

Bay Area Housing Finance Authority BAHFA

June 28, 2023

Agenda Item 3b - 23-0850

Bay Area Housing Finance Authority (BAHFA)

Resolution No. 29 Fiscal Year (FY) 2023-24 Operating Budget

Subject:

Adoption of BAHFA Resolution No. 29 approving the BAHFA FY 2023-2024 Operating Budget.

On May 24, 2023, staff presented the draft FY 2023-24 Operating Budget to the Authority. The budget proposed for adoption and described below incorporates an anticipated grant for \$2.5 million to support development and launch of the full-function Bay Area regional Doorway Housing Portal to help housing seekers across nine jurisdictions in the Bay Area find housing. The proposed budget reflects a corresponding increase in the Pilot Operational Costs of \$2.5 million.

Background:

The Bay Area Housing Finance Authority (BAHFA) was established in October 2019 to provide a regional financing mechanism for affordable housing production, preservation, and tenant protections in the San Francisco Bay area region, including charter cities. In April 2022, the Metropolitan Transportation Commission (MTC) transferred a \$20 million grant from the State of California to BAHFA to fund ongoing operations.

The FY 2022-23 BAHFA Operating Budget approved by the Authority board reflected a multi-year program budget which included the entire \$20 million of grant funding. In contrast, the FY 2023-24 reflects an annual program operating budget with remaining funding to be included in future fiscal year budgets.

On March 22, 2023, the BAHFA Board approved a fund transfer from the MTC for \$43 million in Regional Early Action Planning (REAP) 2.0 grant funding (MTC Resolution No. 4565), which included the approval of two new pilot projects: the Housing Preservation Pilot and the Priority Sites Pilot.

On May 24, 2023, MTC adopted Resolution No. 4578, approving a proposal to repurpose \$5 Million in Transit Oriented Affordable Housing funds (TOAH Exchange Fund) for a new Rental Assistance pilot project.

The Bay Area Housing Finance Authority Leadership Fund was established in 2022 to support the mission of BAHFA. The proposed FY 2023-24 budget includes an anticipated \$2.5 million

grant to the BAHFA Leadership Fund that will be transferred to BAHFA to support development of the regional Doorway Housing Portal.

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

The proposed FY 2023-24 operating budget includes a total of \$58,962,065 in revenue, as described in the table below:

Revenue	Draft FY 2023-24 Budget
State of California Housing Community Development	\$8,268,739
Transit-Oriented Affordable Housing (TOAH) Exchange Fund	5,000,000
MTC Transfer: Regional Early Action Planning (REAP) 2.0	43,000,000
Transfer from BAHFA Leadership Fund	2,500,000
Interest Income	193,326
Total Revenue	\$58,962,065

The proposed FY 2023-24 draft budget includes \$58,768,739 in expenses. While BAHFA’s budget programs the full \$48 million being transferred from MTC, actual expenditures may occur over several fiscal years as the different pilot programs are implemented. A summary of the FY 2023-24 budget is provided below:

DRAFT FY 2023-24 EXPENSES	
Staff Salaries	\$1,358,488
Staff Benefits	577,358
Overhead	967,923
Pilot Operational Costs	6,500,000
Housing Preservation Pilot	15,000,000
Priority Sites Pilot	27,683,569
Rental Assistance Program	5,000,000
Polling	150,000
Legal	900,000
Business Plan	500,000
Audit/Accounting/Other	34,950
Travel/Training/Public Hearings	29,250
Board Stipends	67,200
Total Expenses	\$58,768,739

BAHFA Pilot Programs: Project Cost Estimates

- 1) Doorway: Total BAHFA staff time + additional grant resources: approximately \$7,150,000. This pilot program involves significant costs for development of the database and customer relationship management systems, as well as multi-jurisdictional coordination, planning and program integration.
- 2) Preservation: Total BAHFA staff time + additional grant resources: approximately \$3,910,000. Staff have also secured a Breakthrough Grant from the Partnership for the Bay's Future, which enables a two-year Preservation Fellow to assist the Preservation Principal. The approximate value of this fellowship is \$500,000, bringing total Preservation resources to approximately \$4.4 million.
- 3) Pipeline: Total BAHFA staff time + additional grant resources: approximately \$765,000. The Pipeline creation will provide a comprehensive summary of the Bay Area's pending and in-construction affordable developments to facilitate data-driven resource coordination.
- 4) Anti-Displacement: Total BAHFA staff time + additional grant resources: approximately \$2,225,000. Through this pilot, BAHFA staff seek to create an action plan for long-term anti-displacement work that is specifically focused on protecting households' existing residencies. It will be implemented in conjunction with the Preservation Pilot but will highlight tenant protections rather than acquisitions and rehabilitation work.
- 5) Homelessness Prevention Pilot: Total BAHFA staff time + additional grant resources: approximately \$2,225,000. In conjunction with the Anti-Displacement Pilot, this pilot will focus on long-term collaborative, region-wide actions BAHFA can lead with key stakeholders to better protect Bay Area residents from many of the events that lead to homelessness.
- 6) Housing Preservation Pilot: \$15 Million of the transferred \$43 Million Grant will be used to provide financing to nonprofit developers and community land trusts for acquisition and rehabilitation of occupied properties to establish long-term affordability, with the goal of stabilizing at least 60 households.
- 7) Priority Sites Pilot: \$28 Million of the transferred \$43 Million Grant will be used to accelerate regionally significant affordable or mixed-income housing projects that leverage public land or the redevelopment of aging malls/office parks – two of the most impactful Housing Strategies in Plan Bay Area 2050. In addition to establishing a pipeline of locally-prioritized, regionally significant sites in transit-rich areas, the program would deliver predevelopment funding directly to projects that advance multiple regional goals (affordability, climate, equity, etc.) and demonstrate success factors such as local support, a clear path to entitlements, and a realistic financing plan. The program could also explore alignment with other state and regional funding sources to expedite project delivery and effectively leverage other sources of capital.
- 8) Rental Assistance Pilot: Utilizes \$5 Million Transit Oriented Affordable Housing exchange funding in order to create longer term rental assistance to help decrease the current homeless population.

Recommendations:

Staff recommends approval of Resolution No. 029 authorizing the BAHFA FY 2023-24 Operating Budget.

Attachments:

- Attachment A: BAHFA Resolution No. 029 FY 2023-24 Operating Budget
- Attachment B: Presentation



Andrew B. Fremier

Date: June 28, 2023
Referred By: BAHFA

ABSTRACT
Resolution No. 029

This resolution approves BAHFA's Fiscal Year (FY) 2023-24 Operating Budget.

Further discussion of this subject is contained in the Summary Sheet dated June 28, 2023 for the Bay Area Housing Finance Authority.

Date: June 28, 2023
Referred By: BAHFA

RE: Approval of BAHFA FY 2023-24 Operating Budget

BAY AREA HOUSING FINANCE AUTHORITY
RESOLUTION NO. 0029

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

WHEREAS, BAHFA's mandate is to create new financing tools, policy initiatives and collaborative partnerships across the nine-county Bay Area to promote housing affordability and address the region's housing crisis; and

WHEREAS, the State of California, through its Budget Act of 2021 (Assembly Bill 128; SEC. 273), provided \$20 million to the Metropolitan Transportation Commission to enable the development of BAHFA's programming and to hire BAHFA staff; and

WHEREAS, MTC is in receipt of those funds and seeks to deploy them in pursuit of BAHFA's mission to provide programs, resources and technical assistance throughout the Bay Area that achieve the "3 Ps": 1) protection of current residents from displacement; 2) preservation of existing affordable housing; and 3) production of new housing at all income levels, especially affordable housing; and

WHEREAS, MTC and ABAG staff have developed a FY 2023-24 budget, as presented to the Authority on June 28, 2023 and memorialized in the accompanying Summary Sheet, that includes the launch of five 3P pilot programs; hiring of 6 term-limited, full-time staff; expansion of a previously approved, competitively procured business consulting contract to enable additional research and development; and funding of other expenses that will enable BAHFA to promote and secure significant future funding and fully operationalize its goals for the benefit of the Bay Area;

NOW, THEREFORE, BE IT RESOLVED, that the Bay Area Housing Finance Authority hereby adopts its FY 2023-24 operating budget, attached hereto as Attachment A; and be it further

RESOLVED, that this resolution shall be effective upon adoption.

BAY AREA HOUSING FINANCE AUTHORITY

Alfredo Pedroza, Chair

The above resolution was entered into by the Bay Area Housing Finance Authority at a duly called and noticed meeting held in San Francisco, California and at other remote locations, on June 28, 2023.

Date: June 28, 2023
Referred By: BAHFA

Attachment
Resolution No. 029

ATTACHMENT

BAY AREA HOUSING FINANCE AUTHORITY FY 2023-2024 Budget

**BAY AREA HOUSING FINANCE AUTHORITY (BAHFA)
FY 2023-24 OPERATING BUDGET**

BAHFA Resolution No. 29
Date: 06/28/2023
W.I.: 1620

REVENUE-EXPENSE SUMMARY

	Actuals as of 02/28/2023	FY 2022-23 Approved	FY 2023-24 Draft	Change \$ Increase/(Decrease)	Change % Increase/(Decrease)
Total Operating Revenue	\$ 145,507	\$ 18,328,710	\$ 58,962,065	\$ 40,633,355	221.7%
Total Operating Expense	\$ 1,334,049	\$ 18,328,710	\$ 58,768,739	\$ 40,440,029	207.0%
Total Operating Surplus/(Deficit)	\$ (1,188,542)	\$ -	\$ 193,326	\$ 193,326	0.0%
Transfer From/(To) Reserves	\$ -	\$ -	\$ 193,326	\$ 193,326	0.0%

REVENUE DETAIL

	Actuals as of 02/28/2023	FY 2022-23 Approved	FY 2023-24 Draft	Change \$ Increase/(Decrease)	Change % Increase/(Decrease)
Operating Revenue					
State of California Housing Community Development	\$ -	\$ 18,328,710	\$ 8,268,739	\$ (10,059,971)	-54.9%
Transit-Oriented Affordable Housing (TOAH) Exchange Fund	-	-	5,000,000	5,000,000	N/A
MTC Transfer: Regional Early Action Planning (REAP) 2.0	-	-	43,000,000	43,000,000	N/A
BAHFA Leadership Fund Transfer	-	-	2,500,000	2,500,000	N/A
Interest and Other Revenue	\$ 145,507	\$ -	\$ 193,326	\$ 193,326	N/A
Total Operating Revenue	\$ 145,507	\$ 18,328,710	\$ 58,962,065	\$ 40,633,355	221.7%

EXPENSE DETAIL

	Actuals as of 02/28/2023	FY 2022-23 Approved	FY 2023-24 Draft	Change \$ Increase/(Decrease)	Change % Increase/(Decrease)
Expense					
Salaries and Benefits	\$ 835,187	\$ 6,169,786	\$ 1,935,846	\$ (4,233,940)	-68.6%
Overhead	406,318	3,106,264	967,923	(2,138,341)	-68.8%
Pilot Operational Costs	20,000	4,500,110	6,500,000	1,999,890	44.4%
Regional Early Action Planning (REAP) 2.0 Preservation Loans	-	-	15,000,000	15,000,000	0.0%
Regional Early Action Planning (REAP) 2.0 Priority Sites	-	-	-	-	-
Predevelopment Loans	-	-	27,683,569	27,683,569	0.0%
Rental Assistance Program	-	-	5,000,000	5,000,000	0.0%
Housing Measure Polling	-	-	150,000	150,000	0.0%
Ballot Measure Costs	-	3,000,000	-	(3,000,000)	-100.0%
Legal	44,123	1,000,000	900,000	(100,000)	-10.0%
Business Plan	-	500,000	500,000	-	0.0%
Audit/Accounting/Other	25,662	33,650	34,950	1,300	3.9%
Conference/Training Fees	750	-	14,000	14,000	0.0%
Travel Expense	8	-	250	250	0.0%
Public Hearings	-	-	15,000	15,000	0.0%
Board/Commission Member Stipend	2,000	18,900	67,200	48,300	255.6%
Total Operating Expense	\$ 1,334,049	\$ 18,328,710	\$ 58,768,739	\$ 40,440,029	220.6%

TRANSFER DETAIL

	Actuals as of 02/28/2023	FY 2022-23 Approved	FY 2023-24 Draft	Change \$ Increase/(Decrease)	Change % Increase/(Decrease)
Transfer In/(Out)					
Transfer In/(Out) MTC	\$ -	\$ -	\$ 48,000,000	\$ 48,000,000	N/A
Transfer In/(Out) BAHFA Leadership Fund	\$ -	\$ -	\$ 2,500,000	\$ 2,500,000	N/A
Total Transfers	\$ -	\$ -	\$ 50,500,000	\$ 50,500,000	N/A

BAHFA ADMINISTRATION GRANT SUMMARY — DRAFT

Grant Number	Fund Source No.	Grant Name	Grant Award	Actuals as of 02/28/2023	FY 2023-24 Staff Budget	FY 2023-24 Consultant Budget	Remaining Balance	Expiration Date
21-GFD-012	2409	California Housing Community Development (HCD)	\$ 20,000,000	\$ 1,334,049	\$ 2,587,339	\$ 5,584,950	\$ 10,493,663	N/A
XXXX	TOAHEX	Transit-Oriented Affordable Housing (TOAH) Exchange Fund	5,000,000	-	-	5,000,000	-	N/A
XXXX	RP20	California Housing Community Development (HCD) - Regional Early Action Planning (REAP) 2.0	43,000,000	-	316,431	42,683,569	-	06/30/2027
XXXX	XXXX	BAHFA Leadership Fund Transfer	2,500,000	-	-	2,500,000	-	N/A
		Total	\$ 70,500,000	\$ 1,334,049	\$ 2,903,770	\$ 55,768,519	\$ 10,493,663	

BAHFA CONTRACTUAL SERVICES SUMMARY - DRAFT

Description/Purpose	Actuals as of 02/28/2023	FY 2022-23 Approved	FY 2023-24 Draft	Change \$ Increase/(Decrease)
Contractual Services				
Pilot Operational Costs	\$ 20,000	\$ 4,500,110	\$ 6,500,000	\$ 1,999,890
Regional Early Action Planning (REAP) 2.0 Preservation Loans	-	-	15,000,000	15,000,000
Regional Early Action Planning (REAP) 2.0 Priority Sites Predevelopment Loans	-	-	27,683,569	27,683,569
Rental Assistance Program	-	-	5,000,000	5,000,000
Housing Measure Polling	-	-	150,000	150,000
Ballot Measure Costs	-	3,000,000	-	(3,000,000)
Legal	44,123	1,000,000	900,000	(100,000)
Business Plan	-	500,000	500,000	-
Audit/Accounting/Other	25,970	33,650	34,950	1,300
Total Contractual Services	\$ 90,093	\$ 9,033,760	\$ 55,768,519	\$ 46,734,759