
May 11, 2023

Agenda Item 7.a.

BAHFA Business Plan Equity Framework and Funding Programs

Subject:

Presentation of the BAHFA Business Plan Equity Framework and Funding Programs and request for recommendation of approval by the BAHFA Board and the ABAG Executive Board acting as the Executive Board to BAHFA

Background:

BAHFA launched its business planning process (Business Plan) in 2021 with the goal of creating bold, regional solutions to the Bay Area's housing challenges. The principal means by which BAHFA and its partners will deliver effective outcomes is by deploying BAHFA's statutory authority to place a regional revenue measure on the ballot across all nine counties. The Business Plan, supported by a consultant team led by Forsyth Street Advisors, with its subconsultant Othring and Belonging Institute at UC Berkeley (OBI) leading the Equity Framework, has three main threads of work:

- (1) The **Equity Framework**, which focuses BAHFA's Business Plan on delivery of 3P programs (Production, Preservation and Protections) that prioritize equity, racial justice, and protection of communities most impacted by the region's affordability challenges.
- (2) (2) The **Funding Programs**, which propose strong, impactful, and self-sustaining funding programs that can successfully establish BAHFA as a permanent agency that consistently achieves its 3P mission.
- (3) (3) The **Business Plan**, which will be the integrated, strategic plan inclusive of both the Equity Framework and Funding Programs that recommends best practices and phasing for BAHFA's allocation of the resources it secures, including a potential regional general obligation bond in 2024.

Staff provided updates to the BAHFA Oversight and ABAG Housing Committees about progress on the Business Plan drafting in January, April, and July of 2022. In January 2023, the consultant team presented full drafts of the Equity Framework and Funding Programs to the Committees.

Outreach and Updates:

This presentation of the Equity Framework and Funding Programs, as proposed for final approval, is the culmination of more than a year's work. Starting with a series of interviews and conversations with local experts and stakeholders across the region that informed early drafts, the consultant team solicited additional input from multiple sources and conducted an iterative, creative process of drafting, revising and presenting back to engaged collaborators. Specific outreach activities included:

May 11, 2023

Agenda Item 7.a.

BAHFA Business Plan Equity Framework and Funding Programs

- **Initial Interviews:** over 25 interviews with housing, finance, and equity leaders involved in housing production, preservation, and protection.
- **Public Listening Sessions:** three virtual public listening sessions held in June 2022, during which 138 stakeholders discussed and provided recommendations on draft equity goals, objectives, and metrics. Invitations for the sessions were distributed to over 300 stakeholders and 175 local government staff working across all 3Ps.
- **Equity Working Group Sessions:** several meetings with a group of 11 leaders from across the region between May 2022 and March 2023. The Equity Working Group used a consensus-based decision-making process to co-create the Equity Framework, and provide input on the Funding Programs, drawing from their extensive experience related to housing preservation, production, protection, and social equity as well as relationships to the communities and places most impacted by the housing crisis.
- **Public Workshops:** two virtual public workshops in February and March 2023, during which BAHFA staff presented the Draft Equity Framework and Draft Funding Programs to over 160 stakeholders from across the region. Participants provided feedback on both drafts, including recommendations for how to strengthen the connection between the Equity Framework and Funding Programs. Invitations for the sessions were distributed to over 560 stakeholders.
- **BAHFA and ABAG Feedback:** the BAHFA Oversight Committee and the ABAG Housing Committee received several updates throughout 2022 about the Business Plan process. Staff and the consulting team presented the Draft Equity Framework and Draft Funding Programs to the Joint Housing Committees as well as the BAHFA Advisory Committee in January 2023 for feedback.

Throughout this process, the consultant team closely collaborated to ensure that the Equity Framework and Funding Programs are integrated components of the Business Plan – even while each retains a separate focus – and that they are aligned in their objectives and approach to catalyzing regional housing transformation.

These final versions of the Equity Framework and Funding Programs contain revisions that draw upon the most recent public townhall meetings and Committee presentations held between January and March 2023. Recommended changes are summarized below:

- Clarification of Funding Program goals, for example:
 - Production: Explicitly state that long-term affordability is required.

May 11, 2023

Agenda Item 7.a.

BAHFA Business Plan Equity Framework and Funding Programs

- Protections: Elevate the need to protect residents *across* the housing spectrum from displacement and homelessness – including those with formal leases as well as those with more precarious living situations.
- Preservation:
 - Clarify that AB 1487 guards against the permanent displacement of existing residents.
 - Broaden the spectrum of preservation properties to assist existing non-profit owned, low-income properties that need to be recapitalized.
- Recognition of additional steps BAHFA can take to advance Equity, for example:
 - Capacity Building: Many stakeholders expressed a need to assist emerging and small community-based developers with capacity building grants. While general obligation bond funding may not be used for such activities, BAHFA can support these development companies in different ways, e.g., surplus cash sharing formulas in Preservation projects that help ensure adequate funding for staff.
 - BAHFA’s Equity Opportunities: The Challenges and Opportunities sections are revised to add language reflecting stakeholder recommendations on additional actions BAHFA can take to advance the Equity Objectives, including demonstrating strong leadership, engaging in regional collaboration, and continually evaluating its program impacts.

[Equity Framework and Funding Program Documents:](#)

Upon the approval of the ABAG Executive Board and BAHFA Board, BAHFA will structure the Business Plan into these component parts for publication:

Equity Framework

- 1) Introduction
- 2) Objectives and Metrics: Guides and measures the impact of BAHFA’s work for each of the 3Ps and for a fourth “Cross Cutting” category for items that advance all 3Ps or do not fit squarely within any one of the separate categories.
- 3) Regional Leadership and Technical Assistance: Provides strategies for expanding, diversifying and strengthening the region’s housing ecosystem.

May 11, 2023

Agenda Item 7.a.

BAHFA Business Plan Equity Framework and Funding Programs

- 4) **Accountability and Implementation Strategies:** Looks forward to future cycles of evaluation, program design and engagement with local jurisdictions and impacted communities to ensure broad accountability.
- 5) **Social Equity Goals:** Articulates a long-term, aspirational vision for an equitable future of housing in the Bay Area.
- 6) **Appendix:** Includes a comprehensive Stakeholder Engagement Report.

Funding Programs

- 1) **Executive Summary**
- 2) **Funding Programs Description:** Provides a detailed financing strategy for each of the 3Ps and for an Innovation Program that aims to expand the range of financeable projects. Addresses the key objectives of each program and outlines recommended terms to help meet those objectives.
- 3) **Appendix:** Provides an analysis of the current 3Ps funding landscape and financing ecosystem. Discusses regional housing needs and opportunities that informed the Funding Programs.

Issues:

The last component of the Business Plan is a Revenue Analysis and Recommendations for Organizational Sustainability and Operations. The Business Plan consulting team expects to present an update on the business planning components to the Committee and Board for review in late summer/early fall 2023. Upon approval, the final, complete Business Plan will be presented for Committee and Board approval by December 2023.

May 11, 2023

Agenda Item 7.a.

BAHFA Business Plan Equity Framework and Funding Programs

Recommended Action:

The BAHFA Oversight Committee is requested to recommend approval of the BAHFA Business Plan Equity Framework and Funding Programs by the BAHFA Board and the ABAG Executive Board acting as the Executive Board to BAHFA.

Attachments:

- A. Presentation
- B. Final Equity Framework
- C. Equity Framework Appendices
- D. Funding Programs Executive Summary
- E. Production Program Description
- F. Innovation Program Description
- G. Preservation Program Description
- H. Protection Program Description

Reviewed:



Andrew Fremier