



# 2024 Regional Housing Bond

## Program Design for Regional Expenditure Plan: Steps 1 & 2 Consolidated Guidance

BAHFA Oversight & ABAG  
Housing Committees

October 11, 2023



ASSOCIATION OF BAY AREA GOVERNMENTS  
METROPOLITAN TRANSPORTATION COMMISSION

# BAHFA's Regional Expenditure Plan: Consolidated Decision Points Guidance

- Staff previously presented “Step 1” and “Step 2” decision points for BAHFA's 20% Regional Housing Funds Expenditure Plan
  - BAHFA Advisory Committee, Joint Housing Committee, BAHFA Board, and ABAG Executive Board **provided input over 8 meetings held July through September 2023**
- **BAHFA's guiding principles:** drive equitable outcomes, achieve scale, spur innovation, collaborate towards systems change, create strong regional lending opportunities

# “Step 1” Decision Points

Recommendation	Guiding Principles/Rationale
<b>1. Focus on Programing for 1<sup>st</sup> Bond Issuance (Q3-Q4 2025)</b>	<ul style="list-style-type: none"><li>• Iterative approach retains flexibility to adjust to fluid market conditions</li><li>• Build on successes and lessons learned</li></ul>
<b>2. Use 1<sup>st</sup> Issuance of “Flexible” Funding for Production</b>	<ul style="list-style-type: none"><li>• Advance existing pipeline</li><li>• Address housing shortage</li></ul>
<b>3. For Production Funding, set a three-point prioritization strategy:</b> <ul style="list-style-type: none"><li>• <i>First</i>, prioritize PSH and ELI housing in collaboration with jurisdictions and <u>if</u> long-term operating and services subsidies are available</li><li>• <i>Second</i>, pursue non-LIHTC development when state funding is competitive</li><li>• <i>Third</i>, retain flexibility to leverage state and federal funds when possible</li></ul>	<ul style="list-style-type: none"><li>• Implement Equity Framework directive to prioritize those with greatest need</li><li>• Advance innovation, speed, and scale</li><li>• Avoid competition for scarce resources</li><li>• Remain flexible – if market conditions change, adjust for best outcomes</li></ul>

# “Step 2” Decision Points

Recommendation	Guiding Principles/Rationale
<p><b>4. Create “Return to Source” Production Investment Targets for Every County</b></p> <ul style="list-style-type: none"><li>• Ability to “true up” investments per county with successive issuances tailored through multiple NOFAs</li></ul>	<ul style="list-style-type: none"><li>• Simplicity of administration</li><li>• Each county “made whole” for tax investments</li><li>• Ensure meaningful investments in smaller counties</li></ul>
<p><b>5. Set Preservation Priorities:</b></p> <ul style="list-style-type: none"><li>• Investments in historically disinvested areas</li><li>• Interventions that forestall immediate risk of eviction or affordability loss</li><li>• Support for community-controlled models (~20% target)</li></ul>	<ul style="list-style-type: none"><li>• Implement Equity Framework directive to serve those most in need</li><li>• Community-controlled housing investments advance alternatives to traditional homeownership</li></ul>
<p><b>6. Set Local Gov. Grant Program Priorities:</b></p> <ul style="list-style-type: none"><li>• Investments benefitting overall community (e.g., parks, infrastructure)</li><li>• Retain flexibility in program priorities if GO bond rules change</li><li>• Target at least one investment per county over life of the bond</li></ul>	<ul style="list-style-type: none"><li>• Seek to achieve both project-level and broad community benefits</li></ul>

# Feedback To Date and Considerations

- Generally positive feedback from Committee and Board members about staff recommendations on decision points
- Some questions about BAHFA's "value add," highlighting the importance of articulating how BAHFA can advance systems change and complement activities by counties and local governments
  - Clarity is essential for BAHFA's efforts to develop as a self-sustaining, regional financing entity that reinvests income in projects
  - Clarity is essential for BAHFA's efforts to advance innovation, cost-controls and development at scale
- Need to articulate anticipated impact as clearly as possible, such as units produced/preserved, affordability levels, and residents served

# How will Policymaker Feedback Shape Next Steps?

Pending direction from the BAHFA Board and ABAG Executive Board, staff will:

- Incorporate feedback to finalize the **BAHFA Business Plan** and draft the **Regional Expenditure Plan**
  - Committee and Board formal action on these plans will commence in Q1 2024, in conjunction with consideration of a resolution to place the regional housing bond on the November 2024 ballot
- **Advance ongoing coordination and collaboration with cities and counties** as they commence local expenditure planning processes

# BAHFA Ballot Preparation Timeline

## November – December 2023

- “Step 3” Decision Points
  - Protection Program priorities\*
  - BAHFA’s Regional Expenditure Plan labor standards
- Informational presentation on BAHFA’s draft Operations and Sustainability Plan – part 3 of the Business Plan

## January – June 2024

- Approval of BAHFA’s full Business Plan
- Approval of BAHFA’s Regional Expenditure Plan
- Resolution to place bond on county ballots

## Post-Bond (2025)

- Loan Term Sheets and Underwriting Guidelines, including developer preferences

# Thank You



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