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January 12, 2023

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Draft BAHFA Business Plan Equity Framework

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**Subject:**

Presentation of the Draft Equity Framework for the BAHFA Business Plan, including stakeholder engagement, the structure of the Equity Framework, and draft equity Objectives and corresponding Metrics.

**Background**

The BAHFA Business Plan process was launched in 2021 to develop a blueprint for how BAHFA and its partners could come together to tackle the Bay Area’s housing challenges at scale and begin to deliver on bold housing outcomes, especially with potentially significant new funding derived from BAHFA and ABAG’s new statutory authority to place a regional revenue measure on the ballot across all nine counties. The Business Plan is supported by a consultant team led by Forsyth Street Advisors. The Business Plan efforts have three main threads of work:

- (1) The **Equity Framework** will focus BAHFA’s Business Plan on delivery of 3P programs that prioritize equity, racial justice, and protection of communities most impacted by the region’s affordability challenges.
- (2) The **Funding Programs** will propose strong, beneficial, and self-sustaining funding programs that will successfully establish BAHFA as a permanent agency that consistently achieves its 3P mission.
- (3) The **Business Plan** will weave together the Equity Framework and Funding Programs into a coherent, strategic plan for how BAHFA should allocate resources it secures, including a potential regional general obligation bond in 2024. It will also provide organizational design recommendations to implement the proposed funding programs with appropriate phasing.

Staff have provided updates to the BAHFA Oversight and ABAG Housing Committees about progress on the Business Plan process in January, April and July of 2022. This item represents a major milestone with presentation of the Draft Equity Framework. Agenda Item #10, immediately following this item, will present the Draft Funding Programs.

Alongside staff, the Othering and Belonging Institute (OBI) is leading the development of the Equity Framework, with support from the Turner Center for Housing Innovation and the broader Forsyth consultant team.

**Draft Equity Framework Summary**

This report will summarize the Draft Equity Framework (Attachment A), including stakeholder engagement, the structure of the Framework, and the draft Equity Objectives and corresponding

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Metrics. The report will also briefly summarize the Appendices to the Equity Framework (Attachment B). The drafts attached to this item are not intended to be in final aesthetic form; the Final Equity Framework will be produced with appropriate layout, graphics, and visual appeal.

### ***Stakeholder Engagement***

Stakeholder engagement has played a critical role in scoping, developing, and refining the Draft Equity Framework. At the outset, OBI conducted 20 interviews with equity leaders from across the Bay Area representing all 3Ps. Additionally, an 11-member **Equity Working Group** has been formed to provide a vehicle for iterative, community-informed development of equity objectives and metrics. The Equity Working Group's composition is intended to facilitate accountable representation of BIPOC and systematically marginalized communities and to reflect the geographic breadth of the Bay Area. A roster of the Equity Working Group members is included in Appendix B as part of Attachment B to this item.

To complement the Equity Working Group's efforts, staff and OBI have undertaken additional outreach and engagement activities. Notably, in June 2022, OBI hosted three public "listening sessions" corresponding to each of the 3Ps that were attended by nearly 140 stakeholders. Additionally, MTC-BAHFA staff have met 1-on-1 with staff from over three dozen local jurisdictions in all nine Bay Area counties and presented at 15 convenings of public sector staff and elected officials. And finally, MTC-BAHFA staff have met with over 40 stakeholders — including practitioners across all 3Ps, advocacy organizations, and members of impacted communities — in 1-on-1 and small group settings.

The Equity Working Group reviewed several versions of the Draft Equity Framework in November and December 2022. The Draft Equity Framework in Attachment A and the Appendices in Attachment B have been unanimously endorsed/supported by the Equity Working Group.

### ***Structure of the Draft Equity Framework***

The Draft Equity Framework is divided into four main parts. First, there is an introductory section that highlights the significant disparities that exist in the Bay Area's housing system and which motivate the strong social and racial equity lens for BAHFA's work. This section also provides a regional framework for Affirmatively Furthering Fair Housing (AFFH) and summarizes stakeholder engagement and the role of the Equity Working Group.

Second, the core of the Draft Equity Framework is a set of **Objectives** and **Metrics** that will guide and measure the impact of BAHFA's work. The Draft Equity Framework establishes Objectives and Metrics for each of the "3Ps" (Production, Preservation, and Protection) as well as a fourth "Cross Cutting" category for items that advance all 3Ps or do not fit squarely within any of the Ps. Within each program track, the Draft Equity Framework also presents a summary of "opportunities and challenges" uplifted by stakeholders to consider as BAHFA implements the

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Business Plan and designs programs to further the Equity Objectives. The draft Objectives and Metrics are described in more detail below.

The third part of the Draft Equity Framework begins with a discussion of BAHFA's role to provide regional leadership and technical assistance that serves to expand, diversify and strengthen the capacity of the region's housing ecosystem and marshal the collective resources in service of equitable outcomes. Next, the Draft Framework highlights implementation and accountability considerations, which include data collection and reporting, embedding equity in all phases of program design and evaluation, ongoing equity-focused engagement strategies, a need to periodically reevaluate the Equity Framework to accommodate changing circumstances and evolving priorities, and ongoing collaboration with local jurisdictions.

Finally, the Draft Equity Framework ends with a set of broad **Social Equity Goals** that detail BAHFA's long-term, aspirational vision for an equitable future in the Bay Area. These goals represent the "north star" for transformation of the region's housing systems that the Equity Objectives should strive towards and the Metrics will help measure. However, importantly, BAHFA cannot achieve these broad Social Equity Goals on its own. Rather than direct measures of BAHFA's impact, the Social Equity Goals and their associated metrics serve to illuminate regional trends in housing that BAHFA should track and respond to, particularly with regard to how inequity in housing manifests and whom it disproportionately impacts.

### *Draft Equity Objectives and Metrics*

As noted above, the core of the Draft Equity Framework is a set of Equity Objectives and Metrics for each of the 3Ps and a "Cross Cutting" program track. The Draft Equity Objectives are as follows:

#### *Production Equity Objectives*

- (1) Produce more affordable housing, especially for extremely low-income (ELI) households.** Increase housing production, with different housing types, across the region, and provide special focus on the production of housing for ELI households and populations most disproportionately impacted by housing inequity.
- (2) Invest in historically disinvested areas.** Address systemic racism by investing in developments identified by impacted communities as priorities and that transform historically disinvested neighborhoods (such as Equity Priority Communities) into areas of opportunity.
- (3) Create affordable housing opportunities in historically exclusionary areas.** Address systemic racism by investing in developments that replace segregated living patterns with integrated and balanced living patterns in areas of concentrated affluence.

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- (4) **Create programs that address homelessness.** Partner with counties to increase housing types that directly serve the needs of unhoused residents, including permanent supportive housing, while developing strategies to ensure that operating and services subsidies are available and utilized to the greatest extent possible.
- (5) **Achieve regional climate and environmental justice goals.** Prioritize housing placement near high-quality transit and invest in housing that achieves high performance scores in recognized sustainable building systems.

*Preservation Equity Objectives*

- (1) **Preserve expiring-use affordable housing to prevent displacement.** Fund the acquisition and rehabilitation of existing affordable housing with expiring restrictions that without intervention could be converted to market-rate housing and result in displacement of lower-income residents.
- (2) **Preserve existing unsubsidized housing and convert to permanently affordable housing.** Convert existing unsubsidized housing to permanently affordable housing for the purpose of preventing displacement and achieving stabilized, healthy living conditions for existing residents, especially low-income households, residents of Equity Priority Communities, and other marginalized communities.
- (3) **Target preservation investments for most impacted residents.** Tailor financing products to enable occupancy by ELI households and households at risk of homelessness.
- (4) **Create opportunities for community-owned housing.** Invest in developments that enable community control and/or equity growth, especially in Equity Priority Communities and for households facing discriminatory and/or structural barriers to homeownership.

*Protection Equity Objectives*

- (1) **Increase access to tenant services.** Deploy BAHFA funding to programs with a track record of preventing displacement and homelessness, as well as improving tenant quality of life, such as legal assistance, counseling and advice, financial assistance, and enhanced relocation assistance.
- (2) **Support tenant education and advocacy.** Invest in training, education, advocacy, and outreach that raises awareness of tenant rights and community resources available to support housing stability. Support tenant associations and similar organizations that reduce power disparities between renters and property owners.
- (3) **Prioritize protections and investments in households and communities facing the greatest housing precarity.** Target BAHFA programs so that tenants at greatest risk of

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displacement and homelessness – disproportionately ELI, residents of Equity Priority Communities, and other impacted households in areas facing displacement pressures – are prioritized.

- (4) **Ensure adequate funding for tenant protections.** For BAHFA revenue sources that prohibit expenditures on Protections (e.g., general obligation bonds), design BAHFA funding programs so that they generate new revenue streams that can be reinvested in Protections region wide. Proactively seek other revenue such as state and federal grants to enhance BAHFA tenant protection funding.
- (5) **Elevate the urgency of tenant protections through regional leadership.** Invest in research, data collection, and coordination to inform policy change and region wide adoption of best practices.

### *Cross-Cutting Equity Objectives*

- (1) **Support community-based and community-owned organizations and developers.** Expand, diversify and strengthen the capacity of the region's housing ecosystem by investing in community-based developers and organizations across all 3Ps.
- (2) **Support individual and community wealth building.** Create opportunities for historically marginalized people and residents historically excluded from homeownership to build wealth through housing, including traditional and shared homeownership opportunities.
- (3) **Serve as a regional leader on local equitable programs and practices.** Advance local alignment with regional equity priorities across all 3Ps, encouraging counties and cities to incorporate and build upon this Equity Framework.
- (4) **Commit to ongoing, meaningful, and equitable engagement.** Advance community participation among historically marginalized populations through ongoing engagement with and outreach to stakeholders equally distributed across the 3Ps, with an intentional focus on organizations who are accountable to and part of communities most impacted by housing unaffordability.
- (5) **Secure more flexible and unrestricted funding.** Seek to expand and secure funding sources to achieve a broader range of equity needs across all 3Ps, including uses that would be difficult to fund with likely fund sources (e.g., general obligation bond).
- (6) **Target most flexible BAHFA funding to accelerate AFFH.** Develop programs within BAHFA's optional 10% Local Government Incentive Program that address any gaps in a comprehensive AFFH approach given AB 1487's parameters. Target any non-housing investments (i.e., infrastructure, community or cultural spaces, and public services) in communities that have faced historic disinvestment and/or are home to the region's most impacted residents.

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*Equity Metrics*

Each of the four program tracks described above contain a set of Metrics that are designed to measure BAHFA's progress towards meeting the Equity Objectives. While some of these Metrics are particular to an individual program track, many fall within the following broad categories:

- Amount and percent of funding allocated to each programmatic approach
- Number and type of housing units, disaggregated by attributes including but not limited to:
  - Affordability levels (e.g., extremely low-income, very low-income, etc.)
  - Location (e.g., EPCs, Transit Priority Areas, etc.)
  - Tenure types (e.g., rental vs traditional homeownership, permanent supportive housing, collective ownership models, etc.)
  - Accessibility features for people with disabilities
- Number and characteristics of people served, disaggregated by race, income, family size, disability status, etc.
- Types of organizations funded (e.g., community-based developers, BIPOC-led organizations, etc.)

In some instances, there are different metrics for BAHFA vs cities and counties due to differing requirements in AB 1487 about how revenue may be used. For example, cities and counties may pursue homeownership opportunities with their minimum 52% of ballot measure generated funds for "production" whereas BAHFA is limited in this same category to rental housing.

*Appendices to the Draft Equity Framework*

Attachment B contains a compilation of the appendices for the Draft Equity Framework, summarized as follows:

- **Appendix A (Definitions)** covers definitions of key terms referenced throughout the Equity Objectives and Metrics, including various developer types (community-based developers, BIPOC-led developers etc.) and geographic typologies (Equity Priority Communities, etc.)
- **Appendix B (Equity Working Group Members)** provides a list of the 11 members of the Equity Working Group who participated in co-creating the Equity Framework, in addition to a list of criteria used for selecting Equity Working Group members.
- **Appendix C (Stakeholder Engagement Report)** a comprehensive summary of feedback and recommendations received through the Equity Framework stakeholder engagement process, expanding upon the brief discussions of "Opportunities and Challenges" within the main body of the Equity Framework.

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- **Appendix D (Guiding Questions for Program Development and Design)** is a set of “rubrics” that have been developed as planning tools to help generate ideas and evaluate program strategies that further Equity Objectives. BAHFA will use these questions to apply the Equity Framework as it further develops and implements the Business Plan and Funding Programs, as well as other future programs.
- **Appendix E (Data Sources)** provides a table of the metrics for the Equity Framework’s Social Equity Goals and identifies data sources for each. It also includes a discussion of opportunities and challenges related to data collection.

**Next Steps:**

Following presentation of the Draft Equity Framework to the newly formed BAHFA Advisory Committee as well as the BAHFA Oversight and ABAG Housing Committees this month, OBI will host another public workshop(s) in February-March. Feedback will be incorporated into a proposed Final Equity Framework that will be reviewed by the Equity Working Group and the BAHFA Advisory Committee in April. Staff anticipate bringing the Final Equity Framework to the BAHFA Oversight and ABAG Housing Committees in May seeking a recommendation to the full BAHFA Board and ABAG Executive Board for adoption.

**Issues:**

None

**Recommended Action:**

Information

**Attachments:**

- A. Draft Equity Framework
- B. Draft Equity Framework Appendices A – E (combined)
- C. Presentation

**Reviewed:**



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