

AB 1487 (Chiu) Overview

San Francisco Bay Area Housing Finance Act

January 10, 2020

**Presentation to MTC Executive Committee &
ABAG Administration Committee**



ASSOCIATION OF BAY AREA GOVERNMENTS
METROPOLITAN TRANSPORTATION COMMISSION

AB 1487 – Bay Area Funding for 3Ps – Production, Preservation and Protection

- Establishes a new option to raise funding for affordable housing across the 9-county Bay Area
- ABAG Executive Board and MTC (acting as a newly authorized Bay Area Housing Finance Authority or BAHFA) are decisionmakers regarding whether to place a **measure on the ballot**, what **revenue source** and how to spend regional share of funds.
- Counties develop **expenditure plans** for their respective portion of funds.
- 3 largest cities (SF, SJ and Oakland) receive suballocated funds while cities from other counties with more than 30% of that county's low-income RHNA from other counties receive suballocation option



Senior housing



Affordable housing preservation



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MTC/ABAG Requested Amendments Were *Mostly* Incorporated into Final Bill

Governance

- No new entity created—Instead ABAG and MTC (acting as BAHFA) share decision-making

Revenue options

- General obligation (GO) bond funded by an ad valorem property tax
- Parcel tax
- Gross receipts tax
- Corporate (per employee) “head tax”
- Commercial linkage fee (only authorized after voters approve a GO bond or parcel tax)

Start-up funding

- Not expressly provided for in legislation but FY 2019-20 State Budget trailer bill funding provides one-time funds to ABAG in near term for housing-related planning work.

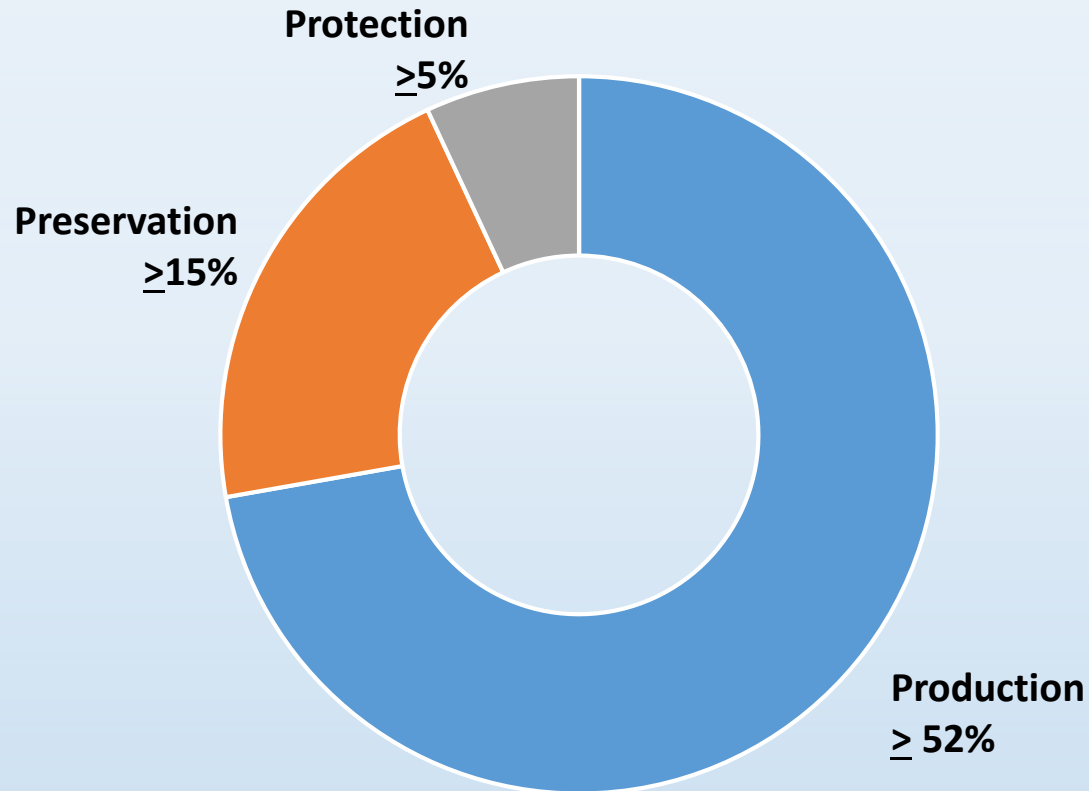
Revenue Distribution

- At least 80 % of revenue from a GO bond, a parcel tax, or gross receipts tax to county of origin.
- At least 50% of revenue from a head tax to county of origin.

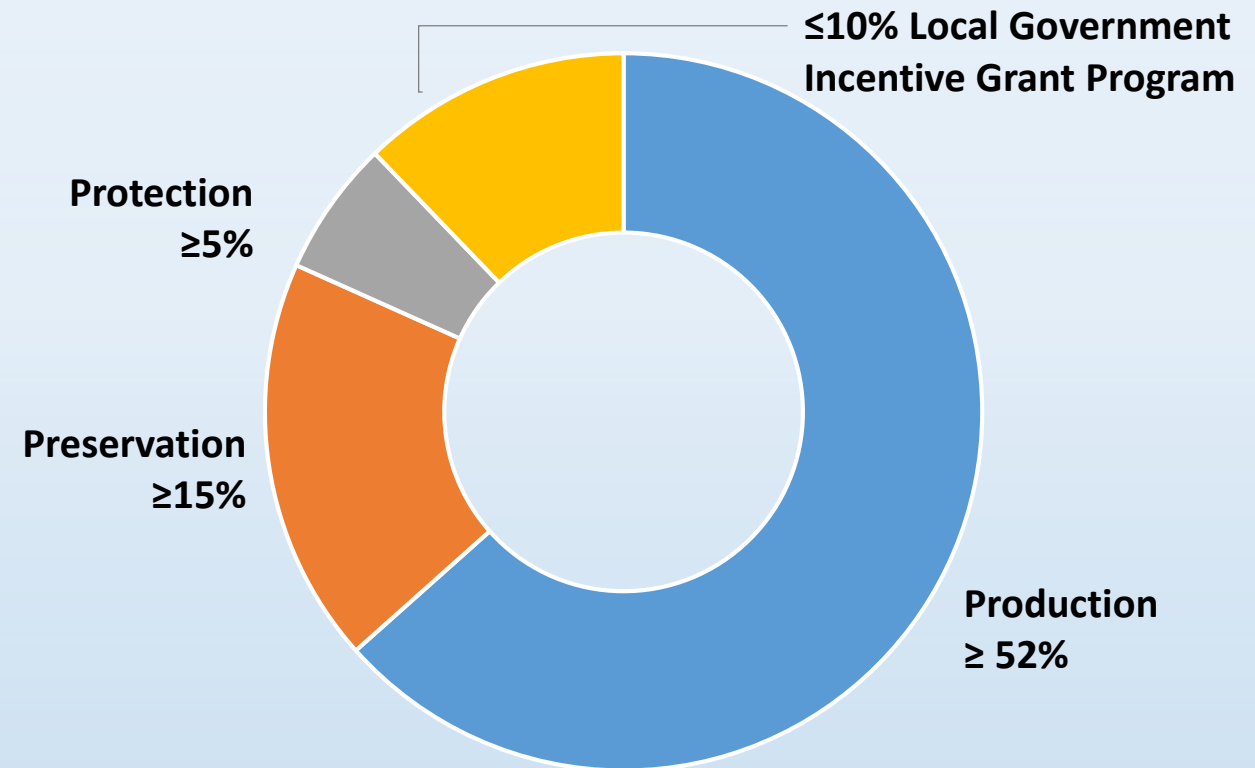


Regional and County Housing Expenditures Under AB 1487 (Chiu)

***County Programs $\geq 80\%$**



***Regional Program $\leq 20\%$**



*Note: These shares apply to voter-approved revenue sources except head tax which is $\geq 50\%$ to county

Distribution of County/City Portion of Housing Funding Under AB 1487

FUNDING

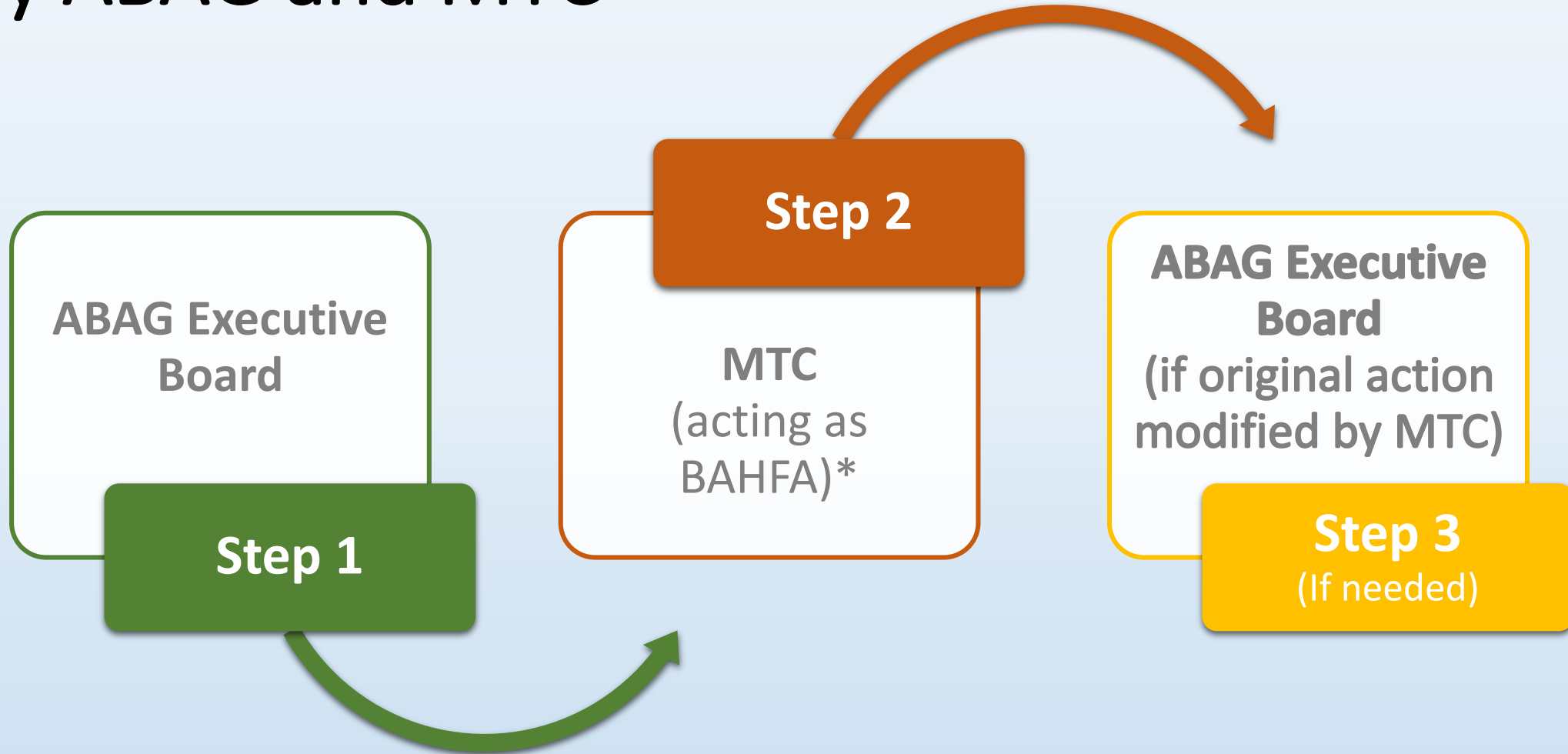
Tax Revenue Deposited with County in accordance with final regional/county shares

Counties & direct allocation cities may use up to 5% of their respective shares for administrative purposes

Oakland, S.F. and San Jose receive a direct allocation from their respective county's share of the funds based on those cities' share of their county's RHNA for lower-income households

Counties other than Alameda, S.F. and Santa Clara must **offer** direct allocation to any city that receives \geq 30% of that county's RHNA for lower-income households.

AB 1487 Decisions Require Joint Approval by ABAG and MTC



* AB 1487 establishes the Bay Area Housing Finance Authority (BAHFA) with the same board and staff as MTC (like the Bay Area Toll Authority) to serve as the entity through which MTC's roles in the legislation are conducted, including its financial responsibilities, such as bond issuance.

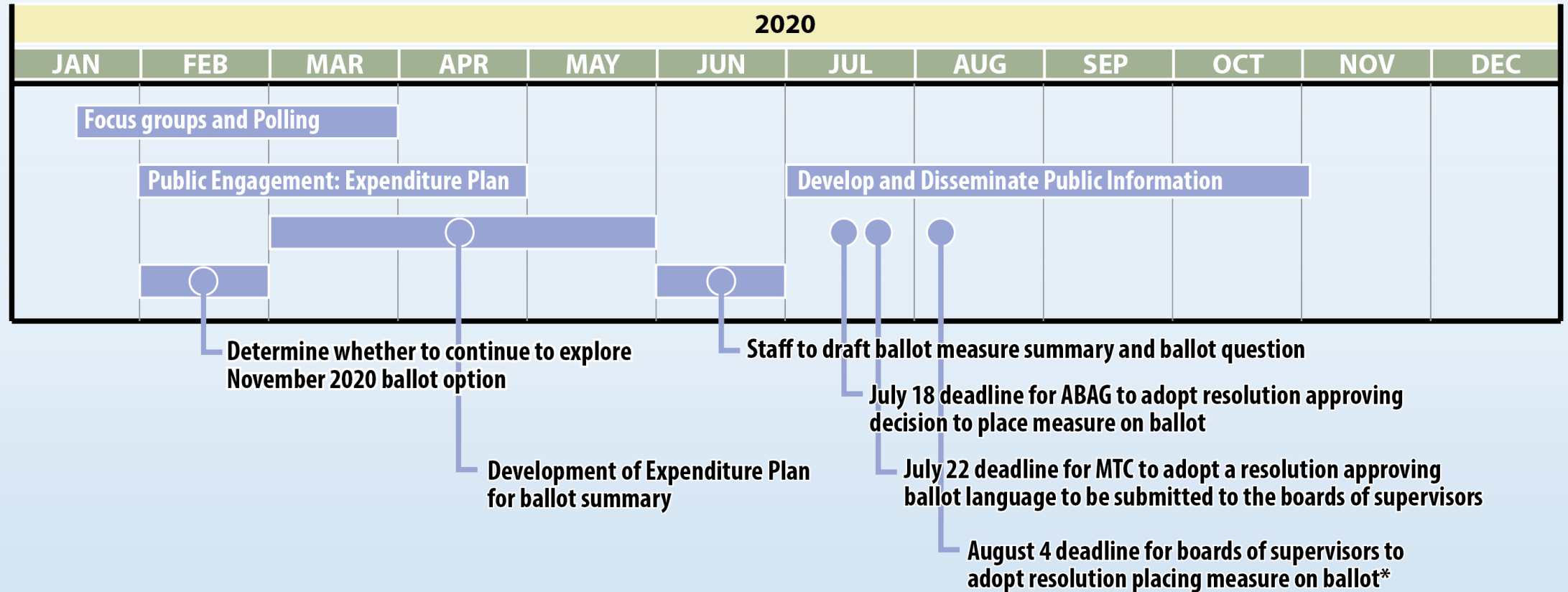
Public Input & Oversight

- Bill requires ABAG and BAHFA to form a nine-member **public advisory committee** to provide input on funding guidelines and overall program implementation.
- Advisory committee members required to have expertise in affordable housing finance and development, tenant protection and housing preservation.
- BAHFA required to encourage participation by a broad range of stakeholders and to hold a public meeting for any relevant plan or program at least 30 days before taking action
- Bill requires BAHFA to report to Legislature annually on expenditures at the regional and county levels, including a description of projects funded, households served and distribution across the 3Ps.



Election Logistics — Schedule

AB1487 Timeline



*Section 1405 of the Election Code requires action by the board of supervisors on a ballot measure at least 88 days before the election. This is technically August 7, but since most BOS meetings are held on Tuesdays, practical deadline would be August 4.

Election Logistics — Cost

- AB 1487 requires that BAHFA reimburse the counties for the **incremental cost** of placing the measure on the ballot.
- Based on the cost of RM 3 in June 2018 (\$3.2 million), staff estimates the cost could range from \$3-\$4 million. Biggest variable cost factor is length of ballot summary, which we determine as the bill assigns preparation of summary to BAHFA.
- Statute provides that cost shall be reimbursed from measure's proceeds if it passes, or out of any ABAG or MTC funding source if it fails, including proceeds provided by another public or private entity.