



375 Beale Street
Suite 800
San Francisco, California
94105

Meeting Agenda - Final

Bay Area Housing Finance Authority

Chair, Alfredo Pedroza, Supervisor, County of Napa
Vice Chair, Nick Josefowitz

Wednesday, June 22, 2022

10:00 AM

HYBRID (In person option available)

Special Meeting

Bay Area Housing Finance Authority

The Bay Area Housing Finance Authority is scheduled to meet on Wednesday, June 22, 2022 at 10:00 a.m., in the Bay Area Metro Center (Hybrid - In Person Option Available).

In light of Governor Newsom's State of Emergency declaration regarding COVID-19 and in accordance with Assembly Bill 361's (Rivas) provisions allowing remote meetings, this meeting will be accessible via webcast, teleconference, and Zoom for all participants.

A Zoom panelist link for meeting participants will be sent separately to committee, commission, or board members.

The meeting webcast will be available at: <https://mtc.ca.gov/meetings-events/live-webcasts>

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

Members of the public are encouraged to participate remotely via Zoom at the following link or phone number:

Please click the link below to join the webinar:

<https://bayareametro.zoom.us/j/86413346652>

Or One tap mobile :

US: +13462487799,,86413346652# or +12532158782,,86413346652#

Or Telephone:

Dial(for higher quality, dial a number based on your current location):

US: +1 346 248 7799 or +1 253 215 8782 or +1 408 638 0968 or +1 669 900 6833 or +1 301 715 8592 or +1 312 626 6799 or +1 646 876 9923 or 833 548 0276 (Toll Free) or 833 548 0282 (Toll Free) or 877 853 5247 (Toll Free) or 888 788 0099 (Toll Free)

Webinar ID: 864 1334 6652

International numbers available: <https://bayareametro.zoom.us/j/kr9liEyDv>

Detailed instructions on participating via Zoom are available at:

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

Committee members and members of the public participating by Zoom wishing to speak should use the "raise hand" feature or dial "*9".

In order to get the full Zoom experience, please make sure your application is up to date.

Members of the public may participate by phone or Zoom or may submit comments by email at info@bayareametro.gov by 5:00 p.m. the day before the scheduled meeting date. Please include the committee or board meeting name in the subject line. Due to the current circumstances, there may be limited opportunity to address comments during the meeting. All comments received will be submitted into the record.

Roster:

Alfredo Pedroza (Chair), Nick Josefowitz (Vice Chair), Margaret Abe-Koga, Eddie Ahn, David Canepa, Cindy Chavez, Damon Connolly, Carol Dutra-Vernaci, Dina El-Tawansy*, Victoria Fleming, Dorene M. Giacomini*, Federal D. Glover, Sam Liccardo, Nate Miley, Gina Papan, David Rabbitt, Hillary Ronen, Libby Schaaf, James P. Spering, Amy R. Worth

***Non-Voting Members**

1. Call to Order / Roll Call / Confirm Quorum

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

2. Chair's Report

- 2.a. [22-0988](#) BAHFA Chair's Report for June 22, 2022

Action: Information

Presenter: Alfredo Pedroza

3. Executive Director's Report

- 3.a. [22-0989](#) Executive Director's Report for June 22, 2022

Action: Information

Presenter: Therese W. McMillan

4. BAHFA Member Comments

5. Consent Calendar

- 5.a. [22-0990](#) Approval of BAHFA Minutes of April 27, 2022

Action: Approval

Presenter: Secretary

Attachments: [05a BAHFA Minutes 20220427 Draft.pdf](#)

- 5.b. [22-0991](#) BAHFA Resolution No. 14 - Providing for Remote Meetings Pursuant to Assembly Bill 361

Action: Approval

Presenter: Kathleen Kane

Attachments: [05b 1 Summary Sheet BAHFA Resolution 14 AB 361.pdf](#)

[05b 2 Attachment TEMP-BAHFA-RES-0014.pdf](#)

6. BAHFA Oversight Committee

- 6.a. [22-0992](#) Report on BAHFA Oversight Committee Meetings of May 12, 2022 and June 9, 2022

Action: Information

Presenter: Libby Schaaf

7. BAHFA Fiscal Year 2022-2023 Budget

- 7.a. [22-0993](#) Adoption of BAHFA Resolution No. 12 approving Bay Area Housing Finance Authority Fiscal Year 2022-2023 Budget, including the \$20 million State Grant

Action: Approval

Presenter: Derek Hansel

Attachments: [07a 1 Summary Sheet BAHFA Fiscal Year 2022 2023 Budget v1.pdf](#)
[07a 2 Attachment A TEMP-BAHFA-RES-0012.pdf](#)
[07a 3 Attachment B Presentation BAHFA FY23 Budget Approval v2.pdf](#)

8. BAHFA Nonprofit Public Benefit Corporation

- 8.a. [22-1002](#) Adoption of Resolution No. 15 approving the creation of and appointment of BAHFA board members to an affiliated California nonprofit public benefit corporation incorporated for the purpose of receiving funds to facilitate the mission and mandate of the Bay Area Housing Finance Authority

Action: Approval

Presenter: Kate Hartley

Attachments: [08a 1 Summary Sheet BAHFA Nonprofit Public Benefit Corporation v1.pdf](#)
[08a 2 Attachment A TEMP-BAHFA-RES-0015 v2.pdf](#)
[08a 3 Attachment B Presentation Creation of Affiliated Nonprofit.pdf](#)

9. Welfare Tax Exemption Preservation Program; Recommended CEQA Determination: Exempt Pursuant to CEQA Guideline 15061(b)(3)

- 9.a. [22-1003](#) Adoption of Resolution No. 16 approving the creation of a Welfare Tax Exemption Preservation Program (Program) to assist housing developers secure a welfare tax exemption necessary to create and preserve permanently affordable housing

Action: Approval

Presenter: Kate Hartley

Attachments: [09a 1 Summary Sheet BAHFA Welfare Tax Exemption Preservation Program v](#)
[09a 2 Attachment A TEMP-BAHFA-RES-0016.pdf](#)
[09a 3 Attachment B BAHFA Welfare Tax Exemption Preservation Term Sheet v](#)
[09a 4 Attachment C Presentation Welfare Tax Exemption Preservation Program](#)

10. Potential Regional Revenue Options for Housing and Transportation

- 10.a. [22-1077](#) Next Steps on Regional Affordable Housing Bond

Overview of timeline and key next steps for placement of a regional affordable housing bond on the November 2024 ballot; Direction to staff to proceed and assign oversight of staff progress to the BAHFA Oversight Committee

Action: Approval

Presenter: Kate Hartley

Attachments: [10a 1 Summary Sheet Potential Regional Housing Transportation Revenue Mea](#)
[10a 2 Attachment Presentation Potential 2024 Regional Housing Revenue Mea](#)

11. Public Comment / Other Business

Information

12. Adjournment / Next Meeting

The next meeting of the Bay Area Housing Finance Authority is scheduled to be held on Wednesday, July 27, 2022. Any changes to the schedule will be duly noticed to the public.

Public Comment: The public is encouraged to comment on agenda items at Committee meetings by completing a request-to-speak card (available from staff) and passing it to the Committee 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 Committee 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: Committee 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 Committee members, key staff and others as appropriate. Copies will be available at the meeting.

All items on the agenda are subject to action and/or change by the Committee. Actions recommended by staff are subject to change by the Committee.



Metropolitan Transportation Commission

375 Beale Street, Suite 800
San Francisco, CA 94105

Legislation Details (With Text)

File #: 22-0988 **Version:** 1 **Name:**
Type: Report **Status:** Informational
File created: 5/18/2022 **In control:** Bay Area Housing Finance Authority
On agenda: 6/22/2022 **Final action:**
Title: BAHFA Chair's Report for June 22, 2022

Sponsors:

Indexes:

Code sections:

Attachments:

Date	Ver.	Action By	Action	Result
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BAHFA Chair's Report for June 22, 2022

Alfredo Pedroza

Information



Metropolitan Transportation Commission

375 Beale Street, Suite 800
San Francisco, CA 94105

Legislation Details (With Text)

File #: 22-0989 **Version:** 1 **Name:**

Type: Report **Status:** Informational

File created: 5/18/2022 **In control:** Bay Area Housing Finance Authority

On agenda: 6/22/2022 **Final action:**

Title: Executive Director's Report for June 22, 2022

Sponsors:

Indexes:

Code sections:

Attachments:

Date	Ver.	Action By	Action	Result
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Executive Director's Report for June 22, 2022

Therese W. McMillan

Information



Metropolitan Transportation Commission

375 Beale Street, Suite 800
San Francisco, CA 94105

Legislation Details (With Text)

File #: 22-0990 **Version:** 1 **Name:**
Type: Minutes **Status:** Consent
File created: 5/18/2022 **In control:** Bay Area Housing Finance Authority
On agenda: 6/22/2022 **Final action:**
Title: Approval of BAHFA Minutes of April 27, 2022
Sponsors:
Indexes:
Code sections:
Attachments: [05a BAHFA Minutes 20220427 Draft.pdf](#)

Date	Ver.	Action By	Action	Result
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Approval of BAHFA Minutes of April 27, 2022

Secretary

Approval



375 Beale Street
Suite 800
San Francisco, California
94105

Meeting Minutes - Draft

Bay Area Housing Finance Authority

Chair, Alfredo Pedroza, Supervisor, County of Napa
Vice Chair, Nick Josefowitz

Wednesday, April 27, 2022

9:55 AM

REMOTE (In person option available)

Bay Area Housing Finance Authority

The Bay Area Housing Finance Authority Board may act on any item on the agenda.

The meeting is scheduled to begin at 9:55 a.m.,
or immediately following the preceding MTC/BATA meetings.

Agenda, roster, and webcast available at <https://mtc.ca.gov/>

For information, contact Secretary at (415) 820-7913.

Roster

Margaret Abe-Koga, Eddie Ahn, David Canepa, Cindy Chavez, Damon Connolly,
Carole Dutra-Vernaci, Victoria Fleming, Federal Glover, Nick Josefowitz, Sam Liccardo,
Nathan Miley, Gina Papan, Alfredo Pedroza, David Rabbitt, Hilary Ronen, Libby Schaaf,
James Spering, Amy Worth, Dina El-Tawansy (Nonvoting), Dorene Giacopini (Nonvoting)

1. Call to Order / Roll Call / Confirm Quorum

Chair Pedroza called the meeting to order at about 11:55 a.m. Quorum was present.

Present: 12 - Commissioner Abe-Koga, Commissioner Ahn, Commissioner Chavez, Commissioner Connolly, Commissioner Dutra-Vernaci, Commissioner Glover, Vice Chair Josefowitz, Commissioner Liccardo, Commissioner Papan, Chair Pedroza, Commissioner Spering and Commissioner Worth

Absent: 6 - Commissioner Canepa, Commissioner Fleming, Commissioner Miley, Commissioner Rabbitt, Commissioner Ronen and Commissioner Schaaf

2. Compensation Announcement

3. Chair's Reports

3.a. [22-0561](#) BAHFA Chair's Report for April 27, 2022

Chair Pedroza gave the report.

4. Executive Director's Report

- 4.a. [22-0562](#) Executive Director's Report for April 27, 2022

Therese W. McMillan gave the report.

5. Consent Calendar

Upon the motion by Worth and second by Ahn, the Bay Area Housing Finance Authority approved the Consent Calendar. The motion passed unanimously by the following vote:

Aye: 12 - Commissioner Abe-Koga, Commissioner Ahn, Commissioner Chavez, Commissioner Connolly, Commissioner Dutra-Vernaci, Commissioner Glover, Vice Chair Josefowitz, Commissioner Liccardo, Commissioner Papan, Chair Pedroza, Commissioner Sperring and Commissioner Worth

Absent: 6 - Commissioner Canepa, Commissioner Fleming, Commissioner Miley, Commissioner Rabbitt, Commissioner Ronen and Commissioner Schaaf

- 5.a. [22-0563](#) Approval of BAHFA Minutes of April 28, 2021
- 5.b. [22-0564](#) BAHFA Resolution No. 009 - Providing for Remote Meetings Pursuant to Assembly Bill 361

6. BAHFA Oversight Committee

- 6.a. [22-0565](#) Report on BAHFA Oversight Committee Meetings of January 24, 2022 and April 14, 2022
- BAHFA Oversight Committee Vice Chair Worth gave the report.

7. BAHFA Fiscal Year 2021-2022 Budget

- 7.a. [22-0566](#) Adoption of BAHFA's Inaugural Budget, including the \$20 million State Grant

Kate Hartley gave the report.

The following gave public comment: John Avalos, Sandy Perry, Rodney Nickens, Bob Allen, Ja'Nai Aubry, Geeta Rao, Matthew Reed, Alex Rogala, Mich Mankin, Sarah Scruggs, Ken Chan, Michael Trujillo, Jane Kramer.

The following submitted public comment: The People's Land and Housing Alliance.

Upon the motion by Worth and second by Liccardo, the Bay Area Housing Finance Authority adopted Resolution No. 10., Approval of BAHFA FY 21-22 Budget in the Amount of \$20 million. The motion passed unanimously by the following vote:

Aye: 11 - Commissioner Abe-Koga, Commissioner Ahn, Commissioner Chavez, Commissioner Connolly, Commissioner Dutra-Vernaci, Commissioner Glover, Vice Chair Josefowitz, Commissioner Liccardo, Chair Pedroza, Commissioner Spering and Commissioner Worth

Absent: 7 - Commissioner Canepa, Commissioner Fleming, Commissioner Miley, Commissioner Papan, Commissioner Rabbitt, Commissioner Ronen and Commissioner Schaaf

8. Public Comment / Other Business

9. Adjournment / Next Meeting

Chair Pedroza adjourned the meeting at about 1:00 p.m. The next meeting of the Bay Area Housing Finance Authority will be announced.



Metropolitan Transportation Commission

375 Beale Street, Suite 800
San Francisco, CA 94105

Legislation Details (With Text)

File #: 22-0991 **Version:** 1 **Name:**
Type: Report **Status:** Consent
File created: 5/18/2022 **In control:** Bay Area Housing Finance Authority
On agenda: 6/22/2022 **Final action:**
Title: BAHFA Resolution No. 14 - Providing for Remote Meetings Pursuant to Assembly Bill 361
Sponsors:
Indexes:
Code sections:
Attachments: [05b 1 Summary Sheet BAHFA Resolution 14 AB 361.pdf](#)
[05b 2 Attachment TEMP-BAHFA-RES-0014.pdf](#)

Date	Ver.	Action By	Action	Result
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BAHFA Resolution No. 14 - Providing for Remote Meetings Pursuant to Assembly Bill 361

Kathleen Kane

Approval

**Bay Area Housing Finance Authority
BAHFA**

June 22, 2022

Agenda Item 5b

BAHFA Resolution No. 14 Providing for Remote Meetings Pursuant to AB 361

Subject:

Approval of BAHFA Resolution No. 14 Regarding Remote Meetings Pursuant to AB 361

Background:

AB 361 provides for continuing availability of remote meetings during the pandemic-related state of emergency in California. In order to invoke this option, governing boards of Brown Act bodies, or their authorized designated committees must make certain findings in support of remote meetings within 30 days of the first meeting occurring after October 1, 2021, and every 30 days thereafter. Attached for your review and approval is a resolution invoking AB 361 and providing for remote meetings prospectively for 30 days following the Bay Area Housing Finance Authority's action.

Issues:

Findings in support of Resolution No. 14 are found in the attached. Given the continuing state of public health emergency and the improved public access afforded by holding public meetings of regional bodies in a virtual setting, the resolution under AB 361 is supportable.

Recommended Action:

The Bay Area Housing Finance Authority is requested to adopt Resolution No. 14, authorizing its committees and related entities, to meet remotely pursuant to the provisions of AB 361.

Attachments:

- Attachment A: BAHFA Resolution No. 14



Therese W. McMillan

Date: June 22, 2022
Referred By: BAHFA

ABSTRACT

Resolution No. 0014

This resolution makes findings pursuant to AB 361 to continue virtual public meetings for the Bay Area Housing Finance Authority (BAHFA), its related entities and committees during the COVID-19 State of Emergency.

Further discussion of this subject is contained in the BAHFA Summary Sheet dated June 22, 2022.

Date: June 22, 2022
Referred By: BAHFA

RE: Findings Pursuant to AB 361 to Continue Virtual Public Meetings for the Bay Area Housing Finance Authority (BAHFA), With its Related Entities and Committees, During the COVID-19 State of Emergency

BAY AREA HOUSING FINANCE AUTHORITY
RESOLUTION NO. 0014

WHEREAS, on March 4, 2020, the Governor of the State of California declared a state of emergency, as defined under the California Emergency Services Act, due to the COVID-19 pandemic; and

WHEREAS, the State of Emergency remains in effect; and

WHEREAS, beginning in March 2020, the Governor's Executive Order N-29-20 suspended Brown Act requirements related to teleconferencing during the COVID-19 pandemic provided that notice, accessibility, and other requirements were met, and the public was allowed to observe and address the legislative body at the meeting; and

WHEREAS, Executive Order N-08-21 extended the previous order until September 30, 2021; and

WHEREAS, the Bay Area Housing Finance Authority (BAHFA) and its related entities and committees have conducted their meetings virtually, as authorized by the Executive Order, since March 17, 2020; and

WHEREAS, on September 16, 2021, the Governor signed into law AB 361, an urgency measure effective upon adoption, that provides flexibility to government bodies, allowing them to meet virtually without conforming to the Brown Act teleconferencing rules if: (i) the legislative body holds a meeting during a proclaimed state of emergency, and state or local officials have imposed or recommended measures to promote social distancing; (ii) the legislative body holds a meeting during a proclaimed state of emergency for the purpose of determining, by majority vote, whether, as a result of the emergency, meeting in person would present imminent risks to the health or safety of attendees; or (iii) the legislative body holds a meeting during a proclaimed state of emergency and has determined, by majority vote, that, as a

result of the emergency, meeting in person would present imminent risks to the health or safety of attendees; and

WHEREAS, the San Francisco Public Health Department continues to recommend and/or require measures to promote social distancing in combination with other safety precautions when activities occur in shared indoor spaces to mitigate the risk of COVID-19 transmission; and

WHEREAS, recently, multiple COVID-19 variants have surged in the United States and are believed by medical experts to be more contagious than previous variants, and data has shown these variants to have increased transmissibility even among some vaccinated people; and

WHEREAS, due to uncertainty and concerns about recent COVID-19 variants and current conditions, many workplaces that had announced a return to regular in-person operations have pushed back the full return date; and

WHEREAS, virtual meetings have not diminished the public's ability to observe and participate and have expanded opportunities to do so for some communities; and

WHEREAS, given the heightened risks of the predominant variant of COVID-19 in the community, holding meetings with all members of the legislative body, staff, and the public in attendance in person in a shared indoor meeting space would pose an unnecessary and immediate risk to the attendees;

NOW, THEREFORE, BE IT RESOLVED, that the Bay Area Housing Finance Authority hereby determines that, as a result of the emergency, meeting in person presents imminent risks to the health or safety of attendees; and be it further

RESOLVED, that in accordance with AB 361, based on the findings and determinations herein, meetings of BATA, its related entities and its committees will be held virtually, with Brown Act teleconferencing rules suspended; and be it further

RESOLVED, that this resolution shall be effective upon adoption and remain in effect for 30 days in accordance with AB 361.

BAY AREA HOUSING FINANCE AUTHORITY

Alfredo Pedroza, 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.



Metropolitan Transportation Commission

375 Beale Street, Suite 800
San Francisco, CA 94105

Legislation Details (With Text)

File #: 22-0992 **Version:** 1 **Name:**

Type: Report **Status:** Informational

File created: 5/18/2022 **In control:** Bay Area Housing Finance Authority

On agenda: 6/22/2022 **Final action:**

Title: Report on BAHFA Oversight Committee Meetings of May 12, 2022 and June 9, 2022

Sponsors:

Indexes:

Code sections:

Attachments:

Date	Ver.	Action By	Action	Result
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Report on BAHFA Oversight Committee Meetings of May 12, 2022 and June 9, 2022

Libby Schaaf

Information



Metropolitan Transportation Commission

375 Beale Street, Suite 800
San Francisco, CA 94105

Legislation Details (With Text)

File #:	22-0993	Version:	1	Name:	
Type:	Report	Status:		Authority Approval	
File created:	5/18/2022	In control:		Bay Area Housing Finance Authority	
On agenda:	6/22/2022	Final action:			
Title:	Adoption of BAHFA Resolution No. 12 approving Bay Area Housing Finance Authority Fiscal Year 2022-2023 Budget, including the \$20 million State Grant				
Sponsors:					
Indexes:					
Code sections:					
Attachments:	07a 1 Summary Sheet BAHFA Fiscal Year 2022 2023 Budget v1.pdf 07a 2 Attachment A TEMP-BAHFA-RES-0012.pdf 07a 3 Attachment B Presentation BAHFA FY23 Budget Approval_v2.pdf				

Date	Ver.	Action By	Action	Result
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Adoption of BAHFA Resolution No. 12 approving Bay Area Housing Finance Authority Fiscal Year 2022-2023 Budget, including the \$20 million State Grant

Derek Hansel

Approval

Bay Area Housing Finance Authority BAHFA

June 22, 2022

Agenda Item 7a

BAHFA Fiscal Year 2022-2023 Budget

Subject:

Adoption of BAHFA Resolution No. 12 approving Bay Area Housing Finance Authority Fiscal Year 2022-2023 Budget, including the \$20 million State Grant

Background:

On April 27, 2022, the BAHFA Board approved BAHFA's inaugural budget of \$20 million (Resolution No. 10), which included a \$20 million grant from the California Department of Housing and Community Development (HCD) awarded to MTC in 2021 for the purpose of developing programming for BAHFA, including hiring BAHFA staff.

BAHFA's expenditure program remains unchanged: it will deploy the grant funds to implement BAHFA's mission: providing "3P" programs, resources, and technical assistance throughout the Bay Area that protect current residents from displacement; preserve existing affordable housing; and produce new housing at all income levels, especially affordable housing.

Since the BAHFA Board's approval of the FY 21-22 budget, BAHFA has expended funding on staffing, overhead, and consultants. It has also reallocated funds to provide Board stipends. The total balance sheet change from FY 2021-2022 to FY 2022-2023 reflecting those costs is (\$171,290). A summary of the FY 22-23 budget is provided below:

BAHFA FY 22-23 OPERATING BUDGET	
Staff Salaries (6 positions x 4 years)	4,113,191
Staff Benefits	2,056,595
Overhead	3,106,264
Pilots	4,500,110
Ballot Costs	3,000,000
Legal	1,000,000
Business Plan	500,000
Audit/Accounting/Other	33,650
Board Stipends	18,900
Subtotal	18,328,710
Reserves	1,500,000
GRAND TOTAL	19,828,710

Because this operating budget utilizes the single grant of \$20 million from HCD, BAHFA's budget is represented annually at its full value for accounting reasons – BAHFA's draws upon

the grant are not subject to satisfaction of milestones or an annual disbursement schedule from HCD that would limit each year's expenditures. Actual annual expenditures may be estimated, however. Over the next twelve months, BAHFA's estimated operating costs are as follows:

BAHFA FY 22-23 SINGLE YEAR EXPENSES	
Staff Salaries (6 positions x 1 year)	1,056,000
Staff Benefits	516,000
Overhead	776,500
Doorway Pilot	500,000
Preservation Pilot	100,000
Pipeline Pilot	75,000
Legal	100,000
Business Plan	200,000
Audit/Accounting/Other	33,650
Board Stipends	18,900
TOTAL	3,376,050

On June 9, 2022, the BAHFA Oversight Committee recommended that the BAHFA Board approve the FY 22-23 budget and adopt BAHFA Resolution No. 12.

Next Steps:

Staff expects to have all budgeted 6 staff members on board by this summer and will continue to expend designated resources on its 5 Pilot Programs (please see further information on the Pilots below) as BAHFA, MTC and ABAG continue to consider the broader funding needs across the region for both housing and transportation.

BAHFA Pilot Programs: Full Grant Expenditure Estimates

- 1) Doorway: Total BAHFA staff time + additional grant resources: approximately \$4,650,000. This pilot program involves significant costs for development of the database and customer relationship management systems, as well as multi-jurisdictional coordination, planning and program integration.
- 2) Preservation: Total BAHFA staff time + additional grant resources: approximately \$3,910,000. Staff have also secured a Breakthrough Grant from the Partnership for the Bay's Future, which enables a two-year Preservation Fellow to assist the Preservation Principal. The approximate value of this fellowship is \$500,000, bringing total Preservation resources to approximately \$4.4 million.
- 3) Pipeline: Total BAHFA staff time + additional grant resources: approximately \$765,000. The Pipeline creation will provide a comprehensive summary of the Bay Area's pending and in-construction affordable developments to facilitate data-driven resource coordination.

- 4) Anti-Displacement: Total BAHFA staff time + additional grant resources: approximately \$2,225,000. Through this pilot, BAHFA staff seek to create an action plan for long-term anti-displacement work that is specifically focused on protecting households' existing residencies. It will be implemented in conjunction with the Preservation Pilot but will highlight tenant protections rather than acquisitions and rehabilitation work.
- 5) Homelessness Prevention Pilot: Total BAHFA staff time + additional grant resources: approximately \$2,225,000. In conjunction with the Anti-Displacement Pilot, this pilot will focus on long-term collaborative, region-wide actions BAHFA can lead with key stakeholders to better protect Bay Area residents from many of the events that lead to homelessness.

Issues:

None identified.

Recommendations:

The Bay Area Housing Finance Authority is requested to adopt Resolution No. 12.

Attachments:

- Attachment A: Resolution No. 12
- Attachment B: Presentation



Therese W. McMillan

Date: June 22, 2022
Referred By: BAHFA

ABSTRACT

Resolution No. 0012

This resolution approves BAHFA's FY 2022-2023 budget in the amount of \$19,828,710 (including \$1.5 million in reserves), deploying funds provided to MTC as a grant through the State of California's Budget Act of 2021 (Assembly Bill 128 of 2021; Sec. 273) for the purpose of developing BAHFA programs and hiring staff.

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.

Date: June 22, 2022
Referred By: BAHFA

RE: Approval of BAHFA FY 22-23 Budget in the Amount of \$19,828,710

BAY AREA HOUSING FINANCE AUTHORITY

RESOLUTION NO. 0012

WHEREAS, California Assembly Bill 1487 (Chiu, 2019) created BAHFA as the state's first regional housing finance authority; and

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, the State of California, through its Budget Act of 2021 (Assembly Bill 128; SEC. 273), provided \$20 million to the Metropolitan Transportation Commission to enable the development of BAHFA's programming and to hire staff and provide programs, resources and technical assistance throughout the Bay Area that achieve the "3 Ps": 1) protection of current residents from displacement; 2) preservation of existing affordable housing; and 3) production of new housing at all income levels, especially affordable housing; and

WHEREAS, the BAHFA Board approved BAHFA's inaugural \$20 million budget by Resolution No. 10 on April 27, 2022; and

WHEREAS, BAHFA's FY 22-23 budget remains unchanged except for expenditures in the amount of \$170,290 in FY 21-22 for staff, benefits, overhead, consulting and Board stipends;

NOW, THEREFORE, BE IT RESOLVED, that the Bay Area Housing Finance Authority hereby adopts its FY 22-23 budget in the amount of \$19,828,710 (including \$1.5 million in reserves); and be it further

RESOLVED, that this resolution shall be effective upon adoption.

BAY AREA HOUSING FINANCE AUTHORITY

Alfredo Pedroza, 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.

ATTACHMENT

Summary of BAHFA FY 2022-2023 Budget Adoption, June 9, 2022, Joint Meeting, ABAG Housing Committee and BAHFA Oversight Committee



BAHFA FY 22-23 BUDGET APPROVAL

**BAY AREA HOUSING
FINANCE AUTHORITY**

June 22, 2022



2021 BAHFA Funding

- \$20 million received from the State of California Department of Housing & Community Development in 2021
 - Purpose: to launch 5 BAHFA pilots and hire staff



FY 22-23 BAHFA Budget Line-Items and Goals Remain Unchanged

- \$170,291 spent on staff, benefits, overhead, and consultants, with Board stipends added as a cost

An illustration on the left side of the slide shows four hands of different skin tones (light, dark, and two shades of brown) assembling four large, interlocking puzzle pieces. The pieces are colored green, yellow, blue, and red. The hands are wearing white cuffs and dark sleeves. The background is a solid teal color.

BAHFA Staffing – *4-Year Terms*

- **Director**
- **Preservation Program Coordinator**
- **Tenant Protections/Homelessness Prevention Program Coordinator**
- **Doorway Manager**
- **Housing Analyst**
- **Executive Assistant**

An illustration on the left side of the slide shows four hands of different skin tones (light, dark, and two shades of brown) placing four large, interlocking puzzle pieces. The pieces are green, yellow, blue, and red. The background is a solid teal color.

Overhead Costs Included in BAHFA Budget

What is “Overhead”?: Necessary expenses not directly attributable to a project, e.g.:

- Human Resources
- Finance
- Information Technology

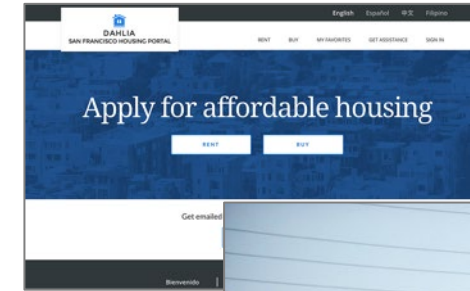
How is the Overhead Rate Determined?

- Budgeted costs are determined for indirect services, plus overcollection or undercollection from prior audited revenues/costs
 - Then applied against total budgeted “base” of staff costs to determine overhead rate for the relevant fiscal year
- **The Estimated MTC-Wide Rate for FY 2023 is 50%**

MTC Staffs BAHFA, Utilizing MTC’s Infrastructure

5 Pilot Programs

1. **Doorway:** Online platform to connect residents to affordable housing opportunities
2. **Affordable Housing Pipeline:** Database to track the production and preservation of affordable homes
3. **Preservation Strategy:** Financing and technical assistance to support and scale preservation efforts
4. **Anti-Displacement Services Network:** Coordination and best practices for effective deployment of tenant protection services
5. **Homelessness Prevention System:** Integrated resources and services to keep people housed



FY 22-23 BUDGET DETAIL

BAHFA FY 22-23 OPERATING EXPENSES	
MTC Staff Salaries (6 positions x 4 years)	4,113,191
MTC Staff Benefits	2,056,595
Overhead	3,106,264
Pilots	4,500,110
Ballot Costs	3,000,000
Legal	1,000,000
Business Plan	500,000
Audit/Accounting/Other	33,650
Board Stipends	18,900
<i>Subtotal</i>	<i>18,328,710</i>
Reserves	1,500,000
GRAND TOTAL	19,828,710

FY 22-23 BUDGET DETAIL: 1-YEAR EXPENSES

BAHFA FY EST. BUDGET – 2022-2023 ONLY	
MTC Staff Salaries (6 positions x 1 year)	1,056,000
MTC Staff Benefits	516,000
Overhead	776,500
Doorway Pilot	500,000
Preservation Pilot	100,000
Pipeline Pilot	75,000
Business Plan	200,000
Legal	100,000
Audit/Accounting/Other	33,650
Board Stipends	18,900
GRAND TOTAL	3,376,050

WORK TO DATE: STATUS UPDATE

- Business Planning is underway
- 4 of 6 total staff are hired
- Pilot planning underway
- Staff and consultants engaged with stakeholders
- Outreach to jurisdiction housing staff ongoing

Schedule

BAHFA Advisory Committee Members Recommended: Summer 2022

BAHFA Staff Hiring Complete: Summer 2022

Submission of Draft Equity Framework to Advisory Committee and BAHFA-O and ABAG Housing Committees: Fall 2022

Submission of Draft Funding Program to Advisory Committee and BAHFA-O and ABAG Housing Committees: Fall 2022

Thank You.

For more information contact:

Kate Hartley
khartley@bayareametro.gov



ASSOCIATION OF BAY AREA GOVERNMENTS
METROPOLITAN TRANSPORTATION COMMISSION



Metropolitan Transportation Commission

375 Beale Street, Suite 800
San Francisco, CA 94105

Legislation Details (With Text)

File #:	22-1002	Version:	1	Name:	
Type:	Report	Status:		Authority Approval	
File created:	5/19/2022	In control:		Bay Area Housing Finance Authority	
On agenda:	6/22/2022	Final action:			
Title:	Adoption of Resolution No. 15 approving the creation of and appointment of BAHFA board members to an affiliated California nonprofit public benefit corporation incorporated for the purpose of receiving funds to facilitate the mission and mandate of the Bay Area Housing Finance Authority				
Sponsors:					
Indexes:					
Code sections:					
Attachments:	08a 1 Summary Sheet BAHFA Nonprofit Public Benefit Corporation v1.pdf 08a 2 Attachment A TEMP-BAHFA-RES-0015 v2.pdf 08a 3 Attachment B Presentation Creation of Affiliated Nonprofit.pdf				

Date	Ver.	Action By	Action	Result
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Adoption of Resolution No. 15 approving the creation of and appointment of BAHFA board members to an affiliated California nonprofit public benefit corporation incorporated for the purpose of receiving funds to facilitate the mission and mandate of the Bay Area Housing Finance Authority

Kate Hartley

Approval

Bay Area Housing Finance Authority BAHFA

June 22, 2022

Agenda Item 8a

BAHFA Nonprofit Public Benefit Corporation

Subject:

Adoption of Resolution No. 15 approving the creation of and appointment by BAHFA of board members to an affiliated California nonprofit public benefit corporation incorporated for the purpose of receiving funds to facilitate the mission and mandate of the Bay Area Housing Finance Authority

Background:

The San Francisco Bay Area Regional Housing Finance Act (California Gov. Code, sec. 64500, et seq.), gives BAHFA the authority to “solicit and accept gifts, fees, grants, loans and other allocations from public and private entities”. It also gives BAHFA the “express or implied powers necessary to carry out the intent and purposes of the [legislation].” Based on these statutory provisions, and through its use of MTC staff under Gov. Code sec. 64520(i), BAHFA can direct the creation of a nonprofit. The purpose of the nonprofit would be to carry out the clear intent of the legislation: to accept gifts, fees, grants, loans and other allocations to expend on activities in furtherance of BAHFA’s authorized activities. Such a purpose of a nonprofit would qualify for nonprofit, tax exempt status under IRC 501(c)(3) as lessening the burden on government.

Next Steps:

With BAHFA Board approval, the MTC General Counsel’s office and other staff will work with outside counsel to file Articles of Incorporation with the California Secretary of State and create the required organizational documents, such as by-laws. Once the initial organizational documents are filed with the State, the proposed nonprofit’s board of directors would meet to assume responsibility for the organization’s activities, which will include filing state and federal applications for tax-exempt status. The proposed nonprofit will also need to execute certain agreements, such as a funding agreement between the nonprofit and BAHFA to enable BAHFA’s receipt of gifts, fees, grants, etc., and an agreement between MTC and the nonprofit where MTC agrees to provide staffing services to the nonprofit.

Once tax-exemption is approved for the nonprofit, it will apply retroactively to the date of incorporation. It is therefore recommended that incorporation proceed as quickly as possible in order to enable receipt of philanthropic grants. Donors can benefit from tax deductions once retroactivity is applied. BAHFA is currently working with at least one major donor who requires investment through a public benefit corporation.

Issues:

None identified.

Recommendations:

The Bay Area Housing Finance Authority is requested to adopt Resolution No. 15, approving the creation of a BAHFA-affiliated California nonprofit public benefit corporation for the purpose of receiving funds to facilitate the mission and mandate of BAHFA, and to appoint board members to the affiliated nonprofit.

Attachments:

- Attachment A: Resolution No. 15
- Attachment B: Presentation



Therese W. McMillan

Date: June 22, 2022
Referred By: BAHFA

ABSTRACT

Resolution No. 0015

This resolution approves the creation of and the appointment by BAHFA of board members to an affiliated California nonprofit public benefit corporation incorporated for the purpose of receiving funds to facilitate the mission and mandate of the Bay Area Housing Finance Authority.

Further discussion of this subject is contained in the Summary Sheet dated June 22, 2022, for the Bay Area Housing Finance Authority.

Date: June 22, 2022
Referred By: BAHFA

RE: BAHFA-Affiliated California Nonprofit Public Benefit Corporation

BAY AREA HOUSING FINANCE AUTHORITY

RESOLUTION NO. 0015

WHEREAS, the San Francisco Bay Area Regional Housing Finance Authority Act (Government Code Sec. 64500, et seq.) sets forth the terms and responsibilities of the Bay Area Housing Finance Authority (BAHFA), a public body created to address regional housing needs by California Assembly Bill 1487 (Chiu, 2019); and

WHEREAS, BAHFA's enabling legislation gives it the authority to "solicit and accept gifts, fees, grants, loans and other allocations from public and private entities" and also gives BAHFA the "express or implied powers necessary to carry out the intent and purposes of the [legislation];" and

WHEREAS, as authorized under Gov. Code Sec. 64500, BAHFA seeks to direct the creation of a California nonprofit public benefit corporation for the purpose of accepting funds that will assist in fulfillment of its mandate; and

WHEREAS, because the nonprofit is created to facilitate BAHFA's activities, Government Code Sec. 54952(c)(1), the Ralph M. Brown Act (Gov. Code Sec. 54950, et seq.) will apply to board meetings; and

WHEREAS, the recommended nonprofit board membership is three people, comprised of the Director of BAHFA and two members appointed by the BAHFA Board,

NOW, THEREFORE, BE IT RESOLVED, that the Bay Area Housing Finance Authority hereby approves the creation of an affiliated California nonprofit public benefit corporation for the purpose of receiving funds to facilitate the mission and mandate of the Bay Area Housing Finance Authority; and be it further

RESOLVED, that the Bay Area Housing Finance Authority shall appoint the President of the Association of Bay Area Governments, the Chair of the Bay Area Housing Finance Authority, and the Bay Area Housing Finance Authority Section Director of the Metropolitan Transportation Commission to serve as board members to the affiliated California nonprofit public benefit corporation created to facilitate the mission and mandate of the Bay Area Housing Finance Authority; and be if further

RESOLVED, that this resolution shall be effective upon adoption.

BAY AREA HOUSING FINANCE AUTHORITY

Alfredo Pedroza, 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.

ATTACHMENT

Summary of BAHFA Affiliated California Nonprofit Public Benefit Corporation, June 22, 2022,
Meeting



Bay Area Housing Finance Authority Affiliated Nonprofit Public Benefit Corporation

Created to Accept
Philanthropic Gifts to Further
BAHFA's Mission



ASSOCIATION OF BAY AREA GOVERNMENTS
METROPOLITAN TRANSPORTATION COMMISSION

BAHFA is Authorized to*

- “Solicit and accept gifts, fees, grants, loans and other allocations from public and private entities”, and
- Exercise its “express or implied powers necessary to carry out the intent and purposes” of its enabling legislation

* Gov. Code Sec. 64500, et seq.

Creation of an Affiliated Nonprofit

- Assists BAHFA in carrying out its mission
- The Brown Act applies
- Philanthropic grants are tax-deductible
- BAHFA staff are currently pursuing donations that would require receipt by a tax-exempt nonprofit

Nonprofit Board Membership

- For ease of implementation, 3 board members are recommended:
 - The BAHFA Director
 - Two additional BAHFA Board appointees

Next Steps

- Incorporation through the Secretary of State
- Application for tax-exempt status (will apply retroactively)
- Execution of additional agreements between the nonprofit and BAHFA, e.g., funding and staffing agreements

Thank You.

For more information contact:

Kate Hartley
khartley@bayareametro.gov



ASSOCIATION OF BAY AREA GOVERNMENTS
METROPOLITAN TRANSPORTATION COMMISSION



Metropolitan Transportation Commission

375 Beale Street, Suite 800
San Francisco, CA 94105

Legislation Details (With Text)

File #:	22-1003	Version:	1	Name:	
Type:	Report	Status:		Authority Approval	
File created:	5/19/2022	In control:		Bay Area Housing Finance Authority	
On agenda:	6/22/2022	Final action:			
Title:	Adoption of Resolution No. 16 approving the creation of a Welfare Tax Exemption Preservation Program (Program) to assist housing developers secure a welfare tax exemption necessary to create and preserve permanently affordable housing				
Sponsors:					
Indexes:					
Code sections:					
Attachments:	09a 1 Summary Sheet BAHFA Welfare Tax Exemption Preservation Program v1.pdf 09a 2 Attachment A TEMP-BAHFA-RES-0016.pdf 09a 3 Attachment B BAHFA Welfare Tax Exemption Preservation Term Sheet v6.pdf 09a 4 Attachment C Presentation Welfare Tax Exemption Preservation Program.pdf				

Date	Ver.	Action By	Action	Result
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Adoption of Resolution No. 16 approving the creation of a Welfare Tax Exemption Preservation Program (Program) to assist housing developers secure a welfare tax exemption necessary to create and preserve permanently affordable housing
Kate Hartley

Approval

Bay Area Housing Finance Authority BAHFA

June 22, 2022

Agenda Item 9a

BAHFA Welfare Tax Exemption Preservation Program; Recommended CEQA Determination: Exempt Pursuant to CEQA Guideline 15061(b)(3)

Subject:

Adoption of Resolution No. 16 approving the creation of a Welfare Tax Exemption Preservation Program (Program) to assist housing developers secure a welfare tax exemption necessary to create and preserve permanently affordable housing

Background:

The California Legislature has the authority to exempt property from taxation if it is used exclusively for charitable purposes (among other reasons) and if it is owned or held in trust by nonprofit organizations operating for those purposes. This exemption was first adopted by voters as a constitutional amendment in 1944 and is known as the “welfare exemption”. California’s statutory requirements for the welfare exemption are contained in Revenue and Taxation Code (R&T) Section 214. Subpart (g) provides the terms by which rental housing dedicated to occupancy by low- and moderate-income households qualifies for the exemption.

For the purpose of converting existing, unrestricted rental housing to affordable housing that is welfare exempt, R&T Section 214(g) requires: 1) building ownership by a charitable organization; 2) an income cap of 80% of area median income (AMI) for occupants of designated units; 3) a financial investment of public sector funds; and 4) recordation of a deed restriction by a public agency memorializing the occupancy restrictions.

BAHFA now seeks to create the Welfare Tax Exemption Preservation Program (Program) to help affordable housing developers convert existing, unrestricted rental housing to permanently affordable housing. By providing a de minimis financial contribution and a recorded occupancy restriction, developers can meet the Section 214(g) tests and qualify for the exemption. This enables them, in turn, to offer below-market rents to households earning 80% of AMI and below while still maintaining quality habitability standards.

Program Terms:

A full Term Sheet for the Program is provided as Attachment B. Term Sheet highlights include:

Program Goals: 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.

Eligible Applicants: Developers that meet the requirements of R&T Section 214 and have a demonstrated track record of successfully developing, owning, and operating comparable projects.

Eligible Projects: Occupied rental buildings with 4 or more legal dwelling units.

Regulatory Term: 55 years, unless the developer requests a shorter term that facilitates continued affordability.

Displacement: Prohibited.

Rent Stabilization and Just Cause Eviction Requirements: Buildings located in jurisdictions with rent stabilization or just cause ordinances in place must continue compliance with those ordinances.

BAHFA Financial Contribution: The minimum contribution the California BOE will accept to establish the welfare exemption, currently \$5,000, may be granted to approved projects.

Delegated Approval and Amendment Authority:

Staff recommends that the BAHFA Board delegate approval authority to the MTC Executive Director for BAHFA's execution of deed restriction agreements and grant agreements in the amount that meet the BOE minimum for projects that meet the requirements of the Welfare Tax Exemption Preservation Term Sheet. The delegation of authority, rather than requiring each proposed transaction to seek a BAHFA Oversight Committee referral and BAHFA Board approval, will enable BAHFA to work within the constraints developers face when purchasing properties on the open market. Many property sellers require a 60- or 90-day closing period. Scheduling Committee and Board meetings within the typical sale due diligence period is not possible.

Note that if housing providers bring project proposals forward that meet BAHFA's threshold goals of anti-displacement and the creation of new affordable housing opportunities but that deviate from the Term Sheet terms, BAHFA staff can and will present those opportunities to the ABAG Housing/BAHFA Oversight Joint Committees and BAHFA Board for individual consideration.

Staff also recommends delegation of authority to the MTC Executive Director for approval of an amendment to the term of the occupancy restriction when the developer seeks such amendment for the purpose of extending the affordability period or otherwise protecting the tenants and ensuring continued affordability. When done to facilitate continued affordability (e.g., through a low-income housing tax credit transaction), a term amendment can be considered administrative in nature.

Next Steps:

With the BAHFA Board's approval of the Program, staff will begin outreach to mission-driven developers interested in preserving existing housing to alert them of this resource.

Environmental Review:

Creation of this program is exempt from environmental review pursuant to CEQA Guideline 15061(b)(3), the "common sense exemption". CEQA Guideline 15061(b)(3) applies where "it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment." Here, the purpose of the Program, and actions taken to implement the Program, are to preserve existing conditions for naturally occurring affordable housing, and therefore, there is no change to the environment. Furthermore, the preservation of existing conditions mitigates against the ongoing housing crisis, by reducing the possibility that low-income households would be displaced through unregulated rent increases due to market conditions. Accordingly, the Program is exempt from further CEQA review.

Issues:

None identified.

Recommendations:

The Bay Area Housing Finance Authority is requested to adopt Resolution No. 16 approving the creation of a Welfare Tax Exemption Preservation Program to assist housing developers secure a welfare tax exemption necessary to create and preserve permanently affordable housing.

Attachments:

- Attachment A: Resolution No. 16
- Attachment B: Welfare Tax Exemption Preservation Program Term Sheet
- Attachment C: Presentation



Therese W. McMillan

Date: June 22, 2022
Referred By: BAHFA

ABSTRACT

Resolution No. 0016

This resolution approves the creation of the Welfare Tax Exemption Preservation Program (Program) by the Bay Area Housing Finance Authority 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 the environment.

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.

Date: June 22, 2022
Referred By: BAHFA

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 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 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; and be it further

RESOLVED, that this resolution shall be effective upon adoption.

BAY AREA HOUSING FINANCE AUTHORITY

Alfredo Pedroza, 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.

ATTACHMENTS

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

Welfare Tax Exemption Program Term Sheet



BAY AREA HOUSING FINANCE AUTHORITY
Welfare Tax Exemption Preservation Term Sheet
Multifamily Rental Properties

Program Description	<p>BAHFA assists mission-driven developers to preserve existing 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>
Eligible Applicants	<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); and2) Have a demonstrated track record of successfully developing, owning and operating comparable projects.
Eligible Projects	<p>Occupied, unrestricted buildings with 4 or more legal dwelling units.</p> <ol style="list-style-type: none">1) Mixed-use buildings are eligible so long as the majority of the building square footage is used for residential uses.2) 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.



BAY AREA HOUSING FINANCE AUTHORITY
Welfare Tax Exemption 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, 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 acquisition, with additional units converting to welfare exempt over time through unit turnover. 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 90 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: <ol style="list-style-type: none"> a. Moving and packing expenses b. Any costs associated with the relocation dwelling that exceed their typical housing expenses (rent, utilities, other charges)
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BAY AREA HOUSING FINANCE AUTHORITY
Welfare Tax Exemption Preservation Term Sheet
Multifamily Rental Properties

- 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. For existing residents earning less than or equal to 80% AMI and who pay more than 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 Preservation Term Sheet
Multifamily Rental Properties

Submission Requirements	<p>Applicants must submit the following documents for BAHFA review:</p> <ol style="list-style-type: none">1) Project proposal and acquisition due diligence documents, including but not limited to:<ol style="list-style-type: none">a. Purchase and Sale Agreementb. As-is, current appraisalc. Independent, third-party physical needs assessmentd. Environmental review documents (e.g., Phase 1 and, as applicable, Phase 2, lead and asbestos survey, etc.)e. Preliminary Title Reportf. Rent roll2) Project financing documents, including:<ol style="list-style-type: none">a. Sources & Uses budgetb. Rehabilitation scopec. Operating budgetd. 20-year cash flow3) Development Team Documents, including:<ol style="list-style-type: none">a. Applicant's current audited financials; organizational chart; board of directors rosterb. As applicable, description of Project architect; general contractor; and property manager
Compliance	<p><u>Fair Housing and Rehabilitation</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 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>
Contact	<p>Kate Hartley Director Bay Area Housing Finance Authority khartley@bayareametro.gov</p>



Bay Area Housing Finance Authority Welfare Tax Exemption Preservation Program

BAHFA Assistance to Prevent
Displacement and Preserve
Affordable Housing



ASSOCIATION OF BAY AREA GOVERNMENTS
METROPOLITAN TRANSPORTATION COMMISSION

California's Welfare Exemption Rules for Affordable Housing

- California law* provides an exemption from property tax payments for rental apartments that:
 - Are owned by a charitable organization;
 - Occupied by a lower-income household;
 - Have a recorded deed restriction from a public agency restricting occupancy to lower-income tenants; and
 - Have received a public sector financial investment

* Revenue & Taxation Code Section 214(g)

Welfare 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 Welfare Exemption Preservation Program Terms

- 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
 - Proposed restricted rents must be at least 10% below market
- Restriction Term: 55 years

BAHFA Welfare Exemption Preservation Program Terms, cont'd

- Displacement is prohibited
- Rent Control and Just Cause Eviction ordinances must continue
- Annual rent increases where rent controls don't apply are capped at the lesser of the increase in area median income (AMI) or 4%

BAHFA Welfare Exemption Preservation Program: Enforcement

- The State Board of Equalization and county assessor's office monitor and enforce property tax exemptions
- Failure to comply means owners must pay property taxes
- Owners must annually report on their tax exemption status to BAHFA

BAHFA Welfare Exemption Preservation Program: No Bad Deals!

- BAHFA's restrictions don't diminish existing tenant protections
- Welfare-exempt rents must be below market
- Displacement is prohibited
- Regulatory term is 55 years
- New tenant rents set at no more than 30% of 80% of area median income

Thank You.

For more information contact:

Kate Hartley
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ASSOCIATION OF BAY AREA GOVERNMENTS
METROPOLITAN TRANSPORTATION COMMISSION



Metropolitan Transportation Commission

375 Beale Street, Suite 800
San Francisco, CA 94105

Legislation Details (With Text)

File #: 22-1077 **Version:** 1 **Name:**
Type: Report **Status:** Authority Approval
File created: 6/8/2022 **In control:** Bay Area Housing Finance Authority
On agenda: 6/22/2022 **Final action:**
Title: Next Steps on Regional Affordable Housing Bond

Overview of timeline and key next steps for placement of a regional affordable housing bond on the November 2024 ballot; Direction to staff to proceed and assign oversight of staff progress to the BAHFA Oversight Committee

Sponsors:

Indexes:

Code sections:

Attachments: [10a 1 Summary Sheet Potential Regional Housing Transportation Revenue Measure v2.pdf](#)
[10a 2 Attachment Presentation Potential 2024 Regional Housing Revenue Measure v3.pdf](#)

Date	Ver.	Action By	Action	Result
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Next Steps on Regional Affordable Housing Bond

Overview of timeline and key next steps for placement of a regional affordable housing bond on the November 2024 ballot; Direction to staff to proceed and assign oversight of staff progress to the BAHFA Oversight Committee

Kate Hartley

Approval

Bay Area Housing Finance Authority BAHFA

June 22, 2022

Agenda Item 10a

Potential 2024 Regional Housing Revenue Measure

Subject:

Next Steps on Regional Affordable Housing Bond

Overview of timeline and key next steps for placement of a regional affordable housing bond on the November 2024 ballot; direction to staff to proceed and assign oversight of staff progress to the BAHFA Oversight Committee.

Background:

Consideration of this action follows public input and expressions of support provided at the ABAG Housing and BAHFA Oversight Joint Committee meeting on May 12, 2022, regarding a 2024 regional housing revenue measure. MTC and ABAG committees and governing boards held discussions and heard additional public input at the following hearings:

- On June 10, 2022, the Joint MTC ABAG Legislation Committee received a report on the potential regional revenue options for housing and transportation.
- On June 16, 2022, the ABAG Executive Board received a report on the Joint MTC ABAG Legislation Committee's recommended action and key next steps to consider a regional housing revenue measure in 2024.
- On June 17, the ABAG General Assembly received a report on a potential 2024 regional housing revenue measure.

Issues:

None

Recommendations:

The Bay Area Housing Finance Authority is requested to assign the BAHFA Oversight Committee to collaborate with the ABAG Housing Committee to undertake preparatory work necessary to enable consideration of a potential housing revenue measure in 2024.

Attachments:

- Presentation



Therese W. McMillan



A Potential 2024 Regional Housing Measure

Key Next Steps



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Advancing a 2024 Regional Housing Revenue Measure: Discussion

- **5/12/22: ABAG Housing/BAHFA Oversight Joint Committee** — public comment expressing support for a regional housing measure
- **6/9/22: ABAG Housing/BAHFA Oversight Joint Committee** — MTC Executive Director's Report discusses possible housing and transportation measures
- **6/10/22: Joint MTC ABAG Legislation Committee** — Request that the Commission and ABAG Executive Board assign relevant MTC and ABAG Committees to advance future housing and transportation measures
- **6/16/22: ABAG Executive Board** – Request that Executive Board assign ABAG Housing Committee to collaborate with BAHFA Oversight Committee to consider and prepare for a potential 2024 regional housing measure

Advancing a 2024 Regional Housing Revenue Measure: Upcoming Discussions

- **6/17/22: ABAG General Assembly** — Presentation and listening session on regional housing assistance and potential 2024 ballot measure
- **TODAY: MTC Commission** — Recommendation that Commission assign relevant MTC and ABAG Committees to advance future housing and transportation measures
- **TODAY: BAHFA Board** — Recommendation that Board assign BAHFA Oversight committee to collaborate with ABAG Housing Committee to consider and prepare for a potential 2024 regional housing measure

Housing Measure Prep Work In Place

- ✓ Consensus and coalition building ongoing for multiple years
- ✓ Enabling legislation complete
- ✓ Polling shows housing and homelessness are Bay Area voters' top concerns
- ✓ Bay Area Housing for All (BAHA) Coalition launching a statewide campaign to lower the voter threshold for GO bonds and add project-level tenant protections to eligible uses
- ✓ BAHA's fundraising and campaign work already underway



ABAG & BAHFA Timeline

Summer 2022

- ABAG / BAHFA approve taking steps toward funding measure
- Continued outreach to jurisdictions

Fall 2022 – Winter 2023

- Continued outreach to jurisdictions
- Town hall public information sessions
- BAHFA Business Plan adopted
- Early Draft Expenditure Plan for funding measure

January – November 2024

- Conduct poll
- Finalize Expenditure Plan
- Develop ballot question
- ABAG Executive Board and BAHFA Board take action to submit the ballot measure to the voters
- County Boards of Supervisors adopt resolutions placing measure on ballot
- Public Information

Jurisdiction Allocations – 80% of Funding – \$10B GO Bond

Jurisdiction	Amount
Alameda County (excluding Oakland)	\$984,126,195
Oakland	\$382,715,743
Contra Costa County	\$925,320,997
Marin County	\$351,944,979
Napa County (excluding City of Napa)	\$100,379,657
City of Napa	\$78,869,731
San Francisco	\$1,216,443,579
San Mateo County	\$1,046,094,022
Santa Clara County (excluding San Jose)	\$1,199,144,929
San Jose	\$1,063,392,673
Solano County	\$248,595,276
Sonoma County (excluding Santa Rosa)	\$282,080,554
Santa Rosa	\$120,891,666
BAHFA	\$2,000,000,000
Total	\$10,000,000,000

Recommendation

Direct staff and assign the ABAG Housing Committee to collaborate with the BAHFA Oversight Committee to undertake preparatory work necessary to enable consideration of a potential regional housing revenue measure in November 2024



Thank You.

For more information contact:

Kate Hartley

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