



# Affordable Housing Pipeline

Regional database to track the production and preservation of affordable homes



**The Tortuous Development Path** In June 2019, a local non-profit 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, 18 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 requirements. Only when this funding is secured can the developer apply for tax credits and bonds, which also are hard to come by.

Meanwhile, this community-approved development is subject to 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 without 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 in the Bay Area. 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 nine-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, often eliminating the need for multiple application rounds. This brings predictability and lowers overall project costs. Pipeline data also can be used to inform funding decisions for transformative new affordable housing and build support for new revenue at the regional, state, and federal levels. This critical funding can unlock the Affordable Housing Pipeline, which will create nearly 26,000 affordable homes that will house over 352,000 individuals and families for decades to come. It also will add to the stock of permanently affordable homes in Bay Area communities, helping to keep the region diverse and affordable over the long term.



Architectural Rendering of Nellie Hannon Gateway, LPAS Architects



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