



Preservation Programs Evaluation

Preservation Programs Overview

BAHFA's preservation programs preserve affordable housing for the long-term and protect low- and moderate-income residents from displacement by supporting affordable housing developers and community land trusts with the acquisition and rehabilitation of existing residential properties.

BAHFA offers funding and technical assistance to a diverse range of practitioners and project types through three core programs:

1. Welfare Tax Exemption Preservation Program (WTEPP)
2. REAP 2.0 Housing Preservation Loan Pilot (REAP 2.0)
3. Housing Preservation Project Technical Assistance Grant Program (TA Grants)

Across these three programs, BAHFA has thus far:

- Funded 14 grants and 4 loans
- Preserved 843 affordable homes through new deed restrictions, with 14 additional units anticipated by Q2 2026 with available funding
- Provided technical assistance to prospective projects, projected to preserve an additional 102 affordable homes

BAHFA Equity Framework: Preservation and Cross-Cutting Objectives

The BAHFA Equity Framework identifies the following Preservation Objectives, with several metrics to measure their success:

1. Preserve expiring-use affordable housing to prevent displacement.
2. Preserve existing unsubsidized housing and convert to permanently affordable housing.
3. Target preservation investments for most impacted residents.
4. Create opportunities for community-owned housing.

Given limited resources, BAHFA's early preservation programs have prioritized Preservation Objectives 2-4, with a particular focus on the conversion of unsubsidized affordable housing to permanently affordable housing where affordability restrictions did not already exist and residents were at the highest risk of displacement, demonstrated by the table below. BAHFA's

long-term goal is to support the full range of preservation activities, including the preservation of expiring-use affordable housing, as more significant resources become available.

Table 1: Preservation Objectives and Metrics by Program

Preservation Objective	Preservation Metric	WTEPP	REAP 2.0	TA Grants	Total
2. Preserve existing unsubsidized housing and convert to permanently affordable housing.	Number of unsubsidized homes converted to affordable housing, by affordability level	787 units restricted at 80% of AMI	56 units restricted at an average of 80% AMI + 14 units projected with available REAP 2.0 funds	102 units projected with an average proposed restriction of 66% AMI	843 units restricted 116 units projected
3. Target preservation investments for most impacted residents.	Number and percentage of homes preserved or converted in Equity Priority Communities	370 units restricted 47% of total restricted units	38 units restricted 68% of total restricted units	Not Available – properties not yet identified or acquired	408 units restricted located in EPCs, or 48% of total restricted units
4. Create opportunities for community-owned housing.	Number and percentage of homes preserved or converted by tenure: Rental	787 units restricted 100% of total restricted units	18 units restricted 32% of total restricted units	30 units projected 29% of total projected units	805 units restricted, or 95% of total restricted units 30 units projected, 26% of total projected units
	Number and percentage of homes preserved or converted by tenure: Individual household ownership	0 units	0 units	18 units projected 18% of total projected units	18 units projected, or 16% of total projected units
	Number and percentage of homes preserved or	0 units	38 units restricted	54 units projected	38 units restricted, or 5% of total

	converted by tenure: Community ownership and similar models		68% of total restricted units	53% of total projected units	restricted units 54 units projected, 47% of total projected units
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The preservation programs have also addressed several Cross-Cutting Objectives in BAHFA's Equity Framework, including:

1. Support community-based and community-owned organizations and developers.
2. Support individual and community wealth building.
3. Serve as a regional leader on local equitable programs and practices.
4. Commit to ongoing, meaningful, and equitable engagement.

BAHFA heavily considered Cross-Cutting Objective 1 in its development of the three preservation programs, which were designed to complement one another and serve diverse audiences. Each program provides a different type of financial or technical support to benefit a wide range of organizations, as demonstrated by the table below. The program design of each was also informed by robust and collaborative engagement with local jurisdictions and preservation practitioners, building on lessons learned from other preservation programs throughout the region that predated BAHFA's and lifting up best practices for partners pursuing similar work at the local level.

The three preservation programs were independently reviewed by Urban Habitat which found: "BAHFA's preservation programs have filled critical gaps in the regional housing ecosystem, often enabling projects that would not otherwise have moved forward." Stakeholders interviewed stated:

"These programs were well-designed to meet important needs in the field. Even if they were not ultimately able to access a program, people from organizations that sought to utilize one of these programs said that BAHFA staff were easy to work with: responsive; flexible based on specific organizational and project needs; and particularly helpful to smaller and newer organizations."

Table 2: Cross-Cutting Objectives and Metrics by Program

Cross-Cutting Objective	Cross-Cutting Metric	WTEPP	REAP 2.0	TA Grants	Total
1. Support community-based and community-owned organizations and developers.	Amount and percentage of total funding disbursed to Emerging Developers ¹	\$0	\$5,500,000 39% of REAP 2.0 funds	\$225,000 69% of TA Grant funds	\$5,725,000 39% of Preservation funds
	Amount and percentage of total funding disbursed to Community-Owned Developers ²	\$0	\$9,750,000 68% of REAP 2.0 funds	\$190,775 59% of TA Grant funds	\$9,940,77 68% of Preservation funds
	Amount and percentage of total funding disbursed to BIPOC-led Developers ³	\$15,000 43% of WTEPP funds	\$9,750,000 68% of REAP 2.0 funds	\$240,775 74% of TA Grant funds	\$10,005,775 68% of Preservation funds

¹ Definition of Emerging Developer in BAHFA's Equity Framework: "Emerging Developer" refers to an entity, which can also be a Tribal Entity, with experience as the developer, owner, or operator of a minimum of one (1) but not more than four (4) Rental Housing Developments with unit types, project sizes, and occupancy comparable to the proposed project. (Based on HCD's Multifamily Housing Program Guidelines)

² Definition of Community-owned Developer in BAHFA's Equity Framework: Community Ownership is a category of tenure – separate from traditional, single household rental and ownership tenures – that combines the legal and financial characteristics of both owning and renting. Community ownership encompasses multiple tenure types, including community land trusts, limited equity cooperatives, resident self-managed rental housing and non-equity cooperatives. These housing models, also referred to as "community-controlled housing" and included within a broader category of social housing, strive for permanent affordability, democratic resident control and social inclusivity.

³ Definition of BIPOC-led Developer in BAHFA's Equity Framework: "BIPOC" means Black, Indigenous, and Other People of Color. HCD's Multifamily Housing Program (MHP) also sets experience guidelines for entities applying as Emerging BIPOC Developers. To be considered a qualifying BIPOC nonprofit organization, the entity must have a BIPOC Executive Director/Chief Executive Officer and 51% of the organization's board must be BIPOC. For purposes of this paragraph, People of Color means "a person who checked the Black or African American, American Indian and Alaska Native, Asian, or Native Hawaiian and Other Pacific Islander race category or who answered yes to the Hispanic Origin question on the 2020 United States Census or, if that data is not yet publicly available, the 2010 United States Census." To be considered a qualifying BIPOC nonprofit organization, the entity must have a BIPOC Executive Director/Chief Executive Officer and 51% of the organization's board must be BIPOC.

Welfare Tax Exemption Preservation Program

The Welfare Tax Exemption Preservation Program (WTEPP), launched by BAHFA in 2022, provides the public sector support that private developers need to qualify for property tax relief under state laws. Eliminating property taxes from a building's operating budget enables the owner to offer lower rents to tenants. The program's assistance includes a regulatory agreement recorded to the property that ensures that rents remain affordable to low-income residents, as well as a \$5,000 grant, which is the minimum local financing required to apply for a welfare tax exemption.

With a \$35,000 investment across seven properties, WTEPP has successfully preserved 787 units of affordable housing. Notably, BAHFA's regulatory agreement introduces several anti-displacement measures to assisted properties, including:

- Occupancy and rent restrictions at 80% of Area Median Income for 55 years
- Proposed rents at acquisition must offer 10% discount to market
- Annual rent increase restrictions, specifically either (1) adherence to any existing local rent regulation, and, if no such local regulations existing, then (2) rent increases capped at no more than 4% per year for protected units
- Rent reductions for severely rent-burdened tenants
- No displacement of existing residents, regardless of income

Key takeaways include:

- At least 656 units restricted by BAHFA were occupied by existing households at the time of recording BAHFA's regulatory agreement, which allowed those residents to benefit from the program's anti-displacement measures.
- Three (3) properties, including 435 restricted units, were located in local jurisdictions with no local rent stabilization ordinance and established new annual rent increase caps through BAHFA's regulatory agreement.
- Of the seven (7) properties that received BAHFA assistance, only three (3) have successfully secured approval of the welfare tax exemption from their respective county assessors thus far. BAHFA continues to collaborate with borrowers, county assessors, and local jurisdictions to streamline and improve the exemption approval process.
- All seven (7) properties underwent rehabilitation efforts to address life safety issues and improve the overall building conditions, resulting in improved quality of life for residents and enhanced quality of the building stock for the surrounding neighborhoods.

REAP 2.0 Housing Preservation Pilot

BAHFA launched the Housing Preservation Pilot in 2024 with \$17.8 million from the Regional Early Action Planning Grants of 2021 (REAP 2.0) from the State of California to preserve affordable housing and protect residents from displacement. The program provides low-interest, residual receipt loans to nonprofit developers and community land trusts to acquire and rehabilitate residential properties occupied by low- and moderate-income residents. To meet

REAP 2.0 objectives, projects must accelerate infill development that facilitates housing supply, choice, and affordability; affirmatively further fair housing; and reduce vehicle miles traveled.

BAHFA released its first round of funding in June 2024 and closed two loans in late 2024/early 2025, totaling \$8.75 million in funding. A second round of funding was released in April 2025, and BAHFA closed another two loans in September 2025, totaling \$5.5 million. There is currently \$3.55 million in uncommitted funds and BAHFA staff is actively evaluating several project applications, with anticipated loan closing for the balance of funds expected by spring of 2026.

Key takeaways include:

- The REAP 2.0 program supported a diverse range of projects—varying in scale, tenure, and location—across the nine Bay Area counties. Of the four properties acquired thus far, all four are small to medium properties (4-18 units) and three are now owned by community land trusts.
- Of the 56 units acquired across four properties, 51 units were occupied by existing households at the time of acquisition, allowing those households to avoid displacement and remain in their homes.
- While REAP 2.0 funds were used to acquire properties, every project sponsor leveraged additional resources—including local government funding, internal organizational funds, and/or conventional loans from community development financial institutions (CDFIs)—to complete their acquisitions.

Housing Preservation Project Technical Assistance Grant Program

Approved by the BAHFA Board in December 2024, the Housing Preservation Project Technical Assistance Grant Program supports mission-driven organizations with the upfront costs necessary to take residential properties off the speculative market, rehabilitate them as needed, and convert them to permanently affordable housing. The goal of the TA Grant program is to accelerate grantees' ability to advance prospective preservation projects from the predevelopment stage to property acquisition and rehabilitation.

With a program budget of \$325,000, BAHFA released the TA Grant application in April 2025 and received eight applications for one-year grants of up to \$50,000 each. Through an over-the-counter process, BAHFA has awarded seven projects to cover pre-acquisition, project-based consultant contracts.

Key takeaways include:

- The TA Grant Program awarded grants of \$35,000-\$50,000 to seven organizations for pre-acquisition activities related to housing preservation. These funds supported a broad range of eligible uses – including architecture and engineering services, due diligence reports, legal expenses, and resident engagement—enabling each organization to

advance promising projects aimed at serving households earning 66% of AMI or below on average.

- TA grants supported preservation efforts across a variety of scales and tenure types, including two potential affordable homeownership projects.
- The program was especially impactful for emerging and BIPOC-led organizations: 69% of total funding went to emerging developers, while 74% supported BIPOC-led development efforts.