

AB 1487 (Chiu) Overview & Implementation Considerations

January 31, 2020

MTC & ABAG Workshop



ASSOCIATION OF BAY AREA GOVERNMENTS
METROPOLITAN TRANSPORTATION COMMISSION

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

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



Senior housing



Affordable housing preservation



ASSOCIATION OF BAY AREA GOVERNMENTS
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MTC/ABAG Requested Amendments Were Largely Incorporated into Final Bill

Governance

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

Revenue options

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

Start-up funding

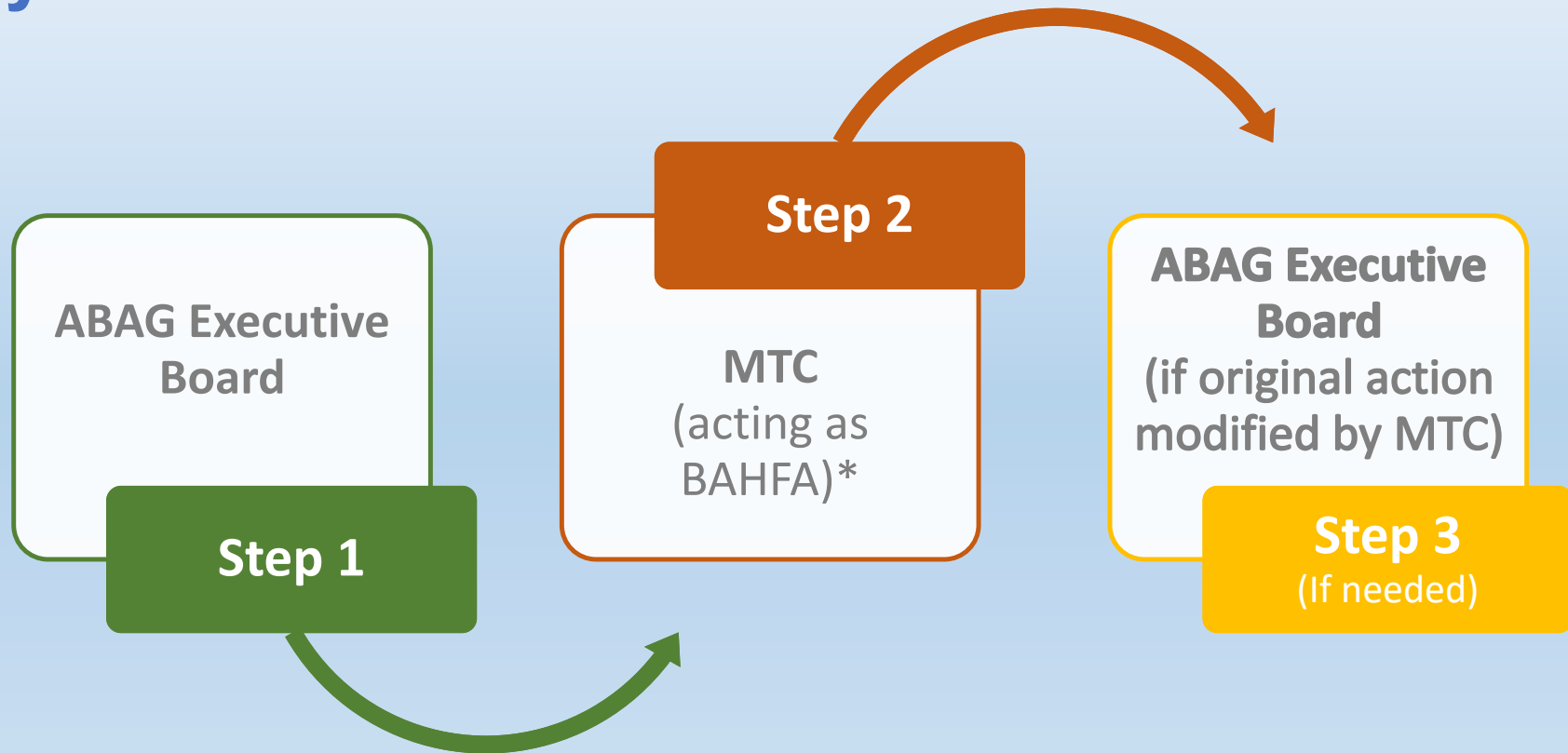
- Not expressly provided for in legislation but FY 2019-20 State Budget trailer bill funding provides one-time funds to ABAG in near term for housing-related planning work.

Revenue Distribution

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



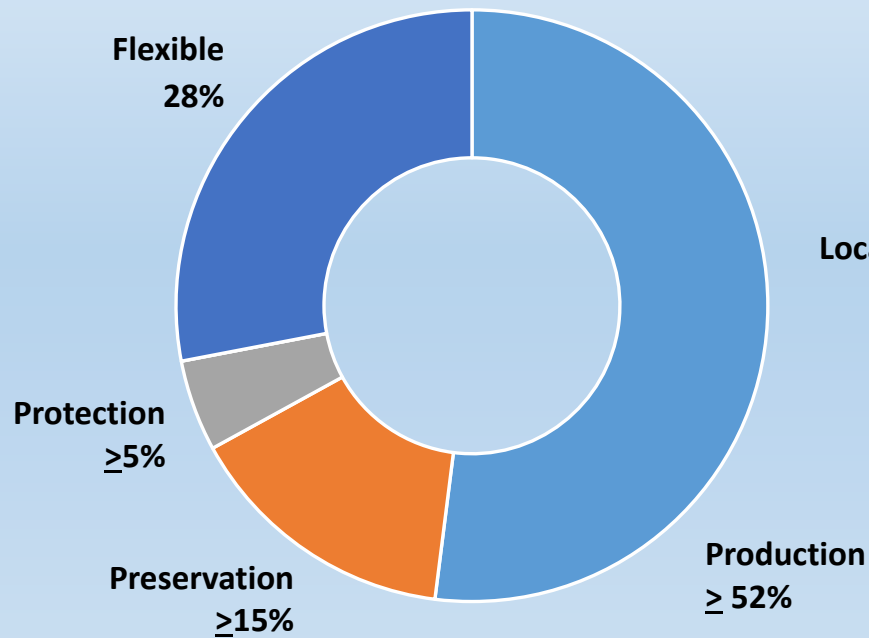
AB 1487 Decisions Require Joint Approval by ABAG and MTC



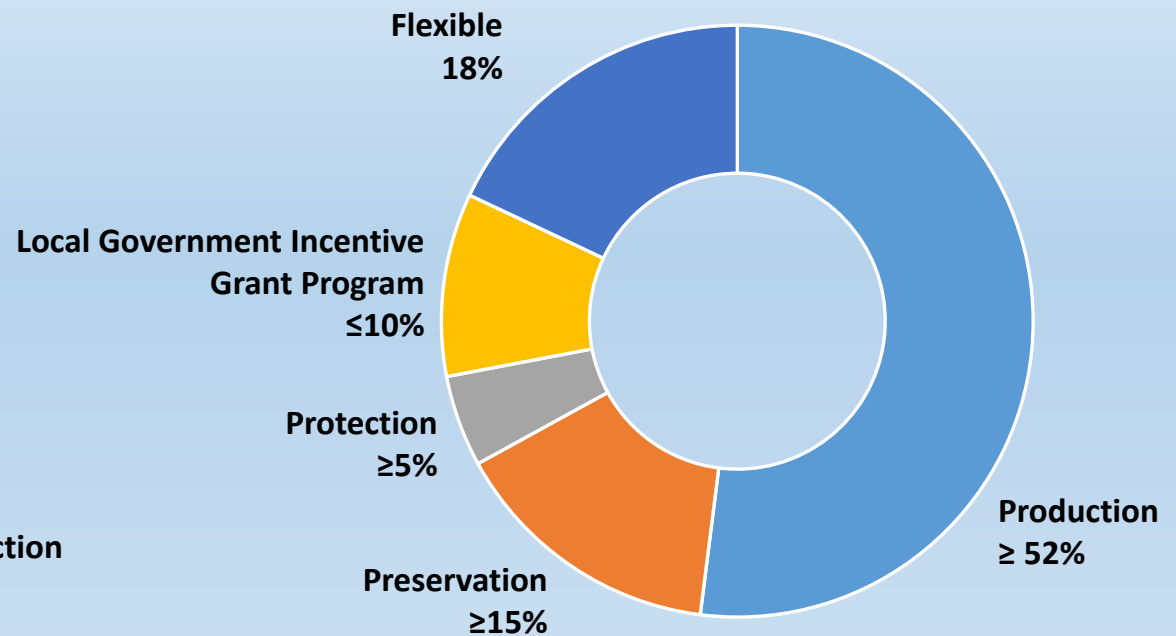
* AB 1487 establishes the Bay Area Housing Finance Authority (BAHFA) with the same board and staff as MTC (like the Bay Area Toll Authority) to serve as the entity through which MTC's roles in the legislation are conducted, including its financial responsibilities, such as bond issuance. ⁴

Regional and County Housing Expenditures Under AB 1487 (Chiu)

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



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



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

What Would be Funded?

Definitions of “Production” & “Preservation”

Production

- Restricted to lower income households for at least 55 years
- Eligible for “development costs” consistent with current state law, including land acquisition, land improvements, construction, rehabilitation, engineering, surveys, etc.
- “Low-income” defined as at or below 80% AMI

Preservation

- Restricted to low or moderate income households for at least 55 years (up to 120% AMI)
- May be used to acquire, rehabilitate and preserve existing housing units restricted for affordability and market rate housing
- Requires equivalent number of units at an affordable rent or cost for existing residents in the event of demolition

Anti-displacement provisions applicable to both programs, including relocation benefits and right-of-first refusal in the event of demolition.

Slide 6

RL1

Rebecca Long, 1/27/2020

Local Government Grant Program

- Flexible program subject to ABAG and BAHFA guidelines developed in consultation with advisory committee
- Eligible Uses (*not exclusive*)
 - **Infrastructure** to support housing and related uses, including **transportation, schools and parks**
 - **Homeless** shelters and infrastructure to support shelters
 - Low and moderate-income **home-ownership** programs
 - Residential rehabilitation loan programs, including **mobile homes**
- Note that eligible activities is narrower in the case of a bond measure, which must be spent on capital expenditures.

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

FUNDING

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

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

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

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

Public Input & Oversight

- A **nine-member public advisory committee** would provide input on funding guidelines and overall program implementation with expertise in affordable housing finance and development, tenant protection and housing preservation.
- BAHFA must encourage participation by a **broad range of stakeholders** and to hold a public meeting on key plans and programs at least 30 days before taking action.
- BAHFA must **annually report to Legislature** on expenditures at the regional and county levels, including a description of projects funded, households served and distribution across the 3Ps.



Estimated County Funding from a \$10 Billion Bond (Illustrative – given NPH/Enterprise interest in a G.O. bond)

- Note - with a bond measure, tenant protection services are not be an eligible expense, so the 5% category is not listed. New funding presents opportunities to partner with others on tenant protections.

County	Total Estimate (Min. 80% return to source by county)	Minimum Housing Production (52%)	Minimum Housing Preservation (15%)	Flexible Remainder** (33%)
Alameda*	\$ 1,343	\$ 698	\$ 201	\$ 443
Contra Costa	\$ 952	\$ 495	\$ 143	\$ 314
Marin	\$ 357	\$ 186	\$ 54	\$ 118
Napa	\$ 182	\$ 95	\$ 27	\$ 60
San Francisco	\$ 1,208	\$ 628	\$ 181	\$ 399
San Mateo	\$ 1,047	\$ 544	\$ 157	\$ 345
Santa Clara*	\$ 2,242	\$ 1,166	\$ 336	\$ 740
Solano	\$ 255	\$ 132	\$ 38	\$ 84
Sonoma	\$ 414	\$ 215	\$ 62	\$ 136
Grand Total	\$ 8,000	\$ 4,160	\$ 1,200	\$ 2,640

Estimated Regional Funding from a \$10 Billion Bond

Dollars in millions

Regional Funding Total	Production	Preservation	Local Grant Program	Flexible Remainder
\$2,000	\$1,040	\$300	\$200	\$660



Comparison with Other Successful Bay Area City & County Housing Measures

Measure	Date	Estimated Total Revenue
S.F. - Proposition A	Nov. 2015	\$310 million bond
Alameda County – Measure A1	Nov. 2016	\$580 million bond
Santa Clara County - Measure A	Nov. 2016	\$950 million bond
San Mateo County – Measure K	Nov. 2016	\$85 million/year; 1/2-cent sales tax
S.F. - Proposition C*	Nov. 2018	\$300 million/year gross receipts tax*
North Bay City Hotel Taxes**	Nov. 2018	\$5 million/year
City of Berkeley - Measure O	Nov. 2018	\$135 million bond
S.F. - Proposition A	Nov. 2019	\$600 million bond

* Under legal challenge related to vote threshold required

**Includes Calistoga, St. Helena, City of Napa and Yountville

An aerial photograph of a coastal region, likely San Francisco. The image shows a large body of water (the bay) on the left, surrounded by steep, green mountains. Urban areas are visible along the coast and in the valleys. The text "Context for a Potential November 2020 Regional Measure" is overlaid in white on the left side of the image.

Context for a Potential November 2020 Regional Measure

Bay Area County Tax Measures on Ballot in March 2020

Jurisdiction (County)	Purpose	Tax Amount/Type
Alameda	Children's health and child care	1/2-percent sales tax
Contra Costa	Transportation	1/2-cent sales tax
Marin	Wildfire prevention	Parcel tax
Marin and Sonoma	SMART train	Renewal: 1/4-cent sales tax
Napa	Water, parks and open space	1/4-cent sales tax
San Francisco	Small business assistance	Vacancy tax
Santa Clara	Affordable housing	Real property transfer tax on sales of \$2 million or more
Sonoma	Firefighting	1/2-cent sales tax

A Crowded November 2020 Ballot – Potential Measures

Jurisdiction	Purpose	Tax Amount/Type
State	Resilience/Park Bond	General Fund bond
State	Schools & Local Government	Property Tax (commercial property would be taxed at its market value)
S.F., Santa Clara & San Mateo County	Caltrain	1/8-cent sales tax
Contra Costa County	General purpose	1/2-cent sales tax
Sonoma County	Transportation	1/4-cent or 1/2-cent sales tax
Numerous cities	General purpose	1/4-1-cent
Numerous cities	General purpose, infrastructure	Hotel taxes
Numerous cities	Fire prevention	Transfer tax, parcel tax

Election Logistics — Cost

- Similar to RM 2, RM 3, the S.F. Restoration Authority, AB 1487 requires that BAHFA reimburse the counties for the **incremental cost** of placing the measure on the ballot.
- Biggest variable cost factor is **length of ballot summary**, which we determine as the bill assigns preparation of summary to BAHFA.
- Statute provides that cost shall be reimbursed from measure's proceeds if it passes, or out of any ABAG or MTC funding source if it fails, including proceeds provided by another public or private entity.

Feedback from County Registrars on Potential Cost of a Regional Measure in Nov. 2020

- Increase in voter registration will affect cost due to number of voter info guides that have to be printed, but savings possible with a shorter ballot summary.

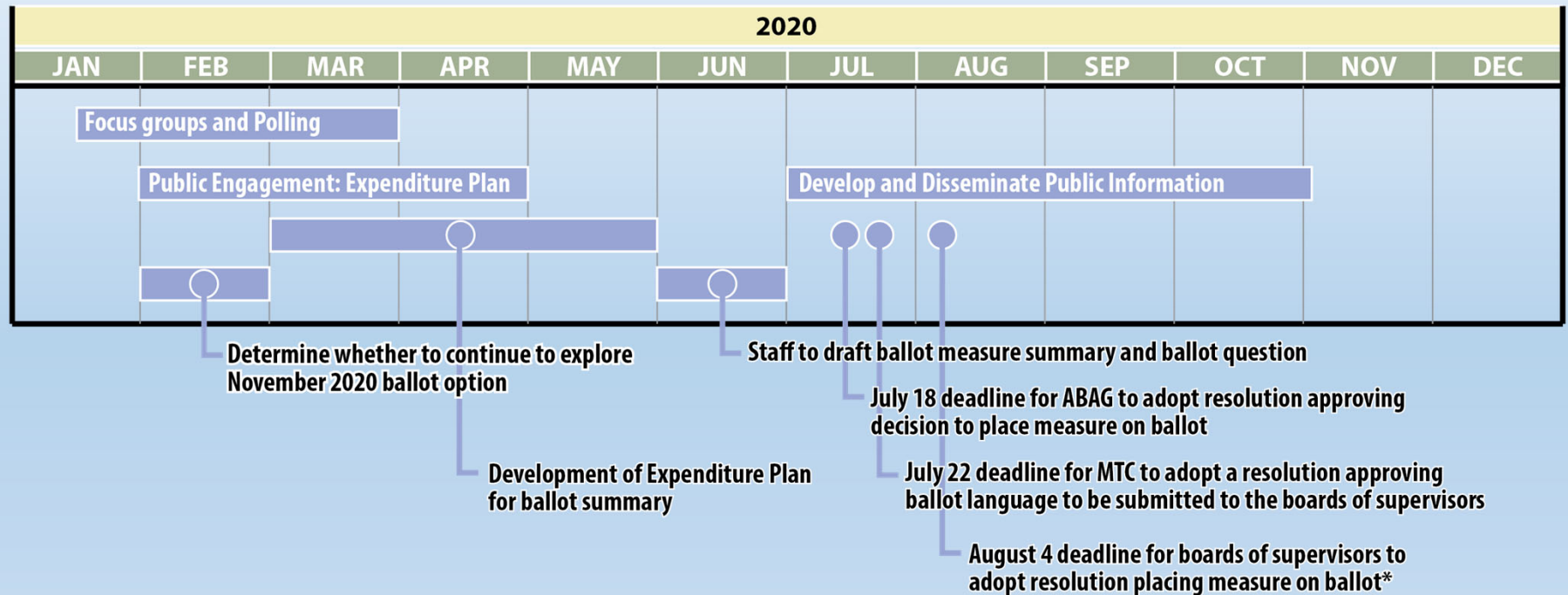
County	RM 3 Cost	November 2020 Potential Cost
Alameda	\$ 720,140	Six-fold increase - \$4.5 million (this stood out as an outlier)
Contra Costa	\$ 993,607	No response to date
Marin	\$ 116,778	Expect \$0.78/registered voter, a 4% increase over June 2018
Napa	\$ 23,980	Expect a 10-15% cost increase over 2018
San Francisco	\$ 134,866	Expect savings if ballot pamphlet limited
San Mateo	\$ 236,882	Estimate substantial savings if ballot pamphlet limited to 10 pages
Santa Clara	\$ 639,428	Expect modest savings if ballot pamphlet limited to 9 pages
Solano	\$ 165,249	Expect savings if ballot pamphlet limited
Sonoma	\$ 186,523	Expect a 15% cost increase over 2018
Total	\$ 3,217,452	TBD...keeping pamphlet shorter will limit costs, but Alameda County creates major uncertainty.

Potential Funding Sources for Election Cost *For Discussion Purposes*

- Allocation from FY 2020-21 State Budget (under development now)
- Philanthropic or other private sector contribution
- Cost sharing with counties
- ABAG/MTC Contributions
 - ABAG Dues Increase
 - MTC General Fund

Election Logistics — Schedule

AB1487 Timeline



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

Proposed Next Steps

- Review results from focus groups and second round of polling and determine if additional polling is needed
- Continue to explore options for paying for election costs
- Develop a public engagement/outreach strategy preceding finalization of ballot measure
- Develop a regional expenditure plan framework
- Continue to monitor FASTER legislation and any proposed efforts to create a combined housing and transportation measure

