



Breaking Ground on a Transformative Regional Housing Approach Seizing the Opportunity of the Bay Area Housing Finance Authority

When we look ahead to the Bay Area in 20 or even 30 years, we see a region restructured to work for all people. A region where a living wage provides a stable, decent, home for every resident who contributes to the economy, culture, and beauty of the Bay Area. A region that is not held back by a crushing affordability and homelessness crisis. A region where we have risen to meet the challenges of today—from addressing climate change, to reckoning with persistent racial injustice, to providing the foundation of a home for all residents of the Bay Area, while ensuring our region can respond to the needs and opportunities of a dynamic future.

The Bay Area Housing Finance Authority (BAHFA) was conceived to make this future a reality. BAHFA embraces a regional approach to transform how the Bay Area advances social and racial equity and delivers on housing affordability and stability at scale. No longer is the region held back by the status quo of 109 jurisdictions each trying to solve the region's housing and homelessness crisis on their own. Through a historic partnership between local and regional Bay Area elected leaders and the California Legislature, BAHFA was established in 2019 (AB 1487, Chiu). Jointly governed by the Association of Bay Area Governments (ABAG) and the Metropolitan Transportation Commission (MTC), BAHFA is designed to advance the “3 Ps”: **protect** current residents from displacement, **preserve** existing affordable housing, and **produce** new affordable housing. BAHFA is equipped with a powerful set of funding and finance tools to be deployed efficiently, equitably, and creatively across the 9-county region, including the ability to raise substantial new housing revenue from a regional ballot measure, state or federal appropriations, and philanthropic and corporate contributions. BAHFA allows for the opportunity to, one day, be a sustainable source of affordable housing financing for the region.

Now we have the opportunity to empower the Bay Area to break ground on the transformative regional housing approach made possible with BAHFA. We need a seed investment of \$23.5 million to launch five pilot programs that will support Bay Area residents today, while putting us on the path towards long-term transformational change. These resources are essential for BAHFA to begin to achieve the goals it was designed to meet. A true public-private partnership is needed both to collectively raise resources as well as to deepen impact and ensure accountability.



An investment in BAHFA pilot programs will make a direct impact now on the lives of thousands of Bay Area families who are seeking a safe and affordable home. Through **preservation**, hundreds of families can stay in their community and are no longer faced with the threat of eviction. A robust **homeless prevention** strategy will open up new opportunities to attract and leverage millions of dollars in private funds and effectively integrate state and federal prevention dollars so thousands of families do not find themselves on the streets. **Rental assistance** programs that are coordinated and equitably deployed across the region will help thousands of families get the bridge support they need to make rent payments and provide food, medicines and other essentials their families need. **Doorway**, a simple way for residents to find and apply for affordable homes across the region, means no longer spending days and months navigating an arcane system just to know whether affordable housing opportunities are available. And lastly, a robust finance strategy for how to unlock the 25,650 affordable homes in the **development pipeline** that can house over 352,000 individuals and families for decades to come.

BAHFA Regional Pilot Programs

- **Preservation Strategy:** financing and technical assistance to support and scale anti-displacement efforts
- **Homelessness Prevention System:** integrated resources and services to keep people housed
- **Rental Assistance Network:** coordination and best practices for effective deployment of rental assistance
- **Doorway:** online platform to connect residents to opportunities for affordable homes across the region
- **Affordable Housing Pipeline:** database to track the production and preservation of affordable homes

BAHFA will put the region on a new path that breaks ground on a holistic, regional strategy. BAHFA will build capacity to implement housing programs throughout the Bay Area across the 3Ps—protection, preservation, and production—and efficiently administer significant resources in the future. BAHFA will deepen partnerships by collaborating with local elected officials, housing agencies, and housing organizations, allowing for greater impact. BAHFA will also build the support for future ballot measures by demonstrating that a regional approach with measurable impacts is the way to solve our region’s affordable housing and homelessness crisis.

Preservation Strategy

Financing and technical assistance to support and scale anti-displacement efforts

Veronica Clay and her family have lived in a 16-unit apartment complex on Hilton Street in East Oakland for four years. Built in 1965, the apartments have received minimal updates over the years. Veronica has been frustrated with deferred maintenance: “I have been through two owners and have dealt with empty promises and patch-up work.” Historically, her landlords have charged below market rents, but without legal affordability restrictions, the residents—who are predominantly low-income residents of color—have been subject to the threat of rent hikes or eviction. This has been exacerbated by the economic pressures brought on by COVID-19. Veronica was relieved when the Northern California Land Trust (NCLT) bought the building in September 2020. NCLT’s acquisition of the property on Hilton Street has established permanent affordability for Veronica and her neighbors and provides the opportunity to finally address rehabilitation needs. NCLT is also working with their community to explore a pathway to collective ownership of the property. “Not once have I felt the reassurance or hope that I have with NCLT. Finally, someone that understands our situation in these trying times is on our side. I’m ecstatic about the changes coming,” says Veronica.

Meeting the Challenge. Similar to Veronica before NCLT acquired her apartment complex, over 280,000 low-income Bay Area households—the overwhelming majority of low-income households—live in private rental homes. Many of these households are vulnerable to displacement—often due to rising rents or eviction. For Black and Indigenous People of Color (BIPOC), the risk of being evicted is nearly twice as high as that of white people. Research also shows that households displaced from their homes are significantly more likely to experience homelessness in subsequent years.¹ Before the COVID-19 pandemic, the region was losing the affordability of about 32,000 of these unsubsidized affordable homes each year.² The current financial distress ushered in by the COVID-19 pandemic only exacerbates this risk. This harms not only individual families, but communities are frayed and become less diverse. Despite the dire need, preservation of homes, like the apartment complex on Hilton Street, is not common practice. Preservation lacks significant funding and investment in the practitioners doing this work, often small developers and community-based organizations led by and serving people of color.

Piloting Solutions. To help stop the rampant displacement and gentrification that has been displacing low-income BIPOC communities, BAHFA will restructure existing regional preservation finance tools, MTC’s Bay Area Preservation Pilot (BAPP) and ABAG’s Bay Area Regional Energy Network (BayREN), for greater impact, which will directly result in the preservation of 150-200 homes as it prepares to reach scale. Through the restructuring of these funds, MTC and BAHFA will assume financial oversight and compliance of affordable homes for the first-time, serving as a valuable test-run for administering future capital resources. BAHFA will also pilot two technical assistance collaboratives: one for local jurisdictions to design effective preservation policies and programs and another for developers and community-based organizations to build their expertise in finance, real estate, and resident engagement.

Creating Transformational Change. This pilot program readies the region for preservation to become a more prevalent and widespread strategy which will prevent long-time residents—many who are low-income people of color—from being displaced, ensure long-term affordability, and maintain the diversity of Bay Area communities. Through this increased capacity, BAHFA will be poised to preserve potentially tens of thousands of homes with an influx of new capital resources.



Residents at NCLT’s Hilton Street in Oakland project gather for a community meeting to discuss collective ownership of their property.

Homelessness Prevention System

Integrated resources and services to keep people housed

At the beginning of 2020, Moira, a 58-year-old cancer survivor was forced to leave her employment and quarantine at home due to her high vulnerability to COVID-19. With no way to work remotely and no family to offer support, she was quickly unable to pay rent in her Oakland apartment where she has lived for nearly 8 years. Moira is one example of the hundreds of thousand Bay Area residents at risk of becoming homeless. What was unique about Moira's circumstances, however, is that she was able to receive integrated homelessness prevention support from Keep Oakland Housed, an innovative public-private partnership between Bay Area Community Services, Catholic Charities East Bay, and East Bay Community Law Center, with administrative support from the San Francisco Foundation. Moira was able to receive financial support to pay rent arrears and continue to pay the rent necessary to be protected from eviction through the duration of the State emergency eviction protections; she was assisted to negotiate partial rent forgiveness with her landlord. In addition to financial support, Moira was able to access temporary emergency food assistance and employment support through one of the program's Wellness Centers, where a team is now working closely with her to gain employment doing remote work. The model of service and resources Keep Oakland Housed provided to Moira are unique. KOH used an evidence-based risk assessment tool, which quickly prioritized Moira as someone at greatest risk of homelessness and then developed a comprehensive housing stabilization plan, weaving together multiple types of assistance with the laser-focused goal of keeping Moira in her home.

Meeting the Challenge. In several Bay Area counties, for every person who was supported in finding a home, three new people became homeless. Despite their high risk of homelessness, 88 percent of the roughly 400,000 extremely low-income households receive no form of housing assistance.³ The Covid-19 pandemic has exacerbated the impact on low-income households in a region with rates of homelessness already on the rise. Most of these residents facing the risk of homelessness do not have access to services and resources like Moira received. Current homelessness prevention efforts are limited; they are mostly an uncoordinated patchwork of programs that have inconsistent eligibility requirements, provide uneven service delivery, and may not reach households most likely to become homeless. Many local jurisdictions are so overwhelmed by the crisis of unsheltered homelessness on the streets that they do not have capacity or sufficient funding to offer homelessness prevention in a comprehensive way.

Piloting Solutions. The Regional Homeless Prevention System Pilot is an effort now underway to design and implement a coordinated homeless prevention strategy across the Bay Area. This effort is currently led by the nonprofit All Home, with BAHFA joining as a partner to design the program approach and collaborate with other stakeholders from the public sector, non-profit organizations, and philanthropy. This program will utilize evidence-based targeting with geographic focus on areas of severe housing insecurity. It will include financial assistance, legal assistance, case management, and connection to benefits, social services and community resources. It will provide multi-jurisdictional consistency in program eligibility, assessment, technology, approach, training, and evaluation. The pilot will launch in three Bay Area counties in early 2021.

Creating Transformative Change. A coordinated, evidence-based, homelessness prevention strategy across the Bay Area is a central pillar to achieve the ambitious goal of reducing unsheltered homelessness by 75% by 2024. The pilot will contribute to this goal by unlocking new opportunities to attract and leverage private funds while also advocating for and effectively integrating state and federal prevention dollars. With additional funds, BAHFA will support the expansion of the initial three-county pilot to the full nine-county Bay Area while simultaneously evaluating whether and how the agency could transition into direct management of the regional homelessness prevention system by coordinating funding to local providers to achieve regional homelessness reduction goals. All Bay Area residents stand to benefit from dramatic reductions in homelessness, ultimately saving taxpayer dollars on public health interventions, increasing neighborhood stability, and ensuring that diversity throughout the region thrives.



Regional coordination and integration can bolster the effectiveness and equity of homeless prevention efforts. Photo Credit: Enterprise Community Partners

Rental Assistance Network

Coordination and best practices for effective deployment of rental assistance

When the first shelter in place order took effect in March 2020, Laura lost her work cleaning wealthy residents' homes in Silicon Valley. She struggled to pay the rent for her home where she has lived for nearly 18 years. Because she is undocumented, Laura is ineligible for unemployment benefits, and she quickly learned how burdensome, inaccessible, and intrusive most existing rental assistance programs are, as well as how dramatically each differ from one another. As an engaged community volunteer, Laura applied to several rental assistance programs. After being denied by several programs, Laura found an opportunity, but it required a lengthy paper application only available in English and required her to provide intrusive information like how much her family spent on toilet paper and the social security numbers of all members of the household. Most discouraging, the program only provided assistance for one month. Laura then applied to an organization with Spanish-speaking staff that assisted her with three months' rent. This assistance provided Laura with the critical buffer needed to find part-time work to cover her rent and remain in her home. "I was barely able to get the help I needed, and I have English-speaking friends who supported me, and I'm familiar with nearly every nonprofit in town. I know that so many others in my community don't have the time or connections to figure out these complicated systems, or they're led to believe that they are not eligible because they don't have a social security number, bank statements, or official pay stubs. This assistance is so important—there has to be a better way," Laura explained.

Meeting the Challenge. Laura is one of millions of low-income renters who are struggling to make their rent. Estimates of COVID-related rent debt in California range from \$1.7 to \$5.6 billion just through December 2020,⁴ pointing to the need for enhanced tenant protection programs. According to December 2020 data, renters of color were more likely to be behind on rent compared to white renters with 20 percent of Asian renters, 25 percent of Latinx renters and 23 percent of Black renters in this situation.⁵ Despite an influx of COVID-relief funds from federal, state, local and private sources, disseminating these resources in a timely, equitable manner remains a challenge. First, there is no coordinated network of rental assistance providers to share best practices. Many jurisdictions and organizations must reinvent the wheel for each new round of funding, leaving under-resourced staff struggling to develop culturally competent, user-friendly programs. Second, the process to access these resources is often burdensome and unclear; many providers have different requirements and eligibility criteria. These barriers have a disproportionate impact on BIPOC residents, especially immigrants and non-native English speakers.

Piloting Solutions. BAHFA will develop a regional network of rental and mortgage assistance providers to deploy funds more efficiently and effectively. By developing standardized regional best practices and encouraging region-wide data collection and evaluation, BAHFA will ensure that Bay Area residents in greatest need of financial support to remain in their homes can access the resources they need more effectively. This involves tailoring best practices to match the varying requirements of different funding and developing regional strategies to leverage the most flexible funds for residents who otherwise face significant obstacles to accessing support.

Creating Transformational Change. By establishing this regional network pilot, BAHFA will transform disparate local service providers and jurisdictions into a unified regional voice to advocate at the state and federal levels for systemic and sustainable solutions to meet rental assistance needs. This pilot would dovetail with the regional homelessness prevention system and position BAHFA as a nexus between the rental assistance and homelessness prevention networks to promote an integrated, enhanced social safety net to keep residents in their homes and off the streets.



Rental assistance is an evidence-based strategy to keep residents housed and prevent homelessness.
Photo Credit: Enterprise Community Partners

Doorway

Online platform to connect residents to opportunities for affordable homes

When Maribel's family lost their home in the Outer Mission District due to an Ellis Act eviction, staying in San Francisco near their jobs, schools, and community seemed impossible. Maribel explained, "My fear was to be in the street with my children. We had looked for other places, but they never accepted us. With three children, they didn't accept us. [We were] desperate." Maribel applied to affordable housing in the past, without success, but this time, Maribel had two important tools on her side. First, Maribel had access to San Francisco's DAHLIA web portal, which allowed her to receive notifications about housing opportunities and apply for them in a streamlined online application. This was a stark departure from the patchwork of information and applications Maribel had navigated in the past, often with lengthy, repetitive, in-person applications. Because of the eviction, Maribel was also eligible for a Displaced Tenant Housing Preference Certificate, which, integrated with DAHLIA, applied a preference to her application. With the support of DAHLIA and the certificate, Maribel and her family were able to find an affordable home in the Mission District. Now that Maribel's family has a stable affordable home, her husband plans to start his own handyman business, and her son aspires to go to college and work in service of their community.

Meeting the Challenge. Maribel and her family benefited significantly from DAHLIA, but for most Bay Area residents the experience of finding and applying for an affordable home is difficult and burdensome. Currently outside of San Francisco, a person seeking housing needs to know where to apply for each newly available home and have the bandwidth to navigate the application process and eligibility requirements that vary by property. Many individuals and families give up on finding an affordable home because the process is too time and resource-intensive. Housing preference programs help households with special needs for placement, but they are difficult, if not impossible, to manage without the technology that DAHLIA provides.

Piloting Solutions. San Francisco was the first jurisdiction in the Bay Area to invest in a solution to make applying for and securing an affordable home easier. DAHLIA has transformed the search for finding an affordable home: people can now easily find listings in one place, determine eligibility upfront, and apply for multiple listings. DAHLIA has received over four million site visits and over 500,000 applications to date.

Building off the success of DAHLIA, Doorway would create a regional housing web-based portal that includes all nine counties of the Bay Area, providing access to affordable opportunities for the Bay Area's 7.5 million residents. BAHFA is currently a partner in this expansion effort, working closely with local jurisdictions, and will also assess opportunities to leverage BAHFA's regional position to deliver Doorway infrastructure at the regional scale.

Creating Transformational Change. Doorway will result in a simple and equitable way for residents to find and apply for affordable homes throughout the Bay Area. It can provide data to better understand the preferences and patterns of people seeking affordable homes, particularly underserved populations, which can inform housing policies and practices and attract additional resources for affordable homes.



Maribel and her children enjoy their affordable home in San Francisco's Mission District made possible through DAHLIA and a San Francisco Displaced Tenant Housing Preference Certificate.

Affordable Housing Pipeline

Regional database to track the production and preservation of affordable homes

In June 2019, a local nonprofit developer secured the needed permits and entitlements—a significant milestone in the development process—for over 120 deeply affordable family homes in Oakland. Despite support from both community members and city officials, eighteen months after receiving the entitlements, the project remains on hold due to a lack of funding. The developer has repeatedly applied for and been rejected by three different State funding programs despite meeting all funding requirements. Only once this funding has been secured can the development move forward with an application for tax credits and bonds, which are also highly competitive. Meanwhile, this community-approved development must pay holding costs such as acquisition loan interest, property taxes, and security expenses. For this nonprofit, this development is one of 23 entitled projects totaling over 2,000 affordable homes spanning seven Bay Area counties pending a feasible financial path forward.

Meeting the Challenge. This example highlights the fragmented and byzantine system of affordable housing financing in California. Each stage in the development process is fraught with a lack of certainty and financial resources, thereby increasing costs and slowing the supply of much needed affordable housing. These system failures have created an environment in which there are over 300 affordable housing developments—approximately 26,500 urgently needed homes—in various stages of pre-development. About 19,000 of these affordable homes are awaiting an estimated \$4 billion in critical gap funding.

Piloting Solutions. The first step to bring more predictability, resources, and efficiencies to the system is to create a centralized database—an Affordable Housing Pipeline—to track the production and preservation of affordable housing through the various stages of development. The Affordable Housing Pipeline would include all the affordable housing projects in the 9-county Bay Area that are in the pre-development, planning, financing, and construction stages. It would quantify the number of affordable units in the various stages of development, estimate the gap funding needed, and analyze current regional production and preservation capacity.

Creating Transformational Change. The Pipeline can create efficiencies in the finance system for affordable homes, including providing data for a regional queue for tax credits and bonds. It can help developers and local jurisdictions manage their respective pipelines. For example, San Francisco partners with local non-profits to manage its affordable housing pipeline which helps developers to know when to apply for local and State funding sources, often eliminating the need for multiple application rounds—this brings predictability and lowers overall project costs. Data from the Pipeline can be used for case-making for transformative new affordable housing funding and build support for new revenue at the regional, state, and federal levels. This critical funding can unlock the Affordable Housing Pipeline, which will result in the creation of 25,600 affordable homes that will house over 352,000 individuals and families for decades to come. It will also add to the stock of permanently affordable homes in Bay Area communities helping keep the region diverse and affordable over the long-term.

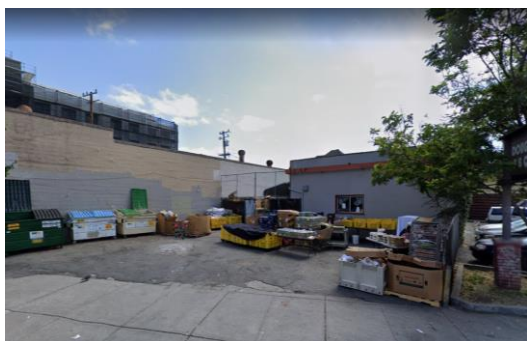


Photo Credit:
Architectural Rendering
of Nellie Hannon
Gateway: LPAS Architects

Once funding is secured, the nonprofit developer Resources for Community Development will be able to convert the infill lot (left) into the Nellie Hannon Gateway development (right), which includes 90 homes in Emeryville for individuals experiencing homelessness and low-income families.

Footnotes

¹ Marcus, Justine; and Zuk, Miriam. “Displacement in San Mateo County: California Consequences for Housing, Neighborhoods, Quality of Life, and Health.” UC Berkeley’s Urban Displacement Project. May 2017.

² Yelen, James. “Preserving Affordability, Preventing Displacement: Acquisition-Rehabilitation of Unsubsidized Affordable Housing in the Bay Area.” Enterprise Community Partners. 2020.
<https://www.enterprisecommunity.org/download?fid=13693&nid=10252>.

³ Analysis from the Turner Center, 2020.

⁴ One study prepared for the National Council of State Housing Agencies estimated that by January 2021 California renters would owe between \$3.7 and \$5.6 billion of back rent. Stout Risius Ross, LLC. “Analysis of Current and Expected Rental Shortfall and Potential Evictions in the U.S.” September 25, 2020.
https://www.ncsha.org/wp-content/uploads/Analysis-of-Current-and-Expected-Rental-Shortfall-and-Potential-Evictions-in-the-US_Stout_FINAL.pdf. A study by the Federal Reserve Bank of Philadelphia estimates accumulated California rent debt by December 2020 at nearly \$1.7 billion. Reed, Davin; and Divringi, Eileen. “Housing Rental Debt During COVID-19” Federal Reserve Bank of Philadelphia. October 2020.
<https://www.philadelphiafed.org/-/media/frbp/assets/community-development/reports/household-rental-debt-during-covid-19.pdf>.

⁵ California Housing Partnership, 2020. COVID-19 Response: Resources for California. Website:
<https://chpc.net/covid19/>