline 15061(b)(3)

BAY AREA HOUSING FINANCE AUTHORITY (BAHFA)
RESOLUTION NO. 0039

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 has created the Welfare Tax Exemption Program (the “Program”) to assist mission-driven affordable housing developers secure the Welfare Exemption, which will enable them to develop new or 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, to date the Program has operated at no cost to applicants, with BAHFA staff time associated with this work being paid for by other sources, however application of a

program fee has been contemplated since the Program was first launched in order to recover costs for operation of the Program from participants in the Program; and

WHEREAS, the fee amounts set forth in the Program Fee Schedule, attached as Attachment A (the “Fee Schedule”), are reasonably related to the costs of administering the Program for the applicants/participants paying such fees and are consistent with fees charged by other similar welfare tax exemption programs; and

WHEREAS, a delegation of authority to the Executive Director of the Metropolitan Transportation Commission (MTC) to collect fees from Program applicants will allow BAHFA to efficiently administer the Program and enable affordable housing developers to be competitive in market acquisition transactions and meet rapid closing timelines; and

WHEREAS, a delegation of authority to the Executive Director of MTC to provide reductions or waivers of fees charged that meet certain criteria will allow BAHFA to facilitate smaller projects that may not be able to support the cost of the fees but will further objectives of BAHFA’s Equity Framework in an efficient manner in order to meet rapid closing timelines;

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 and adopts the fees set forth in the Fee Schedule and authorizes the charge of such fees to applicants and participants in the Program; and be it further

RESOLVED, that the Bay Area Housing Finance Authority delegates authority to the Executive Director of the Metropolitan Transportation Commission or their designee to collect the fees set forth in the Fee Schedule from applicants and participants in the Program; and be it further

RESOLVED, that the Bay Area Housing Finance Authority delegates authority to the Executive Director of the Metropolitan Transportation Commission or their designee to adjust the fees set forth in the Fee Schedule from time to time by a percentage that reflects the change in CPI-U for San Francisco since the last prior adjustment to the fees, provided that any such adjustment shall occur no more frequently than twelve months from the last prior adjustment,

and the fees as adjusted will be reasonably related to the cost of providing the Program to the applicants and participants paying such fees; and be it further

RESOLVED that the Bay Area Housing Finance Authority delegates authority to the Executive Director of the Metropolitan Transportation Commission or their designee to reduce or waive fees charged to applicants or participants in the Program as set forth in the Fee Schedule by no more than the amount requested by the applicant, for projects that meet all of the following criteria: (a) are less than 30 units, (b) are intended to be 100% affordable to households earning 80% or less of Area Median Income, (c) advances at least two Objectives from BAHFA's Equity Framework, and (d) can demonstrate that, without the requested reduction, the project would not achieve long term financial feasibility as demonstrated by (i) project capital sources being equal to project capital uses, and (ii) operating revenue is equal to or exceeds the sum of operating expenses plus reserves for at least 10 years; and be it further

RESOLVED, that the Bay Area Housing Finance Authority finds the adoption of a fee schedule for the Program is exempt from environmental review pursuant to CEQA Guideline 15061(b)(3) because it can be seen with certainty that there is no possibility that the adoption of these fees may have a significant effect on the 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; and be it further

RESOLVED, that this resolution shall be effective upon adoption.

BAY AREA HOUSING FINANCE AUTHORITY

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 May 27, 2026.

ATTACHMENT

Summary of the Welfare Tax Exemption Program Fees, May 13, 2026, Joint Meeting, ABAG
Housing and BAHFA Oversight Committees

Welfare Tax Exemption Program Fee Schedule



**BAY AREA HOUSING FINANCE AUTHORITY
 Welfare Tax Exemption Program Fee Schedule**

The following fees apply to projects applying to BAHFA under its Welfare Tax Exemption Program (WTEP), including both preservation and new construction projects. This fee schedule should be considered as part of the Term Sheet for this program.

A. PROJECT INITIATION FEES:

Fee Type	Amount	Payment Due	Comments
Application Fee	\$2,500	Due at time of application	Nonrefundable; to be credited against the Base Fee at Close if application is approved
Base Fee	\$20,000	At Close	
Per Unit Fee	\$150	At Close	Per Restricted Unit, applied to the total number of units anticipated to be restricted over time

B. ANNUAL MONITORING FEES:

\$100 per Restricted Unit, up to 200 Units
 \$50 per restricted Unit for each unit 201 and greater
 Minimum \$5,000 per Year

Notes:

- Fee amounts may be increased periodically by action of the Executive Director or their Designee by a percentage that reflects the change in CPI-U for San Francisco since the prior adjustment. Such CPI adjustment may be implemented no more frequently than twelve months from the last prior adjustment.
- Fees may be reduced or waived by the Executive Director or their Designee on projects that meet all of the following criteria: (a) are less than 30 units, (b) are intended to be 100% affordable to households earning 80% or less of Area Median Income, (c) advance at least two Objectives from BAHFA’s Equity Framework, and (d) can demonstrate that, without the requested reduction, the project would not achieve long term financial feasibility as demonstrated by (i) project capital sources being equal to project capital uses, and (ii) operating revenue is equal to or exceeds the sum of operating expenses plus reserves for at least 10 years. The fee reduction may not exceed the amount requested by the applicant.

BAHFA Strategic Plan Implementation

Welfare Tax Exemption Fee Schedule

BAHFA Oversight Committee and ABAG Housing Committee

May 13, 2026



ASSOCIATION OF BAY AREA GOVERNMENTS
METROPOLITAN TRANSPORTATION COMMISSION

WTEP: Proposed Fee Schedule

Background: Strategic Plan Outcomes & Next Steps

Module 2: Key Takeaways

- Prioritize revenue-generating activities to fund some general operating support
- Wind down unsustainable pilots
- Additional investment needed to bridge towards a future in 4-5 years where anticipated revenue can reasonably be expected to approximate operating costs.

Module 3: Mixed Income Program Operating Budget

- Interest from subordinate debt program
- Closing and monitoring fees from WTEP, conduit bond programs

WTEP: Proposed Fee Schedule

Research & Considerations

Market Survey:

- Survey of Similar Programs
- Typical Fee Structures

Review BAHFA Program Costs:

- Outline Tasks
- Identify Elements that Impact Time

Stakeholder Feedback:

- Existing Users
- Potential Users

WTEP: Proposed Fee Schedule

Research & Considerations: Market Survey

Market Survey

- Few Comparable Programs
- Typical Structure:
 - Upfront Fee & Monitoring Fee
 - Minimum Base Fee + Per Unit Variable Fee
- BAHFA Program Distinguishing Features:
 - Restricted Rents - 10% Discount to Market
 - Plan to Address Severely Rent Burdened Households on Site

WTEP: Proposed Fee Schedule

Research & Considerations: BAHFA Program Costs

Elements That Impact Time:

- Level of Local Jurisdiction and Community Interest and Interaction
- Project Size
- Quality of Application Submittals
- Determination of Market Rents and Negotiation of 10% Discount, as Applicable

Tasks:

- Responses to Early, Initial Application Inquiries
- Application Intake
- Review of Submitted Application & Documentation
- Project Underwriting
- Research Market Rate Rents & Negotiate Discounted Rents
- Outreach to/Interface with Local Jurisdiction & Interested Community Stakeholders
- Negotiate Grant Agreement and Regulatory Agreement
- Grant Funding and Close
- Regular Internal & Applicant Meetings Throughout Process
- Post-Close Debrief & Lessons Learned

WTEP: Proposed Fee Schedule

Research & Considerations: Stakeholder Feedback

Current Program:

- Responsiveness
- Jurisdictional Relationships
- Lack of Clarity re: Severely Rent Burdened Households
- Preservation Only, No New Construction

Proposed Fee Schedule/Structure:

- Highly Competitive
- Incentivizes Tenant Protection Measures

WTEP: Proposed Fee Schedule

Proposed Fee Structure

PROJECT INITIATION FEE:

Fee Type	Amount	Payment Due
Application Fee	\$2,500*	At Time of Application
Base Fee	\$20,000	At Close
Per Unit Fee**	\$150	At Close

* Application Fee Credited Against Base Fee at Close

** Applies to All Units Intended To Be Restricted, Initially and Over Time

ANNUAL MONITORING FEE:

Fee Type	Amount
Up to 200 Units	\$100 Per Restricted Unit*
Over 200 Units	\$50 Per Restricted Unit*†
Minimum Fee	\$5,000

* Applies to All Units Intended To Be Restricted, Initially and Over Time

† Applies to the units over 200; fee is \$100 for all units up to 200, then \$50 for each additional unit starting at 201

WTEP: Proposed Fee Schedule

Proposed Fee Structure: *Example Fees*

# Restricted Units	Closing Fee <i>(Includes Application Fee)</i>	Annual Monitoring Fee
50 Units	\$27,500	\$5,000
100 Units	\$35,000	\$10,000
150 Units	\$42,500	\$15,000
300 Units	\$65,000	\$25,000

WTEP: Proposed Fee Schedule Considerations

- **Small Project Feasibility:**

Fees May Be Reduced if All of the Following Criteria are Met:

- Less than 30 Units
 - Are Intended to be 100% Affordable
 - Reduction Critical to Financial Feasibility
 - Advances at Least 2 Objectives from BAHFA's Equity Framework
 - Fee reduction cannot exceed amount requested by applicant
- Cost Monitoring
 - Fees May Be Adjusted by CPI-U Over Time, To Reflect Rising Costs

WTEP: Proposed Fee Schedule

BAHFA Advisory Committee Feedback

- Unanimous recommendation: adopt fee schedule as proposed
- Aligned with industry standards, cost competitive
- Supported efforts to be self-sustaining as an organization
- Emphasized need for the fee reduction feature to continue to support smaller developers/smaller projects
- Suggested continued technical assistance for smaller/emerging developers

WTEP: Proposed Fee Schedule Recommendation

- Recommend Adoption of Resolution 39:
 - Adopt Fee Schedule as Proposed
 - Delegate Authority to Staff to Collect Fees
 - Delegate Authority to Staff to Approve Fee Reduction if Applicant Request meets Specific Criteria
 - Delegate Authority to Staff to Adjust Fee to reflect change in CPI-U Over Time



Next Steps

- Advance BAHFA Board for Approval (May)
- Generate Implementation Documents, Protocols & Systems (June)
- Implement New Fee Schedule (July)



Metropolitan Transportation Commission

Legislation Text

375 Beale Street, Suite 800
San Francisco, CA 94105

File #: 26-0641, **Version:** 1

Subject:

Bay Area Housing Financing Authority (BAHFA) Draft Fiscal Year (FY) 2026-27 Operating and Capital Budget

Presentation on the BAHFA Draft FY 2026-27 Operating and Capital Budget.

Presenter:

Ilesha Spencer

Recommended Action:

Information

Bay Area Housing Finance Authority BAHFA

May 27, 2026

Agenda Item 5a-26-0641

Bay Area Housing Finance Authority (BAHFA)

Draft Fiscal Year (FY) 2026-27 Operating Budget

Subject:

An informational presentation of the Bay Area Housing Finance Authority (BAHFA) Draft Fiscal Year (FY) 2026-27 Operating Budget. Anticipated total operating revenue is \$37.9 million, and projected expenses are \$37.1 million.

Background:

The Bay Area Housing Finance Authority (BAHFA) was established by California Assembly Bill 1487 (AB 1487) in 2019. BAHFA's primary purpose is to help the Bay Area address affordable housing needs by producing and preserving affordable housing and protecting residents from displacement. BAHFA has the unique authority to raise regional revenue through ballot measures, and the agency works with local governments and other partners to achieve its goals.

BAHFA was created by the state without a dedicated, ongoing source of revenue. Instead, BAHFA was launched with an initial \$20 million grant allocated from the FY 2021-22 State Budget to develop five pilot programs with the goal of addressing immediate regional housing needs while also building programs that would lay a foundation for a large-scale ballot measure. BAHFA has delivered on the goals of the original pilots while strategically adapting their scope to address evolving conditions. Additionally, BAHFA has leaned into its value as a nimble "start-up" to expand beyond the original five pilots as new opportunities arose. Overall, BAHFA has launched more than a dozen initiatives and attracted over \$60 million in other resources, more than tripling the original state seed grant.

BAHFA's expenditure program remains unchanged, deploying its grant funds to implement BAHFA's mission: providing programs, resources, and technical assistance throughout the Bay Area.

FY 2026-27 Budget Development Issues

In April 2022, the Metropolitan Transportation Commission (MTC) transferred the \$20 million start up grant from the California Department of Housing and Community Development (HCD) to BAHFA to fund ongoing operations. The funding remaining from this source is anticipated to

be fully expended in approximately 2028. BAHFA staff remain on time-limited employment status given uncertain long-term funding.

BAHFA secured additional one-time revenue from a variety of other sources. Most significantly, BAHFA has been programmed approximately \$46.8 million by MTC from its Regional Early Action Planning grant of 2021 (REAP 2.0) to support several pilot programs. BAHFA has also secured a smaller level of private sector funding for several of the pilot programs. Importantly, all these additional funds have been fully allocated for BAHFA programs and are not available for the long-term operational needs of the agency.

Earlier this year, in light of BAHFA's limited operational runway, the agency launched a Strategic Planning process to articulate a plan to sustain the agency's operations until it is capitalized at scale. The Strategic Planning process evaluated the future of BAHFA's programs, developed a funding plan to implement those programs, and charts a course to sustain momentum for a future regional housing revenue measure (as early as November 2028). Through this process and ongoing stakeholder engagement, BAHFA will seek additional revenue sources that would sustain the agency and provide support for its programs. The Strategic Planning process concluded in 2026 and staff has transitioned to implementation.

The draft FY 2026-27 Operating Budget requires BAHFA to constrain expenses to available funding sources in an effort to deliver BAHFA's ongoing statutory initiatives, pilot programs and priorities, and to maintain financial stability for operations beyond FY 2026-27.

FY 2026-27 Budget Assumptions

The draft budget incorporates several key assumptions:

- 3.3% net Interest yield
- Decrease in State Grant Regional Early Action Planning 2.0 (REAP 2.0) funding, with carryover projects on track to meet the December 30, 2026 expenditure deadline. This will exhaust a significant portion of BAHFA's existing programmatic funding.
- No regional ballot measure expenses in anticipation of a potential 2028 affordable housing measure, aside from expenses associated with stakeholder engagement to consider potential amendments to BAHFA's enabling statute.
- 8% Staffing vacancy rate assumed
- 3.2% cost of living adjustment

The actual cost of living adjustment (3.8%), based on figures released by the Bureau of Labor Statistics on May 12, 2026, will be reflected in the final proposed budgets presented on June 24, 2026.

FY 2026-27 Revenue and Expense

Total revenue estimated for FY 2026-27 is \$37.9 million, down \$15.2 million from the amended FY 2025-26 budget. Summaries of revenue and expenses are shown below. The \$15.2 million decrease in revenue is largely attributable to the fact that BAHFA has been spending down its one-time state grants through implementation of the various pilot projects and REAP 2.0 expiration. The FY 2026-27 revenue is primarily carryover remaining budget authority from those previously allocated grants.

FY 2026-27 Proposed Operating Revenue (millions denoted as M):

	Total	% Change	\$ Change
State Grants	20.7M	(18.1%)	(19.7M)
Local Funding	15.0M	79.5%	4.0M
General Fund	2.2M	(34.6%)	(0.5M)
Total	\$37.9M	(28.6%)	(\$15.2M)

Total expenses for FY 2026-27 are estimated at \$37.9 million, down \$15.2 million from the amended FY 2025-26 budget. The decrease is primarily attributable to a reduction in grant funding carryover that supports ongoing pilot programs and operational costs. The lower anticipated expenditures in FY 2026-27 reflect that BAHFA expects to carry over only the remaining balance of existing funds, following planned spending in FY 2025–26. As a result, projected expenses are lower in FY 2026-27 due to program costs already expended in the previous year. A summary of expense changes is shown below:

	Total	% Change	\$ Change
Salaries, Benefits, and Indirect Cost	\$3.2M	42.4%	\$1.0M
Doorway, Loans, Sites, Rental Assistant Pilots/Programs, and Mixed Income	31.0M	(42.3%)	(22.7M)
General Operations	0.1M	(12.4%)	(0.02M)
Consultants	1.0M	(0.0%)	(0.0M)
Other	1.8M	78.3%	0.8M
Total	\$37.1M	(37.1%)	(\$21.0M)

BAHFA staff salaries, benefits, and indirect costs increased from FY 2025–26 to FY 2026–27 due to the implementation of a direct charge mechanism, which enables REAP 2.0 funds to be drawn directly from MTC and a new methodology for calculating the indirect rate.

The expense projections for FY 2026-27 support the following ongoing initiatives/programs:

- Continuing development and implementation of Doorway, including multi-jurisdictional coordination, planning, and program integration.
- Spend down of the remaining funds for the Housing Preservation Loan Pilot.
- Spend down of the remaining funds for the Priority Sites Pilot.
- Spend down of some remaining funds for the Napa Rental Assistance Pilot.
- Launch of the new Mixed-Income Financing Program, consistent with BAHFA's recently completed Strategic Plan.
- Stakeholder engagement for potential legislative amendments to BAHFA's enabling statute.

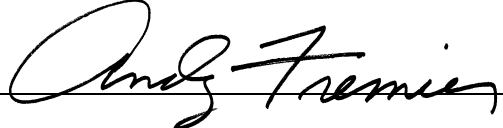
Staff are finalizing all budget estimates for FY 2026-27 and will include updates with the presentation of the proposed FY 2026-27 budget at the June BAHFA meeting.

Recommendations:

This is an information item.

Attachments:

- Attachment A: Bay Area Housing Finance Authority (BAHFA) Draft FY 2026-27 Operating Budget
- Bay Area Housing Finance Authority (BAHFA) Draft FY 2026-27 Operating Budget PowerPoint Presentation


Andrew B. Fremier

**BAY AREA HOUSING FINANCE AUTHORITY (BAHFA)
DRAFT FY 2026-27 OPERATING BUDGET**

Date: May 27, 2026
W.I.: 1620, 1630, 1624, 1625

REVENUE-EXPENSE SUMMARY

	Actuals as of 03/31/2026	FY 2025-26 Approved Amendment No. 1	FY 2026-27 Draft Budget	Change \$ Increase/(Decrease)	Change % Increase/(Decrease)
Total Operating Revenue	\$ 15,636,787	\$ 58,044,305	\$ 37,856,966	\$ (20,187,339)	-34.8%
Total Operating Expense	\$ 18,136,134	\$ 58,044,305	\$ 37,064,186	\$ (20,980,119)	-36.1%
Operating Surplus (Shortfall) before Transfer	\$ (2,499,346)	\$ -	\$ 792,779	\$ 792,779	0.0%
Transfer In/(Out)	\$ -	\$ -	\$ -	\$ -	100.0%
Depreciation/Capital Reserve	\$ -	\$ -	\$ -	\$ -	100.0%
Total Operating Surplus/(Deficit)	\$ (2,499,346)	\$ -	\$ 792,779	\$ 792,779	0.0%
Transfer From/(To) Reserves	\$ -	\$ -	\$ 792,779	\$ 792,779	0.0%
Beginning Balance	\$ -	\$ 38,614,000	\$ 38,614,000		
Ending Balance	\$ -	\$ 38,614,000	\$ 39,406,779		

	Actuals as of 03/31/2026	FY 2025-26 Approved Amendment No. 1	FY 2026-27 Draft Budget	Change \$ Increase/(Decrease)	Change % Increase/(Decrease)
Operating Revenue					
State of California Housing Community Development	\$ 2,412,584	\$ 4,321,331	\$ 6,112,896	\$ 1,791,565	41.5%
MTC Transfer: Regional Early Action Planning (REAP) 2.0	6,995,144	35,994,126	14,550,000	(21,444,126)	-59.6%
MTC Transfer: Chan Zuckerberg Initiative	5,000,000	6,000,000	5,850,000	(150,000)	-2.5%
MTC Transfer: Exchange	-	5,000,000	9,100,000	4,100,000	82.0%
Other Donations	77,090	728,848	275,000	(453,848)	-62.3%
Interest Income	1,151,970	1,000,000	1,969,070	969,070	96.9%
Total Operating Revenue	\$ 15,636,787	\$ 53,044,305	\$ 37,856,966	\$ (15,187,339)	-28.6%

	Actuals as of 03/31/2026	FY 2025-26 Approved Amendment No. 1	FY 2026-27 Draft Budget	Change \$ Increase/(Decrease)	Change % Increase/(Decrease)
Expense					
Salaries and Benefits	\$ 292,033	\$ 1,622,196	\$ 1,808,650	\$ 186,453	11.5%
Overhead	131,159	629,250	1,398,083	768,833	122.2%
Doorway and Other Pilot Operational Costs	635,231	4,196,833	2,677,000	(1,519,833)	-36.2%
Regional Early Action Planning (REAP) 2.0 Preservation Loans	8,651,616	9,890,171	1,200,000	(8,690,171)	-87.9%
Regional Early Action Planning (REAP) 2.0 Priority Sites					
Predevelopment Loans	8,000,996	23,580,955	12,100,000	(11,480,955)	-48.7%
Rental Assistance Program	247,956	5,000,000	4,100,000	(900,000)	-18.0%
Mixed Income Financing Program		11,000,000	10,890,000	(110,000)	-1.0%
Legal	72,444	698,300	733,215	34,915	5.0%
Strategic Initiatives	-	212,000	908,000	696,000	328.3%
Audit/Accounting	24,670	39,050	40,500	1,450	3.7%
Conference/Training Fees	975	16,000	50,000	34,000	212.5%
Travel Expense	189	12,000	25,000	13,000	108.3%
Board/Commission Member Stipend	5,000	20,000	22,000	2,000	10.0%
Insurance & Other General Operation Expenses	73,865	127,550	111,739	(15,811)	-12.4%
Program Reserves	-	1,000,000	1,000,000	-	0.0%
Total Operating Expense	\$ 18,136,134	\$ 58,044,305	\$ 37,064,186	\$ (20,980,119)	-36.1%

	Actuals as of 03/31/2026	FY 2025-26 Approved Amendment No. 1	FY 2026-27 Draft Budget	Change \$ Increase/(Decrease)	Change % Increase/(Decrease)
Transfer In/(Out)					
Transfer (To) MTC	\$ -	\$ -	\$ -	\$ -	0.0%
Transfer In/(Out) MTC	\$ -	\$ 11,000,000	\$ -	\$ (11,000,000)	-100.0%
Transfer In/(Out) BAHFA Leadership Fund	\$ -	\$ -	\$ -	\$ -	0.0%
Total Transfers	\$ -	\$ -	\$ -	\$ -	0.0%

BAHFA CONTRACTUAL SERVICES SUMMARY - PROPOSED

Description/Purpose	Actuals as of 03/31/2026	FY 2025-26 Approved Amendment No. 1	FY 2026-27 Draft Budget	Change \$ Increase/(Decrease)
Contractual Services				
Doorway Costs	\$ 635,231	\$4,196,833	\$ 2,677,000	\$ (1,519,833)
Regional Early Action Planning (REAP) 2.0 Preservation Loans	8,000,996	9,890,171	1,200,000	(8,690,171)
Regional Early Action Planning (REAP) 2.0 Priority Sites Predevelopment Loans	8,651,616	23,580,955	12,100,000	(11,480,955)
Rental Assistance Program	247,956	5,000,000	4,100,000	(900,000)
Mixed Income Financing Program	-	11,000,000	10,890,000	(110,000)
Legal	72,444	698,300	733,215	34,915
Strategic Initiatives	-	212,000	908,000	
Audit/Accounting	24,670	39,050	40,500	1,450
Insurance & Other General Operation Expenses	80,029	175,550	208,739	
	-			
Total Contractual Services	\$ 17,712,942	\$ 54,792,859	\$ 32,857,454	\$ (22,664,594)

BAHFA ADMINISTRATION GRANT FEDERAL, STATE, AND LOCAL FUNDING SUMMARY – PROPOSED

Grant Number	Fund Source No.	Grant Name	Grant Award	Actuals as of 03/31/2026	FY 2026-27 Staff Budget	FY 2026-27 Consultant Budget	Remaining Balance	Expiration Date
21-GFD-012	2409	California Housing Community Development (HCD)	\$ 20,000,000	\$ 3,965,958	\$ 3,030,442	\$ 3,082,454	\$ 9,921,146	N/A
23-REAP2-17909	2312	Regional Early Action Planning (REAP) 2.0	250,000	-	-	250,000	-	12/31/2026
23-REAP2-17909	3919	Regional Early Action Planning (REAP) 2.0 Preservation Loans	17,800,000	16,600,000	-	1,200,000	-	12/31/2026
23-REAP2-17909	3918	Regional Early Action Planning (REAP) 2.0 Priority Sites Predevelopment Loans	28,000,000	15,900,000	-	12,100,000	-	12/31/2026
23-REAP2-17909	3927	Regional Early Action Planning (REAP) 2.0 Doorway	2,530,000	1,530,000	-	1,000,000	-	12/31/2026
XXXX	EXCH13	MTC Exchange: Mixed-Income Loan Fund	5,000,000	-	-	5,000,000	-	N/A
XXXX	EXCH17	MTC Exchange: Rental Assistance Program	4,100,000	-	-	4,100,000	-	N/A
XXXX	SFF	* San Francisco Foundation - New	200,000	-	-	200,000	-	N/A
XXXX	3882	* Tides Foundation	150,000	-	-	-	150,000	N/A
XXXX	3889	* San Francisco Foundation	150,000	-	-	75,000	75,000	N/A
XXXX	3940	*Chan Zuckerberg Initiative: Mixed-Income Loan Fund	6,000,000	-	-	5,850,000	150,000	N/A
Total			\$ 84,180,000	\$ 37,995,958	\$ 3,030,442	\$ 32,857,454	\$ 10,296,146	

* Donation Grant

Bay Area Housing Finance Authority Draft FY 2026-27 Operating Budget

BAHFA Board Meeting
May 27, 2026

BAHFA FY 2026-27 Ongoing Projects & Deliverables

▪ Mixed-Income Financing Program

- \$11M lending program to fund affordable housing and generate revenue.

▪ Doorway Housing Portal

- Expanding listings to grow a regional housing search platform.

▪ Regional Preservation & Protection

- Administering existing loans and grants to preserve affordable housing and prevent displacement of current residents.

▪ Priority Sites Technical Assistance

- Ongoing support to accelerate housing on key underused sites.



BAHFA Draft FY 2026-27 Operating Budget

Major Revenue Sources

- **California HCD: \$20 million grant**
 - The one-time grant allocation is projected to be fully expended in approximately 2028
- **Regional Early Action Planning 2.0: \$14.5 million grant (2 pilot projects)**
 - Transferred from the MTC
 - Balance carryover to FY 2026-27. Expiring December 2026
- **Chan Zuckerberg Initiative**
 - Transferred from the MTC
 - One time donation to Fund Mixed Income Financing Program

Revenue Source (thousands)	FY 2025-26 Approved Amendment No. 1	FY 2026-27 Proposed	% Change
State of California Housing Community Development	\$4,321	\$6,113	41.5%
MTC Transfer: Regional Early Action Planning (REAP) 2.0	35,994	14,550	(59.6%)
MTC Transfer: Chan Zuckerberg Initiative	6,000	5,850	(2.5%)
MTC Transfer: Exchange	5,000	9,100	82.0%
Donations and Other Grants	729	275	(62.3%)
Interest Income	1,000	1,969	96.9%
Total Revenue	\$53,044	\$37,857	(28.6%)

BAHFA Draft FY 2026-27 Operating Budget

Expenses

- Staffing (higher indirect due to new methodology)
- Priority Sites, Housing Preservation, Rental Assistance Pilots and Mixed Income Program
- Doorway operational costs
- Other: strategic initiatives, legal costs, travel and training

Expenses (thousands)	FY 2025-26 Approved Amendment No. 1	FY 2026-27 Proposed	% Change
Staff Salaries, Benefits & Overhead	\$2,251	\$3,207	42%
Doorway	4,197	2,677	(36%)
Housing Preservation Pilot	9,890	1,200	(88%)
Priority Sites Pilot	23,581	12,100	(49%)
Rental Assistance Program	5,000	4,100	(18%)
Mixed Income Financing Program	11,000	10,890	(1%)
Program Reserves	1,000	1,000	0%
Strategic Initiatives & Other	1,125	1,890	68%
Total Expenses	\$58,044	\$37,064	(36%)