



375 Beale Street  
Suite 700  
San Francisco, California  
94105

## Meeting Agenda - Final

### ABAG Administrative Committee

*Chair, Jesse Arreguin, Mayor, City of Berkeley*  
*Vice Chair, Belia Ramos, Supervisor, County of Napa*

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Monday, May 18, 2020

9:00 AM

Remote

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#### Association of Bay Area Governments Administrative Committee

The ABAG Administrative Committee will be meeting on May 18, 2020, 9:00 a.m., in the Bay Area Metro Center (Remotely). In light of Governor Newsom's State of Emergency declaration regarding the COVID-19 outbreak and in accordance with Executive Order N-29-20 issued by Governor Newsom on March 17, 2020 and the Guidance for Gatherings issued by the California Department of Public Health, the meeting will be conducted via webcast, teleconference, and Zoom for committee, commission, or board members who will participate in the meeting from individual remote locations.

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://abag.ca.gov/meetings-events/live-webcasts>

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

Attendee Link: <https://bayareametro.zoom.us/j/91444709735>

Join by Telephone: 888 788 0099 (Toll Free) or 877 853 5247 (Toll Free)

Webinar ID: 914 4470 9735

Detailed instructions on participating via Zoom are available at:  
<https://abag.ca.gov/zoom-information>

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](mailto: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.

The ABAG Administrative Committee may act on any item on the agenda.  
The ABAG Administrative Committee will meet jointly with the MTC Executive Committee.

The meeting is scheduled to begin at 9:00 a.m.  
Agenda, roster, and webcast available at <https://abag.ca.gov>  
For information, contact Clerk of the Board at (415) 820-7913.

**Roster**

Jesse Arreguin, Cindy Chavez, David Cortese, Scott Haggerty, Jake Mackenzie, Karen Mitchoff, Raul Peralez, Julie Pierce, David Rabbitt, Belia Ramos

**1. Call to Order / Roll Call / Confirm Quorum**

**2. ABAG Compensation Announcement**

**3. MTC Compensation Announcement**

**4. AB 1487 Housing Revenue Measure**

- 4.a. [20-0769](#) Follow-up to Questions at the April Board meetings related to AB1487 Implementation and Mechanics

This item summarizes the legal and administrative framework for the Bay Area Housing Finance Authority (BAHFA), including the steps necessary to pursue a November 2020 revenue measure and a pathway to explore expanding the region's housing portfolio even absent a November 2020 ballot measure. This is an informational item to frame the discussion and provide context for the decisions that the Joint Committee will recommend to the ABAG Executive Board and the Metropolitan Transportation Commission as part of Agenda Items 4b and 4c.

**Action:** Information

**Presenter:** Daniel Saver

**Attachments:** [Item 4a 1 Summary Sheet Legal Framework for BAHFA.pdf](#)  
[Item 4a 2 Attachment A Summary Fact Sheet for AB 1487.pdf](#)

- 4.b. [20-0768](#) Decision on Pursuit of November 2020 Revenue Measure

Key considerations to inform a decision regarding whether or not to pursue a general obligation bond on the November 2020 ballot to fund affordable housing.

**Action:** ABAG Administrative Committee Recommend ABAG Executive Board Action

MTC Executive Committee Recommend MTC Commission Action

**Presenter:** Rebecca Long and Daniel Saver

**Attachments:** [Item 4b 1 Summary Sheet Decision on Pursuit of Measure.pdf](#)

**4.c. [20-0770](#)** Direction on Future Regional Housing Work Plan

Discussion of Bay Area Regional Housing Portfolio and Range of Activities for Potential Future Regional Housing Work Plan.

Preliminary overview of options and strategies for Bay Area regional agencies to expand their existing housing portfolio and seek new funding to support tenant protections, preservation of existing housing, and production of new affordable housing.

**Action:** ABAG Administrative Committee Recommend ABAG Executive Board Action

MTC Executive Committee Recommend MTC Commission Action

**Presenter:** Daniel Saver

**Attachments:** [Item 4c 1 Summary Sheet Discussion of Regional Housing Portfolio.pdf](#)  
[Item 4c 2 Attachment A Memo on Potential BAHFA Activities.pdf](#)  
[Item 4c 3 Attachment B BAHFA Funding Letter.pdf](#)

**5. Public Comment / Other Business**

*Information*

**6. Adjournment / Next Meeting**

*The next regular meeting of the ABAG Administrative Committee is on June 12, 2020.*

**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](http://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.

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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)

<b>File #:</b>	20-0769	<b>Version:</b>	1	<b>Name:</b>	
<b>Type:</b>	Report	<b>Status:</b>		Informational	
<b>File created:</b>	5/4/2020	<b>In control:</b>		ABAG Administrative Committee	
<b>On agenda:</b>	5/18/2020	<b>Final action:</b>			
<b>Title:</b>	Follow-up to Questions at the April Board meetings related to AB1487 Implementation and Mechanics				

This item summarizes the legal and administrative framework for the Bay Area Housing Finance Authority (BAHFA), including the steps necessary to pursue a November 2020 revenue measure and a pathway to explore expanding the region's housing portfolio even absent a November 2020 ballot measure. This is an informational item to frame the discussion and provide context for the decisions that the Joint Committee will recommend to the ABAG Executive Board and the Metropolitan Transportation Commission as part of Agenda Items 4b and 4c.

### Sponsors:

### Indexes:

### Code sections:

**Attachments:** [Item 4a 1 Summary Sheet Legal Framework for BAHFA.pdf](#)  
[Item 4a 2 Attachment A Summary Fact Sheet for AB 1487.pdf](#)

Date	Ver.	Action By	Action	Result
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### Follow-up to Questions at the April Board meetings related to AB1487 Implementation and Mechanics

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Daniel Saver

Information

# Metropolitan Transportation Commission and Association of Bay Area Governments Joint MTC Executive Committee and ABAG Administrative Committee

May 18, 2020

Agenda Item 4.a.

## AB 1487 Housing Revenue Measure

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**Subject:** Follow-up to Questions at the April Board meetings related to AB1487 Implementation and Mechanics

This item summarizes the legal and administrative framework for the Bay Area Housing Finance Authority (BAHFA), including the steps necessary to pursue a November 2020 revenue measure and a pathway to explore expanding the region's housing portfolio even absent a November 2020 ballot measure. This is an informational item to frame the discussion and provide context for the decisions that the Joint Committee will recommend to the ABAG Executive Board and the Metropolitan Transportation Commission as part of Agenda Items 4.b. and 4.c.

**Background:** **Statutory Framework for BAHFA as Distinct Legal Entity**

The Bay Area Housing Finance Authority (BAHFA) was established on January 1, 2020 when AB 1487 (2019, Chiu) went into effect. Ever since, BAHFA has existed as a distinct legal entity by virtue of state statutory law.<sup>1</sup> Only the State Legislature has the authority to amend, expand, or dissolve BAHFA. However, AB 1487 vests the power to decide when to activate BAHFA with the BAHFA Board, which is comprised of the same members as the MTC Commission. Once activated, one of the unique features of BAHFA is that many decisions about the authority's activities and expenditures must be made jointly by the BAHFA Board and the ABAG Executive Board.

State law sets forth the mechanics for activating BAHFA. The trigger to activate BAHFA is for the Chair of the BAHFA Board – who is the same as the Chair of the Commission – to call the first meeting of the BAHFA Board.<sup>2</sup> During its first meeting, the BAHFA Board is required to address several housekeeping matters as a public agency, such as adopting a conflict of interest code, electing officers, etc. Thereafter, the BAHFA Board may set its own meeting schedule – meeting as frequently or infrequently as its workload dictates.<sup>3</sup> The BAHFA Board, in conjunction with the ABAG Executive Board, must appoint an Advisory Committee to provide consultation and recommendations to the BAHFA Board and ABAG Executive Board; the Advisory Committee is a consultative body and does not have any independent decision-making authority.<sup>4</sup> AB 1487 does not

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<sup>1</sup> Government Code § 64510(a)(2).

<sup>2</sup> Government Code § 64513(a).

<sup>3</sup> Government Code § 64513(b).

<sup>4</sup> Government Code § 64511(a)(2)(A)-(B).

require a minimum number of meetings of the BAHFA Board nor of the Advisory Committee.

AB 1487 requires activation of the BAHFA Board in certain circumstances. For example, BAHFA must be activated to advance a regional ballot measure to raise revenues for the “3 Ps.” Technically, it is the BAHFA Board, as opposed to the Commission, that must vote to place regional revenue measures on the ballot.<sup>5</sup> As such, AB 1487 would require activation of BAHFA *prior to* placing a measure on the ballot. To meet practical and statutory requirements, it would be necessary to formally activate BAHFA at least a month prior to adoption of the final resolution placing an initiative on the county ballots. This statutory framework means that BAHFA could incur election-related costs without having certainty that it has secured a revenue source; AB 1487 does not include an independent funding source to reimburse election-related costs if a measure is put to the voters and fails.

In addition to the authority to propose regional ballot measures to raise affordable housing revenue, AB 1487 infuses BAHFA with other powers beyond those held by MTC and ABAG. For example, state law vests BAHFA with the power to accept “gifts, fees, grants, loans, and other allocations from public and private entities,”<sup>6</sup> and to deploy funds to support affordable housing through a wide variety of housing financing tools including by directly underwriting projects.<sup>7</sup> More generally, given the shared decision-making structure that includes both ABAG and the BAHFA Board (comprised of the same members of the Commission), AB 1487 creates an opportunity for BAHFA to serve as a vehicle for a coordinated regional housing portfolio and a home for the region’s “3 Ps” funding with the clear support of the Legislature. The statute does not require activation of BAHFA on any specific timeline to undertake such purposes. In contrast to a ballot measure, activation of BAHFA for these purposes could be timed to align with the specific activities proposed – and, importantly, with the resources needed to launch and administer them.

While BAHFA represents a new package of tools for the regional agencies’ housing efforts, including the statutory ability to accept private funding, it is important to note that both ABAG and MTC operate housing programs within their existing portfolios. For ABAG, this includes the Regional Housing Needs Allocation (RHNA) process, the capacity to issue conduit financing through the Advancing California Finance Authority (ACFA), as well as an emerging technical assistance program funded by the Regional Early Action Planning Grants (REAP) program. MTC’s housing work includes policy development and growth forecasting for Plan Bay Area along with various funding programs such as the Transit Oriented Affordable Housing (TOAH) fund and the One Bay Area

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<sup>5</sup> See, e.g., Government Code § 64520(a); § 64600.

<sup>6</sup> Government Code § 64520(c).

<sup>7</sup> Government Code § 64520(k).

Grants (OBAG) program. The agencies' combined existing housing portfolio is described in more detail in Agenda Item 4c. Regardless of the decisions made with respect to BAHFA, the agencies will remain engaged on housing issues to some extent through their existing portfolios.

**Budgetary Considerations**

Although AB 1487 established BAHFA, it did not include a dedicated funding source for start-up costs nor ongoing operating costs of the new authority. Instead, the statute vested BAHFA with the power to develop and receive new funding streams that could pay for administrative costs as well as new programming.

The primary large-scale funding mechanisms authorized in AB 1487 include special taxes and bonds that would require approval by Bay Area voters,<sup>8</sup> and for which BAHFA would be entitled to up to 5% of funds for general administration and overhead.<sup>9</sup> If the voters were to approve a revenue measure, the election-related costs to place the initiative on the ballot could be reimbursed from the proceeds of the measure. As noted above, the statute does not establish a financial backstop to reimburse election-related costs if a revenue measure is unsuccessful at the ballot.

In addition to voter-approved revenue measures, AB 1487 provides BAHFA with the authority to solicit and receive gifts, fees, grants, loans, and other allocations from both public and private entities.<sup>10</sup>

In the absence of any new revenue stream, AB 1487 establishes that BAHFA will be staffed by the existing staff of MTC.<sup>11</sup>

The regional government's ability to absorb any new housing activities, whether BAHFA is activated swiftly or held in hibernation for some period, is now severely constrained by budget limits caused by COVID-19's impacts on the economy. This is particularly true for additional staffing needs – which are not feasible in the current budget environment without new dedicated revenue sources. Existing MTC/ABAG staff have some capacity to explore revenue streams and strategize about potential future activities, but do not have capacity to launch and operate entirely new BAHFA programs absent new dedicated resources.

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<sup>8</sup> AB 1487 also authorizes the ABAG Executive Board and the BAHFA Board to impose a regional commercial linkage fee, but they can only do so after the voters have first passed a parcel tax or a general obligation bond. Government Code § 64621(a)(4). Consequently, a commercial linkage fee is not an option currently available to the boards and is not discussed further in this memo.

<sup>9</sup> Government Code § 64650(e).

<sup>10</sup> Government Code § 64520(b)-(c).

<sup>11</sup> Government Code § 64510(d).



**For Discussion:** As ABAG and MTC consider near- and long-term opportunities to address the Bay Area's housing challenges, there are several paths for consideration. Staff has provided three options below. Joint Committee members will weigh these options as part of two sequential decision points. Agenda Item 4b involves a "go/no go" recommendation for a November 2020 ballot initiative, and Option 1 operationalizes a decision to proceed in November. If there is no ballot initiative in November, Agenda Item 4c presents a choice whether the agencies will explore non-ballot pathways to expand the region's housing portfolio, subject to additional funding (Option 2), or remain focused on executing the region's existing housing portfolio without expansion (Option 3).

Staff provides this summary of the decision points as an informational item prior to the two action items to ensure that Committee Members have full information about the range of options and outcomes before making the pivotal "go/no go" decision.

**Option 1: Pursue a November 2020 Revenue Measure**

If the ABAG Executive Board and the Commission decide to pursue a revenue measure for the November 2020 ballot, BAHFA must be activated swiftly to meet statutory and administrative deadlines. The BAHFA Board must convene its first meeting no later than June, with a vote on the final resolution to place the measure on the ballot in July.

*Advantage(s):*

- Opportunity to raise \$10 billion in the near-term that would ensure that BAHFA is well-resourced to develop sustainable administrative capacity and deploy high-impact programs.

*Resource Considerations:*

- Election-related expenses are estimated at roughly \$3 million for the cost of reimbursing each county for the incremental cost to place the measure on the ballot, as well as translation of ballot materials and engaging election legal counsel.
- Significant staff time would be required in the next 3-6 months to meet statutory and administrative requirements. This would involve close coordination with staff and elected officials in all nine counties, preparing all necessary ballot materials, and developing agenda materials for numerous ABAG/MTC/BAHFA Committee, Commission, and Board meetings. Staff would have little to no capacity to explore potential alternative BAHFA activities as described in Option 2 while preparing for the election.
- Additional details of the resource considerations for this option are included in the materials for Agenda Item 4b but are on the order of \$3 million for reimbursement to counties, an additional

\$100,000 in other direct election-related costs, as well as expenses of 2-3 full time equivalent (FTEs) for 3-6 months.

*Risk(s):*

- If a measure is unsuccessful at the ballot there would be no revenue for reimbursement of the roughly \$3 million in election-related costs.

**Option 2: Develop a Proposal for Alternative (Non-Ballot) Strategies to Enhance Regional Housing Portfolio**

If the agencies decide not to pursue a November 2020 revenue measure, staff could develop a detailed proposal for how to position the region to take advantage of funding opportunities from non-ballot sources to make an impact on the Bay Area's housing crisis. Staff could redirect resources that would otherwise be spent on the ballot measure to evaluate alternative approaches, including when to activate the BAHFA Board and for what purposes. This would include exploring revenue opportunities and developing a proposed work plan that is sized to fit the various revenue scenarios. Staff could return with a proposed framework in June.

*Advantage(s):*

- Position BAHFA to be considered as a receptacle for potential short-term funding opportunities at the federal and state levels, especially to assist low-resource jurisdictions. Staff would approach this in close collaboration with local jurisdictions to ensure that BAHFA only intervenes if there is a value-add regional approach.
- Capitalize on the momentum for BAHFA in corporate and philanthropic sectors to position BAHFA to receive private funding, particularly resources that may have otherwise been earmarked for a November 2020 ballot measure campaign.
- Signal opportunity for "bold and unflinching" regional leadership on housing during COVID-19 relief and recovery efforts.

*Resource Considerations:*

- Moderate staff time required in the short term to explore alternative revenue options and develop proposed strategies.
- Ongoing demands on staff time could vary depending on direction from ABAG/MTC.
  - On one end of the spectrum is a "streamlined approach," wherein ABAG/MTC provide direction on the proposed work plan and then meet on this topic only as needed to evaluate quantifiable, guaranteed funding sources. If policymakers chose to activate BAHFA as part of this approach, the BAHFA Board and Advisory Committee could meet once then remain in hibernation until new

resources are secured. This low-resource approach would enable staff to explore revenue opportunities and return to policymakers once there is a realistic assessment of potential revenue.

- On the other end of the spectrum is a “robust approach,” which would involve a series of meetings of joint ABAG/MTC committees, the ABAG Executive Board, and the Commission to provide staff with ongoing feedback and direction. If policymakers chose to activate BAHFA as part of this approach, the BAHFA Board and Advisory Committee would meet regularly to contribute feedback and guidance. This would require significant staff resources.
- There are various middle-path options between these two extremes that would require moderate staff resources.
- Additional detail about the range of potential revenue sources and corresponding activities for this option are included in the materials for Agenda Item 4c.

*Risk(s):*

- The potential funding opportunities may never convert into concrete revenue streams. If pursuing the “robust approach,” this could expend significant staff resources without a corresponding return.
- Continuing conversations about the role of BAHFA could raise expectations among the public and other stakeholders that the region does not have the resources to meet.

**Option 3: Focus on ABAG and MTC’s Existing Regional Housing Portfolio**

In light of COVID-19 related budget concerns and limited staff capacity, the agencies could choose to focus on executing existing regional housing work plans that already exist in the ABAG and MTC portfolios. BAHFA would be held in hibernation unless and until ABAG and MTC wish to reopen consideration of potential expanded housing activities.

*Advantage(s):*

- Avoid raising expectations of BAHFA without a dedicated source of funding.
- Maximize conservation of resources during a very challenging budget environment.

*Resource Considerations:*

- No additional resources required. Staff would dedicate existing resources to ongoing programs.

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- More detail about ABAG and MTC's existing housing portfolio is provided in the materials for Agenda Item 4c.

*Risk(s):*

- By stepping away from conversations about activating BAHFA and the various housing-related responses to COVID-19, the region may forego potential new revenue sources for expanded housing activities.

**Recommendation:** Informational item only.

**Attachments:** A. Summary Fact Sheet for AB 1487



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Therese W. McMillan

# Summary of AB 1487 (Chiu, 2019)

## San Francisco Bay Area Regional Housing Finance Act

### Overview

Assembly Bill 1487 (Chiu, 2019) authorizes San Francisco Bay Area voters to approve various new taxes, that would be applicable regionwide, to help pay for new affordable housing, preserve existing affordable housing, and protect tenants from displacement or eviction. Specifically, the bill authorizes the Association of Bay Area Governments Executive Board and the newly-established Bay Area Housing Finance Authority (BAHFA), which is governed by the same board that governs the Metropolitan Transportation Commission (MTC), to place on the ballot four new revenue options and to impose a commercial linkage fee once certain conditions have been satisfied.

### Why Establish a Regional Funding Source for Housing?

Housing is a regional issue that requires policy and funding coordination across jurisdictions. The Bay Area's 101 cities and nine counties are now responsible for solving the region's housing crisis on their own with limited resources and capacity. While MTC and ABAG have provided planning and policy tools to address the crisis, more money is needed to boost affordable housing construction and to preserve existing affordable housing at a regional scale.

### What are the New Revenue Options ?

Any new revenue source to be placed upon the ballot will require a two-thirds vote. Options include a parcel tax, a general obligation bond, and two employer-based taxes—a per-employee “head tax” and a gross receipts tax. After conducting a regional nexus study subject to various findings, ABAG and BAHFA also may impose a regional commercial linkage fee capped at \$10 per square foot (plus an annual inflation adjustment) for affordable housing, but only if voters already have approved either a general obligation bond or a parcel tax.



### How Can the Funds Be Used?

AB 1487 invests funds across the “3Ps” of production, preservation and protection. Specifically:

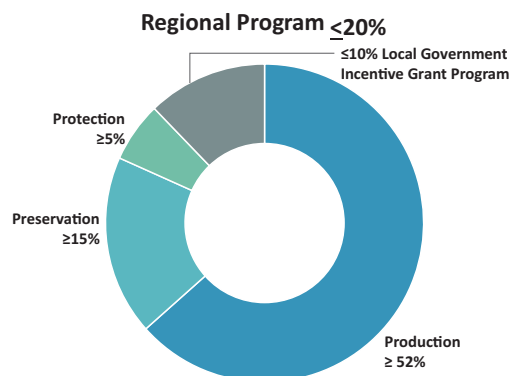
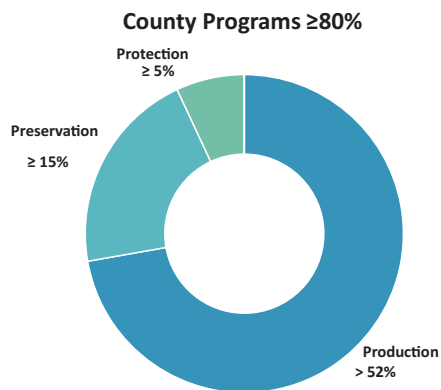
- Two-thirds of voter-approved funds must be dedicated to the production and preservation of affordable housing.
  - At least 52% must be spent on the production of rental housing restricted to be affordable to lower-income households (at or below 80% of the area median income or AMI) for at least 55 years.
  - At least 15% must be spent on the acquisition, rehabilitation and preservation of existing housing units that are restricted to be affordable to low-or moderate-income households (up to 120% of AMI) for 55 years.
- At least 5% must be spent on tenant protection
- Up to 10% of regional funds (see below) may be spent on a grant program for cities and counties that support housing and related uses. These may include infrastructure needs such as transportation, schools and parks; homeless shelters and homelessness prevention programs; programs to support home-ownership for low- or moderate-income households; and additional tenant protection efforts.

*(Continued)*

- In sum, 28 percent of the funds are uncommitted to any particular 3P category and can be flexibly invested in accordance with local and regional housing needs across the 3P categories, and adjusted over time. See below for further details on how the 3P terms are defined in the bill.

## Who Makes Spending Decisions?

- Local governments, specifically counties, will make the vast majority of investment decisions for the use of AB 1487 funds, subject to guidelines to be developed by the ABAG Executive Board and BAHFA.
- Specifically:
  - At least 80% of the revenue generated from a parcel tax, a general obligation bond or a gross receipts tax must be invested in the county in which it was generated, leaving 20% for a regional funding pool that can be spent in any county in which the measure appears on the ballot.

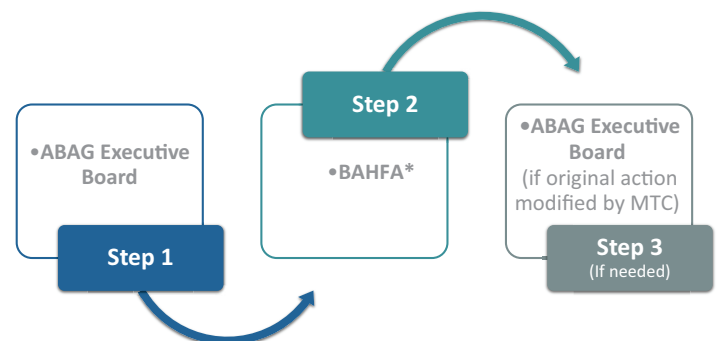


- For the “head tax” (based on the number of employees), the bill requires a lower “return to source” minimum share of “at least 50%”. This enables a larger share of revenue from cities or counties with a high concentration of jobs to be shared with other jurisdictions that may be zoning for and building a significant share of housing to support jobs outside boundaries.

- Investment of commercial linkage fee revenue is subject to the findings and analysis of a nexus study which must be prepared and adopted by the ABAG Executive Board, and ratified by BAHFA, before it is instituted. As such, no formulas are associated with this fee.
- Decisions about how to spend the county-based funds will be made in expenditure plans adopted by each county board of supervisors. Each county will determine the appropriate entity to administer its share of the funds. The bill provides that these expenditure plans may span multiple years, but counties must submit annual reports on their expenditures to date by July 1 each year after the first year of revenue is received.
- Regional funding will be controlled jointly by the ABAG Executive Board and BAHFA and will also be set forth in an expenditure plan.

## How Will Ballot Decisions be Made?

- All major decisions related to revenue and expenditure of funds will be made by both ABAG and BAHFA, with ABAG acting first. If BAHFA's action differs from ABAG's, such changes must be subsequently approved by ABAG.
- AB 1487 states that the Legislature's intent is to transfer governing powers to a new regional agency if MTC and ABAG merge, or if a new regional agency takes their place, but the bill does not require the two organizations to merge. Any ABAG-MTC merger would require subsequent legislation.
- The ABAG Executive Board and MTC each may, upon mutual agreement, defer to the other a responsibility assigned to it.



\* AB 1487 establishes the Bay Area Housing Finance Authority (BAHFA) with the same board and staff as MTC (like the Bay Area Toll Authority).

## Role and Powers of BAHFA

- AB 1487 states that the purpose of BAHFA is to “raise, administer and allocate funding and provide technical assistance at a regional level for tenant protection, affordable housing preservation and new affordable housing production.”
- BAHFA's jurisdiction includes the nine-county San Francisco Bay Area, but a ballot measure may be limited to as few as four counties.
- BAHFA is governed by the same board that governs MTC but is a separate legal entity.
- BAHFA is staffed by MTC or any successor agency with the understanding that new staff with expertise in affordable housing finance will be needed.
- All BAHFA meetings are subject to the Ralph M. Brown Act's public meeting requirements.

## Direct Allocation to Certain Cities

- For larger cities or those that are expected to meet a significant share of their county's housing needs, the bill provides funds to them directly rather than to the counties in which they reside. This includes Oakland, San Francisco and San Jose
- In counties other than Alameda, SF and Santa Clara, cities that receive more than 30% of their county's regional housing needs allocation (RHNA) for low-income households may receive a direct allocation upon request. Cities currently exceeding this 30% threshold include Fairfield, Napa, San Rafael and Santa Rosa. Counties may elect to provide suballocation to other cities but are only required to offer suballocation to those cities that exceed the 30% threshold.
- The amount provided to a city receiving a direct allocation is determined by that city's share of the county's regional RHNA allocation for low-income households.
- A city receiving a direct allocation is allowed five years to spend the funds after they are committed to a specific project. Counties may authorize an extension for up to two years if needed.

## How Are the “3P” Terms Defined in AB 1487?

- **Production** is defined broadly based on an existing definition in state law for housing development costs and includes the cost of land, site preparation, permits, construction and financing.
- **Preservation** includes preserving publicly-subsidized housing, purchasing existing private housing to preserve its affordability, and converting hotels and motels to affordable housing.
- **Protection** includes:
  - Pre-eviction and eviction legal services, counseling, education, representation, and services to improve habitability
  - Emergency rental assistance for lower-income households
  - Relocation assistance for lower-income households beyond local or state requirements already in effect
  - Collection and tracking of information related to displacement and displacement risks, rents, and evictions in the Bay Area.

## Adjustments to Minimum 3P Shares

- Changes to the minimum “3P” shares for production, preservation and protection is subject to a two-thirds vote of the ABAG Executive Board and BAHFA, and may only be considered five years after voter approval of a funding measure. Any such changes also are subject to public participation requirements and consultation with a new AB 1487-related advisory committee.
- To make an adjustment, the ABAG Executive Board and BAHFA must also adopt a finding — with the ABAG Executive Board acting first — that the region's needs in a given category differ from the 3P shares specified in the bill.

*(Continued)*

## Protection from Displacement

The bill includes a number of provisions to limit displacement of existing residents resulting from demolition to make way for new affordable housing or rehabilitation of existing housing. Specifically:

- Funds used for affordable housing preservation shall not result in the displacement of existing residents even if their household income exceeds 120% of AMI.
- Buildings shall achieve 100% occupancy by low-or moderate-income households over time through unit turnover
- If existing residents are relocated due to rehabilitation or demolition of units for preservation purposes, the developer is required to:
  1. provide such residents a “right of first refusal” to rent or buy comparable units at an affordable rent or purchase price.
  2. provide such residents with relocation benefits in an area convenient to their current employment and at a cost or rent no greater than 30% of their income.
  3. at least the same number of units at equivalent rent or affordable housing cost to persons and families in the same or lower income category as those residing in the units at the time of demolition or rehabilitation.

## Report Requirements

BAHFA and the ABAG Executive Board must conduct a review of any voter-approved measure after five years. This review must include expenditures to date; number of affordable housing units produced or preserved at different income levels; tenant protection services provided; and the roles of BAHFA and the Executive Board.

## Advisory Committee & Public Participation Requirements

AB 1487 requires formation of an advisory committee to provide input and recommendations to the ABAG Executive Board and BAHFA about funding guidelines and overall implementation. The board is required to be comprised of nine representatives with knowledge of affordable housing finance, tenant protection, and housing preservation.

In addition, the bill requires outreach efforts to include broad participation of stakeholder groups and for BAHFA to hold at least one public meeting 30 days before it acts on a plan or proposal in order to provide ample time for discussion.

For more information, contact **Rebecca Long**, Manager of Government Relations, [rlong@bayareametro.gov](mailto:rlong@bayareametro.gov) or [info@bayareametro.gov](mailto:info@bayareametro.gov).



ASSOCIATION OF BAY AREA GOVERNMENTS  
METROPOLITAN TRANSPORTATION COMMISSION

January 2020





# Metropolitan Transportation Commission

375 Beale Street, Suite 800  
San Francisco, CA 94105

## Legislation Details (With Text)

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<b>File #:</b>	20-0768	<b>Version:</b>	1	<b>Name:</b>	
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<b>Title:</b>	Decision on Pursuit of November 2020 Revenue Measure				

Key considerations to inform a decision regarding whether or not to pursue a general obligation bond on the November 2020 ballot to fund affordable housing.

**Sponsors:**

**Indexes:**

**Code sections:**

**Attachments:** [Item 4b 1 Summary Sheet Decision on Pursuit of Measure.pdf](#)

Date	Ver.	Action By	Action	Result
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Decision on Pursuit of November 2020 Revenue Measure

Key considerations to inform a decision regarding whether or not to pursue a general obligation bond on the November 2020 ballot to fund affordable housing.

Rebecca Long and Daniel Saver

ABAG Administrative Committee Recommend ABAG Executive Board Action  
MTC Executive Committee Recommend MTC Commission Action

**Metropolitan Transportation Commission and Association of Bay Area Governments  
Joint MTC Executive Committee and ABAG Administrative Committee**

**May 18, 2020**

**Item 4.b.**

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**AB 1487 Housing Revenue Measure**

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**Subject:** Decision on Pursuit of November 2020 Revenue Measure

Key considerations to inform a decision regarding whether or not to pursue a general obligation bond on the November 2020 ballot to fund affordable housing.

**Background:** Assembly Bill 1487 (Chiu, 2019) established the BAHFA as a separate legal entity comprised of the same governing board as MTC and authorized BAHFA, subject to prior approval of the ABAG Executive Board, to place a funding measure on the ballot to fund affordable housing. The bill authorized four distinct funding mechanisms subject to voter approval, including a general obligation bond backed by a property tax assessment, an employee head tax, a parcel tax, and a gross receipts tax. The bill also authorized the ABAG Executive Board and BAHFA to impose a commercial linkage fee up to \$10/square ft. without voter approval but only *after* voters have already approved a parcel tax or a general obligation bond. This condition was added during the legislative process as a way to ensure that taxpayers (not just employers) are contributing towards affordable housing before a fee is imposed on commercial development.

Since last spring, the sponsors of AB 1487—Nonprofit Housing Association of Northern California (NPH) and Enterprise Community Partners (Enterprise)—have been exploring Bay Area voter sentiment about a regional role in affordable housing. An April 2019 poll commissioned by NPH and conducted by EMC Research found strong support (74 percent) for taking a regional approach to housing in the Bay Area versus city by city policies. NPH focused its revenue-related polling efforts on a general obligation bond, judging it the most feasible revenue mechanism to attract a two-thirds vote that could also generate *significant* funding in the near term. Notably, under AB 1487, any of the revenue mechanisms authorized may be put to a subsequent vote at any point in the future after other mechanisms have been approved.

**Recommendation:** Defer placement of a regional housing funding measure to a future election.

**Discussion: Summary of Polling Results to Date**

Over the last year, NPH has sponsored three polls exploring Bay Area voters' opinions regarding a potential general obligation bond of \$10 billion, with an estimated property tax levy of 35 cents per \$1,000 of assessed value, or \$350/year for a home valued at \$1 million. This included polls in April 2019, November 2019, and most recently, early May of this year. The Committee will receive an

update on the most recent poll at your meeting. This is a long-anticipated piece of information to inform your decision about whether to place a measure on the November 2020 ballot. If the polling is favorable and the joint Committee recommends the ABAG Executive Board and BAHFA place a measure on the ballot, BAHFA would need to adopt a resolution approving the ballot question by the end of July to meet the statutorily required election deadlines.

In 2019, polling showed Bay Area voter support for a regionwide affordable housing bond hovered right around the two-thirds vote threshold. Specifically, in April and November 2019, EMC Research conducted two separate polls testing a \$10 billion affordable housing bond with the following question:

Shall an ordinance to provide: affordable housing for Bay Area residents including low income families, veterans, seniors, persons with disabilities and those experiencing homelessness, and affordable housing near transit to shorten commutes and help working families like teachers and first responders afford local housing by issuing \$10,000,000,000 in general obligation bonds with an estimated levy of 35 cent per \$1,000 of assessed value, generating \$670,000,000 annually for approximately 30 years, with oversight and audits, be adopted?

Both polls found approximately the same level of support with a slight increase in November (63% in April and 67% in November). While these results were encouraging, given how close they were to the two-thirds margin they were by no means persuasive. First, the survey size was quite small for a regional measure (484 in April and 421 in November). Additionally, the results indicated that an organized opposition campaign could easily defeat a regionwide housing measure and that affirmative arguments were ineffective.

To provide more detail at the sub-regional level the most recent poll conducted from April 26-May 6<sup>th</sup> had a total survey size of 2,491 likely voters for a split two-way sample testing different questions related to a \$10 billion general obligation bond. Unfortunately, the COVID-19 pandemic has clearly weakened voter support for a housing bond at this time; the question that polled more favorably found that only 60 percent of voters would vote “yes” or “lean yes,” well below the required two-thirds vote. Staff from EMC Research will present more details on the poll at your meeting.

### **Election Costs**

As has been discussed over the last few months, if the boards decide to place a measure on the ballot, BAHFA is required to reimburse the counties for the incremental cost of placing a measure on the ballot. If the measure passes, this is not a concern as the statute makes clear that the proceeds of the measure are to be used for this purpose. If the measure fails, however, BAHFA is still required to reimburse the counties for their incremental costs and must do so out of any funds

transferred to BAHFA from MTC, ABAG, or another public or private entity. While we understand that there may be some interest among private entities to help defray this cost, staff is unaware of any formal offer at this time.

The most recent experience with a nine-county measure is the June 2018 election for Regional Measure 3, for which counties charged the Bay Area Toll Authority \$3.2 million. We have been in contact with the election offices in each county and have specifically asked them how the costs would change if we were to reduce the number of pages of the ballot summary, which was 20 pages in the case of RM 3. In some cases, responses made clear that costs would be reduced by a smaller page count, while in others they noted costs would be about 10-15% higher. Based on the responses provided to date, staff believes an estimate of \$3 million is reasonable since the vast majority of the costs are tied to printing and assessed on a per-page basis. (Note that Alameda County Registrar of Voters, which had earlier indicated their costs would be \$4.5 million has clarified that their “billing model” would be the same as RM 3, for which BATA was billed \$720,140.)

In addition to the direct reimbursement of each county’s incremental election costs, the agency should expect to incur other election-related expenses including translation of the ballot summary, public information materials, and legal expenses. In the case of translations, AB 1487 assigns responsibility for translations to the county that contains the largest population among those that are required to translate ballots unless it chooses to delegate this responsibility to BAHFA. Santa Clara County fits this criterion and its Office of Registrar has notified us that they prefer to conduct the translations themselves and provided a cost estimate of approximately \$25,000. With regard to public information materials, this is variable. To the extent that most of the work is digital, rather than print, the work would likely be done in house and the only cost is staff time producing materials. In the case of RM 3, MTC did produce a trifold brochure, but the printing costs were modest—totaling less than \$2,000. Lastly, placement of a measure on the ballot does require expert legal advice with regard to details such as the impartial analysis and the ballot question. In RM 3, we spent \$43,000 on outside counsel for such purposes. Therefore, in summary we can expect approximately \$100,000 in direct election-related expenses as well as expenses of 2-3 full time equivalent (FTEs) for 3-6 months.

May 18, 2020

Page 4 of 4

**Conclusion:**

The outbreak of COVID-19 has significantly changed the landscape since prior ABAG and MTC conversations on this topic. The most recent polling results demonstrate a high risk that voters would reject the measure, with significantly less support for a regional tax measure than in previously polling. This also poses a substantial budget risk as there are no funds available in the MTC or ABAG budgets to cover election related costs if the measure fails. In light of these circumstances, staff recommends we not pursue a ballot measure at this time.



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Therese W. McMillan



# Metropolitan Transportation Commission

375 Beale Street, Suite 800  
San Francisco, CA 94105

## Legislation Details (With Text)

<b>File #:</b>	20-0770	<b>Version:</b>	1	<b>Name:</b>	
<b>Type:</b>	Report	<b>Status:</b>		Committee Approval	
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<b>Title:</b>	Direction on Future Regional Housing Work Plan				

Discussion of Bay Area Regional Housing Portfolio and Range of Activities for Potential Future Regional Housing Work Plan.

Preliminary overview of options and strategies for Bay Area regional agencies to expand their existing housing portfolio and seek new funding to support tenant protections, preservation of existing housing, and production of new affordable housing.

### Sponsors:

### Indexes:

### Code sections:

**Attachments:** [Item 4c 1 Summary Sheet Discussion of Regional Housing Portfolio.pdf](#)  
[Item 4c 2 Attachment A Memo on Potential BAHFA Activities.pdf](#)  
[Item 4c 3 Attachment B BAHFA Funding Letter.pdf](#)

Date	Ver.	Action By	Action	Result
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Direction on Future Regional Housing Work Plan

Discussion of Bay Area Regional Housing Portfolio and Range of Activities for Potential Future Regional Housing Work Plan.

Preliminary overview of options and strategies for Bay Area regional agencies to expand their existing housing portfolio and seek new funding to support tenant protections, preservation of existing housing, and production of new affordable housing.

Daniel Saver

ABAG Administrative Committee Recommend ABAG Executive Board Action  
MTC Executive Committee Recommend MTC Commission Action

**Metropolitan Transportation Commission and Association of Bay Area Governments  
Joint MTC Executive Committee and ABAG Administrative Committee**

**May 18, 2020**

**Agenda Item 4.c.**

**Direction on Future Regional Housing Work Plan**

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**Subject:** Discussion of Bay Area Regional Housing Portfolio and Range of Activities for Potential Future Regional Housing Work Plan.

Preliminary overview of options and strategies for Bay Area regional agencies to expand their existing housing portfolio and seek new funding to support tenant protections, preservation of existing housing, and production of new affordable housing.

**Overview:** If the ABAG Executive Board and the MTC Commission decide against placing an affordable housing revenue measure on the November 2020 ballot, BAHFA nonetheless presents an opportunity to explore expanding the regional housing portfolio to address the Bay Area's ongoing housing challenges. AB 1487 confers powers on BAHFA to advance the "3 Ps" in ways that extend beyond the existing capacities of ABAG and MTC. However, the current fiscally constrained environment renders it infeasible for ABAG and MTC to underwrite entirely new housing programs without corresponding new revenue sources.

As described in Agenda Item 4a, this situation presents two options for consideration by the Joint Committee. "Option 2" would direct staff to explore expanding the regional housing portfolio through a variety of potential non-ballot activities, including a discussion of when to activate BAHFA. As part of this option, staff suggests integrating consideration of potential new activities with discussion of potential new revenue opportunities to ensure that any expansion of activities have dedicated funding. Alternatively, "Option 3" would direct staff to focus on housing activities in ABAG and MTC's existing housing portfolios, rather than seeking an expansion. Option 3 would involve holding BAHFA in hibernation unless and until the governing boards instruct staff otherwise.

On balance, staff recommends Option 2 to enable a balanced path forward that recognizes the need to address the Bay Area's ongoing housing challenges, which have only been exacerbated by the coronavirus pandemic, while doing so in a fiscally prudent, stepwise fashion that accounts for the agencies' constrained budget realities.

The attached memo provides a preliminary landscape analysis of the range of potential alternative revenue sources and potential future activities for BAHFA, in addition to a brief description of the existing housing portfolios of ABAG and MTC. If the Joint Committee members wish to pursue Option 2 to examine

potential expansion of the regional housing portfolio, including through the activation of BAHFA, staff seeks direction to develop a proposed strategy that identifies realistic funding opportunities and prioritizes the highest-value activities that can be accomplished with the resources available in several funding scenarios. Staff would prepare to return in June with such a proposal.

**Recommendation:** ABAG Administrative Committee recommends to the ABAG Executive Board to direct staff to return in June with proposed strategies; MTC Executive Committee recommends to the MTC Commission to direct staff to return in June with proposed strategies.

**Attachments:** A. Memo on Potential Future BAHFA Activities and Expanded Regional Housing Portfolio

B. Letter from Bay Area Housing for All



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Therese W. McMillan





## *Memorandum*

TO: Joint MTC Executive and ABAG Administrative  
Committee

DATE: May 18, 2020

FR: Executive Director

RE: Potential Future BAHFA Activities and Expanded Regional Housing Portfolio

### **Overview & Background**

This memo provides an overview of the range of potential funding opportunities and related housing activities available to the Bay Area Housing Finance Authority (BAHFA). The purpose of the memo is to inform discussion of “Option 2” and “Option 3” as described in Agenda Item 4a, wherein ABAG and MTC can decide whether to explore expanding the regional housing portfolio absent a revenue measure on the November 2020 ballot (Option 2) versus focusing on the existing housing portfolios of the agencies rather than expanding (Option 3). This memo provides a preliminary landscape analysis to inform discussion.

The authority granted to BAHFA by AB 1487 is broad and enables a variety of housing-related activities even without a regional housing funding initiative. AB 1487 affords BAHFA the power to advance the “3 Ps” across the Bay Area in a capacity extending beyond what MTC and ABAG can currently deploy. While not legally required to activate BAHFA on any specific timeline absent a ballot measure, MTC and ABAG may find it desirable to do so to take advantage of the extended housing capacity of BAHFA, especially as the current public health crisis brings into sharper relief the importance of adequately housing all of the Bay Area’s residents. However, in the current budget environment, the additional powers contained within BAHFA can only be fully realized with additional resources to support the new activities; it is not feasible for MTC or ABAG to finance these activities due to fiscal constraints caused by COVID-19’s impact on the economy. Consequently, the exploration of potential new activities of BAHFA is inextricably linked with exploration of new revenue opportunities.

On balance, staff recommends Option 2. If the Joint Committee wishes to pursue Option 2, staff seeks direction to return in June with a strategic proposal that prioritizes the most viable potential revenue sources and highest-value activities that could be pursued in various funding scenarios.

This memo will first review potential revenue sources for expanded housing activities absent a regional funding initiative. Next, the memo will outline a range of potential activities that BAHFA could undertake if it can secure additional funding. Finally, the memo situates these potential future activities in context of MTC and ABAG’s existing regional housing portfolio.

### **Potential Alternative Revenue Sources**

Aside from a ballot measure, BAHFA has statutory authority to receive funding from external sources and develop its own internal revenue streams. Potential revenue sources could include:

- ***State & Federal Funding Opportunities.*** Even prior to COVID-19, the State was considering several funding opportunities that could be coordinated through BAHFA. Several pre-existing conversations include potential funding to address homelessness and to protect renters. There could be additional funding programs developed as part of state and federal COVID-19 response packages, though importantly at the state level options may be limited due to unprecedented budget shortfalls. Staff expects to have more information about potential state funding in June, after the May revise.
- ***Private-Sector Funding Collaborations.*** During the past year, several tech companies and philanthropies have announced significant new investments for affordable housing, yet much of this funding remains untapped. BAHFA could serve as a vehicle to deploy these funds or otherwise coordinate the disparate financing sources to maximize their impact.
- ***Private Donations.*** A critical capacity of BAHFA is its ability to accept private donations. Staff could explore potential fundraising opportunities with philanthropies and other stakeholders that supported AB 1487. On May 5, 2020, the Bay Area Housing for All coalition sent a letter to ABAG Executive Board and MTC members stating that they have identified \$100,000 in private assistance to support development of a business plan for BAHFA. The letter is included as Attachment B.
- ***Earned Revenue from New Financing Tools.*** There are potential alternative financing techniques that BAHFA may be able to deploy, and staff is in conversation with affordable housing finance partners including community development financial institutions (CDFIs) regarding potential products. If any products are viable, the fees and interest from such financing tools could potentially serve as an earned income funding stream. However, additional research is needed as several legal, practical, and financial questions remain to be resolved. Further discussion would be needed to harmonize any such BAHFA activities with those of the Advancing California Finance Authority (ACFA).
- ***Regional Early Action Planning Grants (REAP).*** ABAG is scheduled to receive approximately \$24 million of one-time funds from the state budget to enhance the RHNA process and otherwise accelerate housing production in the Bay Area. Staff is in the process of designing a regional housing technical assistance program to deploy these funds to help local jurisdictions implement their RHNA allocations and adopt compliant housing elements. ABAG expects to receive an advance of \$5.9 million shortly, but these funds are already earmarked for RHNA and housing element technical assistance. Staff have had preliminary conversations with HCD and received indication that some BAHFA activities could be eligible expenses for the remaining \$18 million of REAP funds, if the ABAG Executive Board chooses to allocate the funds for these purposes. Staff would need to engage with HCD in additional conversations to clarify precisely which BAHFA activities could be funded by REAP.

### **Potential Future BAHFA and Expanded Regional Housing Activities**

#### **Opportunities for Regional Leadership in COVID-19 Relief & Recovery**

BAHFA could serve as a vehicle to provide regional leadership to address COVID-19 related impacts on housing and economic security for Bay Area residents. There are several opportunities for strategic intervention at the regional level that could add value to ongoing responses at the local level through collaborative resource-sharing and leveraging BAHFA's

potential convening power. Two broad categories of activities that relate to COVID-19 response and recovery include:

- ***Support Regional COVID-19 Housing Response.*** There is already a complex and overlapping patchwork of emergency responses to COVID-19 at the federal, state, and local levels, and BAHFA could facilitate regional collaboration to ensure efficient deployment of existing and newly appropriated resources. For example, there is significant new federal funding that is eligible for use as rental assistance, which will layer over existing local programs and could be supplemented by future state funding; BAHFA could convene a regional network of rental assistance providers, encourage adoption of regional standards for administering these funds, and develop comprehensive regional data. Additionally, BAHFA could provide technical assistance to local jurisdictions whose already limited capacity has been stretched even further by the crisis through development of best practices and effective knowledge-sharing on various housing policies and programs across jurisdictional boundaries.
- ***Pivot to Counter-Cyclical Approach.*** If the economy continues a downward trajectory, many costs associated with housing construction may be reduced, including land acquisition and labor costs that fluctuate with economic boom/bust cycles. To the extent BAHFA can access or leverage other sources of capital, the region will be positioned to invest in housing at a time when there is an opportunity to achieve greater impact per dollar spent in addition to creating thousands of well-paying construction jobs. This could include a robust private market acquisition and preservation strategy to simultaneously prevent displacement of residents and build towards long-term affordability in a vulnerable segment of the housing stock. BAHFA can serve as a regional advocacy vehicle to marshal resources from federal, state, and private sources to invest in affordable housing in the Bay Area

#### **Additional Potential BAHFA Activities**

In addition to urgent COVID-19 responses, staff could plan and pursue a range of additional activities to establish a foundation for BAHFA to grow into a world-class, multifaceted housing finance authority. Such activities could include:

- ***Comprehensive Business Plan.*** Staff had already begun to scope a preliminary, streamlined BAHFA Business Plan to provide strategic guidance as part of gearing up for substantial new housing responsibilities in a ‘go’ scenario for a housing measure. With the extra time provided by a delay in seeking a revenue measure, staff could develop a more detailed and methodical Business Plan that is responsive to the evolving situation and also establishes BAHFA as an effective, accountable, and sustainable authority with a pathway to draw upon the resources needed to address the Bay Area’s intractable housing challenges.
- ***Develop Housing Finance Capacity.*** As mentioned above, BAHFA has authority to facilitate financing of affordable housing projects through various mechanisms including potentially via project revenue bonds. While some larger jurisdictions already deploy similar financing tools, most smaller jurisdictions do not have capacity or the technical expertise to do so and will be even less likely to develop that capacity in the current fiscal climate. BAHFA, in partnership or coordination with ACFA, could provide this capacity and take advantage of economies of scale at the regional level.
- ***Regional Funding Coordination.*** The affordable housing finance system is notoriously complex and inefficient, with affordable housing projects frequently requiring half a dozen or more distinct financing streams to make projects viable. BAHFA can leverage its convening power to facilitate greater coordination of local, regional, and state

funding sources with the goal of aligning timeline and processes to reduce administrative burdens and inefficiencies.

- **Technical Assistance to Local Jurisdictions.** Preliminary outreach to local staff indicates that many smaller jurisdictions lack capacity to proactively assemble deals that would increase housing opportunities at a variety of income levels. BAHFA could develop a technical assistance program to support local housing staff to increase Bay Area jurisdictions' competitiveness for state and federal funding sources, and ultimately ensure that more projects get built. Additionally, as local governments face significant budget shortfalls, BAHFA could provide technical assistance to fill gaps in local staff capacity on a broad range of housing policies, such as impact fees, inclusionary housing, and community stabilization policies. Such activities could be integrated with the new regional housing technical assistance program funded by REAP.
- **Regional Affordable Housing Platform.** Just as the financing system for affordable housing is unnecessarily complex, so too is the process of applying for affordable housing; time-strapped, low-income residents are forced to submit separate applications for each housing complex resulting in dozens of applications just to land on several over-subscribed waiting lists. Several local jurisdictions and sub-regional collaborations have prototyped a centralized application platform to ease the administrative burden on both applicants and affordable housing managers. BAHFA could collaborate with local partners to scale up this innovative approach to the regional level.
- **Enhanced Data Gathering.** There is a surprising lack of publicly available data on a range of housing issues, such as rent increases, evictions rates, and displacement patterns. BAHFA could spearhead regional data-gathering and build out open source data management systems, all of which could enable more effective and tailored policymaking in the future.

### **Existing Regional Housing Portfolio**

To provide context for the expanded housing activities, below staff briefly describe the current combined housing portfolio of ABAG and MTC. Regardless of the option selected by the governing boards, staff expects to execute existing work plans for these items. If ABAG and MTC wish to expand upon these activities, staff will evaluate how any of the new housing activities could be woven into a broader package of regional housing programs to ensure alignment, to leverage administrative efficiencies, and to maximize impact.

The existing combined regional housing portfolio of ABAG and MTC includes:

- **Regional Housing Needs Assessment (RHNA)** – ABAG is statutorily required to develop a RHNA Methodology that allocates state-mandated expected growth at the jurisdictional level.
- **Regional Early Action Planning Grants (REAP)** – As noted above, this is a new technical assistance program funded by an allocation from the state budget to enhance the RHNA process and assist local jurisdictions in implementing RHNA by adopting compliant Housing Elements. This program is in development.
- **Plan Bay Area** – Housing is a central focus of the region's long-range plan and a key ingredient in the first Action Plan developed for Plan Bay Area 2040. The Implementation Plan for the forthcoming Plan Bay Area 2050 will involve housing policy and programming considerations.
- **Housing Funding & Incentive Programs** – MTC has devoted significant resources directly into housing through the Transit Oriented Affordable Housing (TOAH) and Bay Area Preservation Pilot (BAPP) funds. Additionally, MTC has incentivized housing

outcomes through various transportation funding programs such as the One Bay Area Grants (OBAG) program and the Housing Incentive Pool (HIP).

- ***Housing Permit Data Gathering and Analysis*** – ABAG/MTC have created and maintained a regional database of housing permits, which has recently expanded to include tracking the number of units through various stages of the development process. HCD is replicating and expanding upon our model at the statewide level.

**Recommendation:**

If the MTC and ABAG Executive board determine not to proceed with a revenue measure on the November 2020 ballot, staff recommends Option 2 – strategic expansion of the regional housing portfolio. in lieu of a revenue measure on the November 2020 ballot. If the Joint Committee wishes to pursue Option 2, staff seeks direction to return in June with a strategic proposal that prioritizes the most viable potential revenue sources and highest-value activities that could be pursued in various funding scenarios.



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Therese W. McMillan



May 5, 2020

MTC Commissioners and ABAG Executive Board  
Bay Area Metro Center  
375 Beale St  
San Francisco, CA 94105

Dear MTC Commissioners and ABAG Executive Board:

As elected officials, we know you are on the frontlines of responding to the COVID pandemic ensuring the safety and health of our Bay Area communities, especially our most vulnerable residents. On behalf of the Bay Area Housing for All (BAHA) leadership team, we want to thank all of you for the work you're doing.

As we discussed in our meeting on April 8, we recognize the path to the ballot may change in response to the COVID pandemic and accompanying economic uncertainty. As has been our approach throughout this process, the decisions we make in partnership with the Metropolitan Transportation Commission (MTC) and Association of Bay Area Governments (ABAG) will continue to be both data-driven and responsive to the needs of our region. We appreciate your leadership during this uncertain time.

**This crisis, and our need to 'Shelter In Place' for the sake of our shared health and the world economy, only underscores the necessity for there to be sufficient and safe homes to do so.**

Our region, using the authority and structure of BAHFA already created through AB 1487, can address the severe economic and health impacts of the COVID-19 pandemic while building a strong foundation for a lasting recovery. Immediately prior to the pandemic, California faced a shortage of 1.3 million affordable homes. As we respond to this crisis and plan for our long-term recovery, the guiding motivation of BAHA has become even more critical: it is essential for everyone to have a healthy, stable home. Therefore, the BAHA leadership team remains committed to working with MTC and ABAG in standing up BAHFA to provide the kind of regional coordination, technical assistance, and funding/financing for affordable housing -- both to meet the existing need and to play a role in our region's recovery. For example:

- BAHFA could receive and coordinate funds across the region, not just from a ballot measure, but also could directly receive and disburse funds from the state, federal stimulus, private funds, etc.;
- BAHFA could provide TA to jurisdictions who are trying to figure out how to use the new federal housing dollars coming to their jurisdictions; and
- BAHFA could be a direct lender/under-writer of affordable housing production and preservation deals, which could be especially beneficial to lower-capacity jurisdictions who were short staffed before this crisis and are now even more stretched for capacity.

We believe these steps can provide our region with the relief and resources needed to address the increase in homelessness and housing insecurity we're already seeing and will continue to see as a result of the COVID pandemic and economic fallout. There is a great opportunity to leverage the structure and authorities of BAHFA, as well as existing staff, to do this work. The first, and most foundational piece, of this work is to create a business plan for BAHFA. **We understand the financial constraints that accompany this new public health and economic crisis and the impact this will have on resources available to fund the work needed to launch a regional agency. We would like to extend the offer to engage in a partnership to ensure this critical work continues to move forward. We have identified \$100,000 in assistance.**

Please feel free to reach out to any of us with your questions and thoughts. Thank you all again for your partnership.

Sincerely,

Judith Bell, Chief Impact Officer, The San Francisco Foundation  
 Amie Fishman, Executive Director, Non-Profit Housing Association of Northern California  
 Heather Hood, Vice President, Enterprise Community Partners, Northern California  
 Tomiquia Moss, Founder and Chief Executive, All Home

Cc: Therese McMillan, Executive Director, MTC  
 Rebecca Long, Government Relations Manager, MTC/ABAG  
 Randy Rentschler, Director of Legislation and Public Affairs, MTC/ABAG