
September 10, 2025

Agenda Item 7.a.

BAHFA Strategic Planning

Subject:

Update on BAHFA's Strategic Planning process, including status of fundraising efforts and implications for the remainder of Strategic Planning activities

Background:

BAHFA launched a Strategic Planning process in spring 2025 to articulate a vision and plan to sustain the agency until it can be capitalized at scale, while also building towards financial self-sufficiency in the medium-term. The Strategic Planning process is structured as four modules:

- Module 1: Regional Revenue Measure
- Module 2: Funding Strategy and Financial Sustainability Plan
- Module 3: New Regional Financing Products and Approaches
- Module 4: Regional Housing Programs

This item serves as a mid-point check-in in accordance with prior Committee feedback to ensure a flexible process that can adapt as circumstances evolve. Specifically, this report includes mixed results from initial fundraising efforts and discusses implications for the remainder of the planning process. The report is structured as a status update on each of the four Strategic Planning Modules.

Module 1: Regional Revenue Measure

Previously, the BAHFA Oversight and ABAG Housing Committees ("Joint Housing Committees") directed staff to accelerate "lessons learned" from the 2024 election cycle as a necessary precondition to laying the groundwork for a future regional measure preliminarily targeted for 2028. Module 1 was divided into subcomponents to enable smooth transition from backward-looking reflections (Modules 1a and 1b) to forward-looking planning (Module 1c).

Staff have completed initial reflections on lessons learned from the development of Regional Measure 4, including strengths and challenges, and received feedback from the Joint Housing Committees and BAHFA Advisory Committee in May. An ad hoc briefing with external partners involved in campaign activities related to RM 4 and Proposition 5 was held in June. Staff will provide a written summary at a future meeting.

Staff are preparing to launch Module 1c, which will focus on developing a framework for a future regional revenue measure. A key issue is the timing of proposed legislation to add citizen initiative authority, with staff evaluating the pros and cons of pursuing a bill in 2026 versus 2027. This decision will inform the goals, pace, and desired outcomes of Module 1c activities in the

fall. Staff anticipate seeking direction on the timing issue from the BAHFA Advisory Committee in late September and from the Joint Housing Committees in October.

Additionally, preparations are underway for a field study trip to Los Angeles in late October to learn from the success of Measure A, which will raise an estimated \$1 billion annually for housing and homelessness in Los Angeles County. The field study trip will bring together representatives and stakeholders for California's three regional housing finance authorities: BAHFA, the LA County Affordable Housing Solutions Agency (LACAHS), and the newly formed San Diego Regional Housing Finance Authority, which is a partnership between the San Diego Unified School District and the San Diego Community College District. Key findings from the field study trip will be reported back to the Committees as part of Module 1c implementation in the fall.

Module 2: Funding Strategy and Financial Sustainability

The most substantive midpoint updates relate to mixed results from early phase fundraising efforts as part of Module 2a. BAHFA's \$30 million state budget request was unsuccessful despite strong regional support from Bay Area legislators, community partners, and local elected officials. The lack of success is largely attributable to the state's significant budget deficit and compounded by the potential for further federal spending reductions that could have knock-on effects on the state's budget outlook.

However, staff have secured a \$6 million grant from the Chan Zuckerberg Initiative (CZI) to launch the Mixed-Income Financing Program (Module 3), including \$5 million for lending capital and \$1 million for start-up operational costs. The CZI grant is contingent upon a regional match of the \$5 million in lending capital. Staff propose the source of the match as the \$5 million in MTC exchange funds previously programmed to BAHFA to cover election related costs for RM 4; reprogramming of those funds to the Mixed-Income Financing Program will be agendized at MTC in September. Pending final approval of funding and program design, the Mixed-Income Financing Program is anticipated to launch with an initial \$10 million pilot fund in spring 2026.

Limited external funding for general operating support underscores the importance of pursuing revenue generating activities during BAHFA's current transition phase. Revenue generation is a central goal of the new Mixed-Income Financing Program and staff are developing a draft operating model to move towards program-level self-sufficiency. Additionally, fee studies are underway for service-related programs such as Doorway and the current financing pilot programs (Priority Sites, Preservation Loan Pilot, Welfare Tax Exemption Preservation Program) to offset the costs of the administration, although those programs are expected to require a combination of fees and operating support to remain viable in the near and medium-term. Fee schedules will be brought to the Board for adoption in the fall as the studies are completed.

Overall, early phase fundraising efforts reveal a highly resource-constrained environment that will likely translate to more modest expectations for the near-term scale of BAHFA's programs. This environment is shaped by strong headwinds given current and potential cuts in federal funding, a broader sense of economic uncertainty, and competing priorities for state and local governments as well as philanthropic funders, such as maintenance of basic services and social safety net programs. Additional funding remains necessary to sustain a core set of BAHFA's operations, and simultaneously BAHFA must exercise fiscal prudence to maximize efficiency and stretch scarce available resources. The implication for the Strategic Planning process is that near-term scenarios may involve winding down some pilot activities to deliver a more

focused portfolio – while retaining capacity to enable preparation for a future regional revenue measure that would scale BAHFA’s impact in the medium- to long-term.

As the planning process moves towards Module 2b, next steps include:

- Adapting the Module 2 stakeholder engagement strategy to a more targeted, relationship-based approach (instead of convening a large Technical Advisory Group)
- Exploring new funding partnerships with the philanthropic and private sectors
- Developing medium and long-term sustainability plans that consider both program-level and agency-wide self-sufficiency
- Preparing to renew the state budget request in 2026.

Module 3: New Regional Financing Products and Approaches

The Mixed-Income Financing Program concept was presented to the BAHFA Advisory Committee in late June and the Joint Housing Committees in July. The program includes a suite of products designed to layer impact, with an initial focus on mixed-income acquisition-rehab projects. It will incorporate the existing Welfare Tax Exemption Program and expand offerings to include tax-exempt bond issuances and subordinate debt products. Staff have conducted multiple rounds of stakeholder feedback and continue to refine program elements.

The most important Module 3 update relates to the successful fundraising efforts described above, which could enable launch of an initial \$10 million pilot fund in spring of 2026. A more detailed update of the Mixed-Income Financing Program is planned for September/October, with final program design expected in fall and winter.

Module 4: Regional Housing Programs

Module 4, which will guide BAHFA’s programs other than the new Mixed-Income Financing Program, was scheduled to begin after the current midpoint check-in to enable right-sizing of expectations with early phase fundraising outcomes. Staff are currently refining the goals and approach for Module 4 based on the constrained funding situation described above. A key feature of Module 4 will be evaluations of BAHFA’s pilot phase programs. Staff have begun to develop metrics and conduct preliminary data collection on an initial set of the pilot programs. The final products will be designed to support both near-term fundraising efforts and also inform future program design when additional resources become available. Staff plan to assemble a Technical Advisory Group to engage stakeholders in the program evaluation process. Ultimately, this work will inform prioritization of BAHFA’s pilot programs to align with available funds.

Next Steps

The anticipated schedule for upcoming meetings of the Joint Housing Committees is as follows, with corresponding presentations to the BAHFA Advisory Committee generally scheduled for the month prior:

- October
 - Module 1c: Timing of Legislation and Proposed Policy Development Process
 - Module 3: Mixed-Income Financing Program
- November
 - Module 1c Implementation

- Module 4: Pilot Program Evaluations
- December
 - Module 1c Implementation
- January 2026
 - Strategic Planning Wrap Up

Issues:

None

Recommended Action:

Informational

Attachments:

A. Presentation

Reviewed:

A handwritten signature in black ink, reading "Andrew Fremier". The signature is written in a cursive, flowing style.

Andrew Fremier