



# BAHFA's Regional Expenditure Plan

## 2024 Affordable Housing General Obligation Bond

ABAG Executive Board  
April 18, 2024



ASSOCIATION OF BAY AREA GOVERNMENTS  
METROPOLITAN TRANSPORTATION COMMISSION

# Requested Action and Legal Authority

**Request:** Adoption of BAHFA's Regional Expenditure Plan

**Authority:**

- The San Francisco Bay Area Regional Housing Finance Act (Act) gives BAHFA the authority to raise, administer, and allocate funding for affordable housing in the San Francisco Bay Area
- BAHFA may retain 20% of the net bond proceeds, which must be spent according to a Regional Expenditure Plan adopted by the Executive and BAHFA Boards

# Expenditure Plan Elements

The Act requires the Regional Expenditure Plan to include:

- The share of RHR and estimated funding amount to be spent for each spending category (at least at minimum spending requirements):
  - Production, Preservation and Tenant Protections
  - Local Government Grant Program
- Households served by income category
- Estimated number of homes produced and preserved
- Specific programs or projects, to the extent feasible

# BAHFA's Initial Expenditure Plan Assumptions

- **Bond Value: \$10 billion - \$20 billion**
- **At \$20B, BAHFA's Regional Housing Revenue, at 20%, is \$4 billion**
- **7 separate bond issuances (counties and direct-allocation cities may request issuances at their own speed)**
- **For the initial Expenditure Plan spending period of 2025-2030, with two bond issuances totaling ~30% of funds, the total approximate expenditure value, net of administrative fees is \$1.1 billion**

# Element 1: Revenue Share and Estimated Funding

## FIRST REGIONAL EXPENDITURE PLAN – 2 ISSUANCES, OR ~30% OF RHR

Category	Percent of All Funds: Issuances 1 & 2	If \$20 Billion Bond (net of Admin Fees @ 5%)
Total Funds Available, Issuances 1 & 2	100%	\$1.1 billion
Production	61%-70%	\$671 million – \$770 million
Preservation	15%-24%	\$165 million – \$264 million
Protections, if constitutional	5%	\$55 million
Local Government Grants	10%	\$110 million

# Element 2: Households Served by Income Level

Category	Percent of 1 <sup>st</sup> and 2 <sup>nd</sup> Bond Issuances Serving Households at Designated Income Level
Production: Extremely Low- and Very Low-Income (0%-50% AMI)	Approximately 44%
Production: Low-Income (51%-80% AMI)	Approximately 56%
Preservation: Extremely Low- and Very Low-Income (0%-50% AMI)	Approximately 10%
Preservation: Low-Income (51%-80% AMI)	Approximately 80%
Preservation: Moderate-Income (81%-120%)	Approximately 10%



# Element 3: Homes Produced and Preserved and Households Served

Category	2025-2030 Regional Expenditure Plan Unit Count: 1 <sup>st</sup> & 2 <sup>nd</sup> Bond Issuances, @ 30% of Regional Housing Revenue
Production	Approximately 2,000 Includes subsidy, construction, and permanent loans
Preservation	Approximately 400 Includes subsidy, construction, and permanent loans
Protections	TBD Households Served
Total @ 30% Expenditures	2,400 Units Produced or Preserved <i>Including Protections funding; excl. Gov't Grants</i>

# Element 4: Program Descriptions

Category	Program Description
Production	<ul style="list-style-type: none"> <li>▪ Prioritize PSH &amp; ELI housing when financially feasible</li> <li>▪ Set “return to source” investment targets for each county</li> <li>▪ Work collaboratively with jurisdictions, not competitively</li> <li>▪ Adopt a flexible approach; pursue beneficial opportunities</li> <li>▪ Pursue cost efficiencies to maximize impact</li> </ul>
Preservation	<ul style="list-style-type: none"> <li>▪ Prioritize investments in historically disinvested areas</li> <li>▪ Forestall immediate eviction risk or affordability loss</li> <li>▪ Support community-controlled housing through a 20% set-aside target</li> </ul>
Protections	<ul style="list-style-type: none"> <li>▪ If constitutional, Protection programs will assist households and communities facing the greatest housing precarity</li> </ul>
Local Government Grants	<ul style="list-style-type: none"> <li>▪ Prioritize investments benefitting overall community and addressing need for more affordable housing</li> <li>▪ Target one investment (minimum) per county</li> </ul>



# Labor Standards: Goals & Guiding Principles

- Ensure that fair and equitable worker protections are integrated into regional housing bond investments.
- Build and preserve affordable housing at scale to meet the need.
- Preserve the ability to implement innovative finance and development strategies to deliver affordable housing more cost-effectively.

# Recommended Labor Standards: BAHFA

For BAHFA's Regional Expenditure Plan (20% of funds):

- **Prevailing Wage:** For 10+ unit, new construction developments, a prevailing wage with enforceable right of action.
- **Training & Healthcare:** In addition, for 50+ unit, new construction developments and if contractors do not have existing collective bargaining agreement providing such benefits:
  - Use of apprenticeship programs approved by the CA Division of Apprenticeship Standards.
  - Health care payments at a specified level.
- **Preservation:** The standards above shall apply to larger Preservation projects with substantial rehab scopes. Smaller projects will pay prevailing wages according to state law.

# Establishing a Baseline Regional Labor Standard

- BAHFA's enabling statute could be amended to permit BAHFA to require labor standards for 100% of funds raised.
- To ensure fair, equitable worker protections apply to all housing bond investments, include an anticipatory provision in their respective resolutions:

*The Executive Board directs the Executive Director or designee to return with an agenda item to adopt a guideline to implement the labor standards as articulated in the Regional Expenditure Plan for Regional Housing Revenue, and if state law is amended to allow BAHFA to impose labor standards for counties and cities receiving a direct allocation of bond proceeds and if the Ballot Measure passes, then the guideline brought forward should also extend the labor standards to projects funded with the County Housing Revenue portion of the bond proceeds.*

# Additional Recommendations: Joint Housing Committees

- At its April 10, 2024, meeting the Joint Housing Committees recommended an additional provision regarding BAHFA's Expenditure Plan:

*The Executive Board directs the Executive Director or designee to work with the California State Legislature to amend the San Francisco Bay Area Regional Housing Finance Act to enable BAHFA to have the authority to impose labor standards for counties and cities receiving a direct allocation of bond proceeds and to keep the BAHFA Advisory Committee, and the ABAG Housing Committee, BAHFA Oversight Committee informed of such progress.*

# Local Option to Exceed the Baseline

- Workforce conditions and contexts vary among counties; some counties may seek enhanced standards such as a Project Labor Agreement (PLA).
- To facilitate a local decision to exceed the baseline regional standard adopted by BAHFA, include a provision in the Regional Expenditure Plan that could apply to a future expansion of the standards to 100% of funds:

*Project Labor Agreements. Contractors and subcontractors performing work on a production or preservation project that is subject to a PLA for projects funded with County Housing Revenue may be exempt from the production and preservation standards set forth herein. (PLA is defined by Section 2500 of the Public Contract Code.)*

# Standards Reflecting Stakeholder Engagement

- **The standards recommended reflect extensive discussions with labor representatives and affordable housing developers.**
- **The discussions' goals were to create a compromise that all parties could support within the context of legal constraints.**
- **Demonstrated, strong support for the bond from stakeholders is key to the proposal.**



# Next Steps

- **May 22: BAHFA Board – consider Regional Expenditure Plan and ballot measure for bond**
- **June 26: BAHFA Board vote to adopt Regional Expenditure Plan and to submit bond measure to Bay Area voters**

# Thank You



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