

Expenditure Plan Framework for Potential November 2020 Ballot Measure

May 14, 2020

BAHFA Interim Advisory Committee Meeting



ASSOCIATION OF BAY AREA GOVERNMENTS
METROPOLITAN TRANSPORTATION COMMISSION

Potential Measure: \$10B General Obligation Bond

- **GO Bond.** Discussion by MTC and ABAG has focused on a general obligation bond to raise \$10 billion regionally
 - GO bond is also supported by stakeholders in affordable housing community
- **Why GO Bond?** GO Bond is the only measure authorized by AB 1487 that can provide revenue at the necessary scale and do so swiftly
- **Polling of Alternatives.** Housing advocates polled other options (e.g., gross receipts tax) and concluded that GO bond was best available path
- **Future Polling.** Next round of polling that will be reviewed next week by MTC/ABAG is limited to GO bond
- **Limitations.** Significant limitation of bond revenue is that it can only be spent on capital expenditures, which does not support Protection within the “3 Ps” framework

What Can be Funded by a Bond?

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

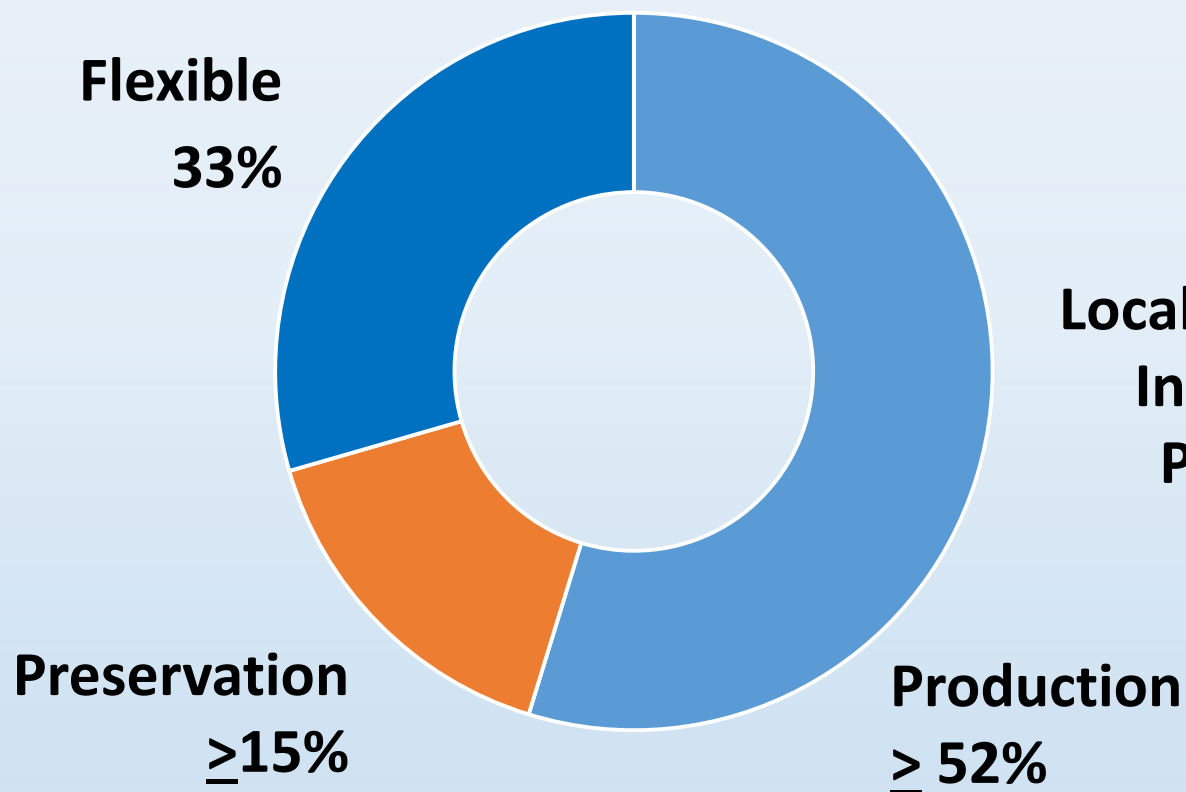
Anti-displacement provisions applicable to both programs, including relocation benefits and right-of-first refusal in the event of demolition.

Local Government Incentive Program

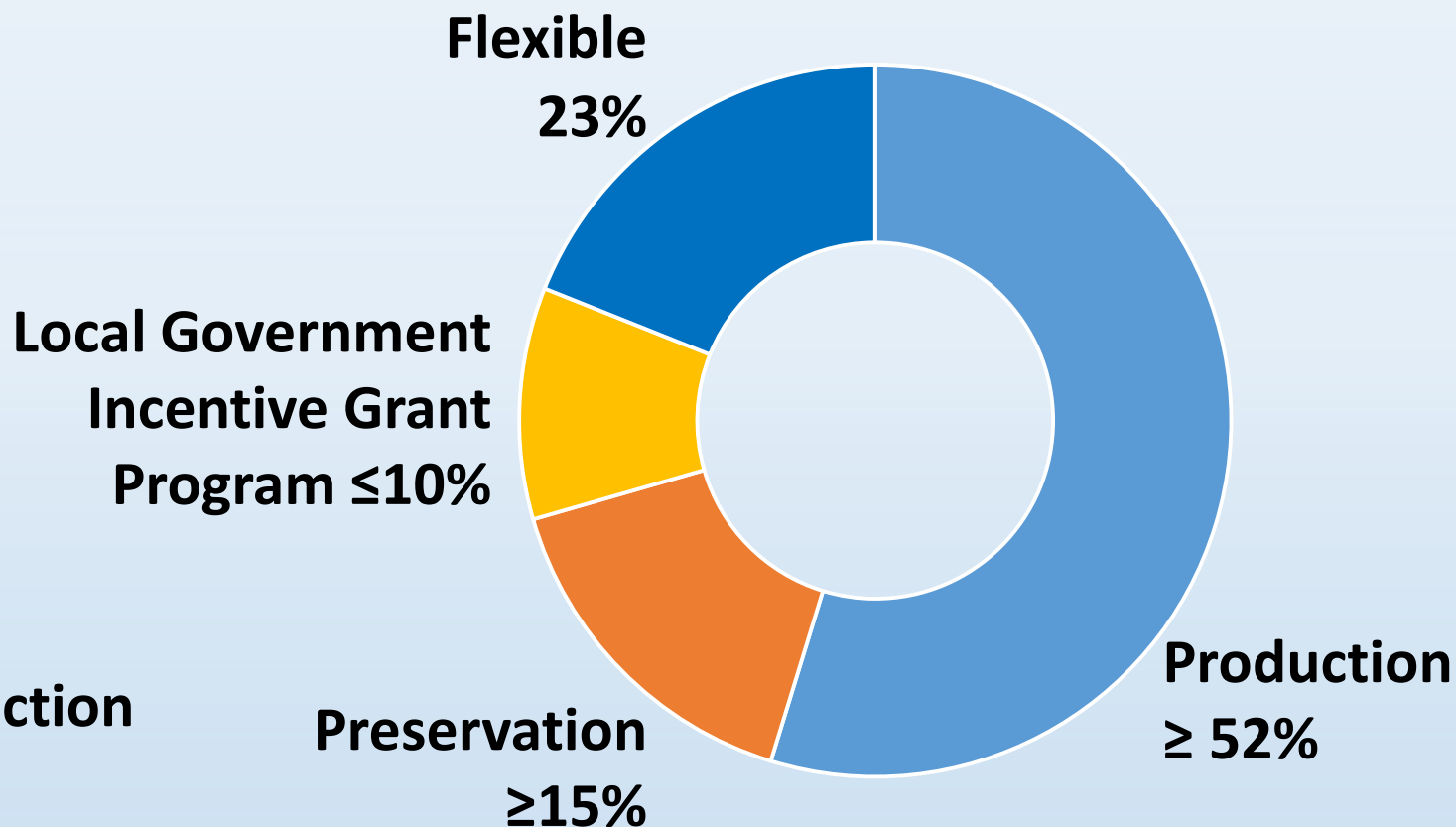
- AB 1487 authorizes up to 10% of regional funds for a “local government incentive program”
- Eligible Uses (*not exclusive*)
 - **Infrastructure** to support housing and related uses, including **transportation, schools and parks**
 - **Homeless** shelters and infrastructure to support shelters
 - Low and moderate-income **home-ownership** programs
 - Residential rehabilitation loan programs, including **mobile homes**
- Note that if revenue measure is a bond then eligible activities are limited to capital expenditures.

Regional and County Housing Bond Expenditures

County Programs $\geq 80\%$



Regional Program $\leq 20\%$



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.

Estimated County Funding from a \$10 Billion 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.

Dollars in Millions.

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	Minimum Production	Minimum Preservation	Maximum Local Grant	Maximum Flexible
\$2,000	\$1,040	\$300	\$200	\$660



Statutory Requirements for Summary of Expenditure Plan

- A. Description of the **purpose and goals** of the measure.
- B. Description of the **categories of eligible expenditures** to be funded.
- C. Estimate of the **number of affordable housing units** to be built or preserved by household income category served and a description of any **specific projects** planned to be funded.
- D. Estimate of **minimum funding levels** to be provided to different expenditure categories by county.
- E. Overview of **decision-making and oversight** provisions applicable to the funds.

For Discussion

A. Purpose and Goals of the Measure

Purpose

The purpose of the measure is to raise funding for affordable housing production and preservation in the San Francisco Bay Area, recognizing the need for a regional solution to address a regional housing crisis.

Regional funding will help address the housing crisis in the Bay Area by reducing the severe imbalance between jobs and housing and delivering resources and technical assistance at a regional scale.

Goals

- Provide critically needed funding to affordable housing projects across the Bay Area
- Provide staff support to local jurisdictions that require capacity or technical assistance to expedite the preservation and production of housing
- Monitor and report on progress at a regional scale

For Discussion

B. Categories of Eligible Expenditures Funded

Category	Eligible Expenditures
<u>Production</u>: min. 52% to produce rental housing for low- or moderate-income households	Development costs, as defined in Section 50065 of the Health and Safety Code.
<u>Preservation</u>: min. 15% to preserve of housing for low- or moderate-income households	Acquire, rehabilitate, and preserve existing housing units restricted for affordability, as well as housing from the private market, to prevent the loss of affordability.
<u>Local Gov Incentive Program</u>: max. 10%	Include: (1) Infrastructure needs associated with increased housing production; (2) Homelessness; (3) Homeownership assistance programs; (4) Mobilehome rehab & replacement.

For Discussion

C. Numbers of Affordable Units + Specific Projects

Number of Units:

- **Production**
 - 52% - 85% of funds within any 5-year period will be used for the production of new affordable housing available to households earning between 0 and 80 percent AMI.
 - This funding is estimated to produce 23,690 - 38,724 units of new affordable housing.
- **Preservation**
 - 15% - 48% of funds within any 5-year period will be used for the preservation of affordable housing available to households earning between 0 and 120 percent of AMI.
 - This funding is estimated to preserve 7,306 - 23,379 units of affordable housing.

Specific Projects:

- Not feasible to include specific projects—Numbers are very specific

For Discussion

D. Minimum Funding Levels by Category & County

Regional Funding Levels By Category

- Chart with breakout by expenditure category
- Maintain “Range Approach”
 - Production (52% - 85% = **\$1.04B – \$1.7B**)
 - Preservation (15% - 48% = **\$300M – \$960M**)
 - Local Gov Incentive Program (10% = **\$200M**)
 - Flexible Remainder (33% = **\$660M**)

Funding Levels for Each Category by County

- Chart with breakout by county AND expenditure category
- Maintain “Range Approach”
 - Production (52% - 85%)
 - Preservation (15% - 48%)
 - Flexible Remainder (33%)

For Discussion

E. Decision-Making and Oversight

- BAHFA shall be governed by the same board that governs the Metropolitan Transportation Commission.
- Advisory Committee composed of nine representatives with knowledge and experience in the areas of affordable housing finance and development, tenant protection, and housing preservation.
- Robust public participation processes, including public meeting 30-days before decision
- BAHFA Board and ABAG Executive Board shall review and approve expenditure plans and shall monitor expenditures in coordination with local jurisdictions.
- Annual report to the Legislature.
- Five-year review of implementation.
- Regular audits of BAHFA's accounts and records.