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April 9, 2025

The Honorable Scott Wiener
Chair, Senate Budget and Fiscal Review
1020 N Street, Room 502
Sacramento, CA 95814

The Honorable Jesse Gabriel
Chair, Assembly Budget Committee
1021 O Street, Suite 8230
Sacramento, CA 95814

The Honorable Christopher Cabaldon
Chair, Senate Budget Subcommittee #4
1021 O Street, Suite 7320
Sacramento, CA 95814

The Honorable Sharon Quirk-Silva
Chair, Assembly Budget Subcommittee #5
1021 O Street, Suite 4210
Sacramento, CA 95814

RE: Budget Request – Sustaining the Bay Area Housing Finance Authority

Dear Chairs Wiener, Gabriel, Cabaldon, and Quirk-Silva:

We write as members of the Bay Area Caucus to request \$30 million to sustain housing affordability programs administered by the Bay Area Housing Finance Authority (BAHFA) that are providing immediate benefits to Bay Area residents and increasing the long-term supply of affordable homes. This funding would also allow BAHFA to leverage roughly \$100 million for multifamily mortgage loans, lowering development costs and capturing interest income to support its operations.

The Legislature created the BAHFA in 2019 to tackle the region's toughest housing challenges in partnership with local governments and community-based organizations. BAHFA's most impactful tool is the ability to raise large-scale revenue across the nine counties - with 80% of the funds flowing directly to counties and 20% remaining at BAHFA for regionwide programs. Our region came close to realizing this vision through last year's ambitious \$20 billion housing bond – but anti-tax sentiment led to its postponement.

While doing the intensive work to place the measure on the ballot, BAHFA also leveraged \$20 million in state seed funding to attract an additional \$55 million in other resources. The combined funds support more than 10 initiatives that demonstrate the value of a regional approach, including:

- **Doorway Housing Portal**, a centralized search and application website for affordable housing. The portal replaces time-consuming online searches and paper applications with a single site where renters can find deed-restricted apartments that meet their income/size needs, apply for multiple listings at once, and get up-to-date lottery/waitlist information. Usage tripled in the last

quarter of 2024, going from 14,000 new users to 45,000. Doorway frees up local housing resources for other priorities by allowing counties to fold their listings into the portal. It also offers major benefits to property managers, including conducting lotteries for open apartments.

- **Welfare Tax Exemption Program**, which has preserved the long-term affordability of more than 800 apartments in Alameda, Contra Costa, San Mateo, and Santa Clara counties in just two years. This cost-effective program provides the \$5,000 in public support that allows property owners to qualify for property tax relief, which makes affordable rents feasible. Deed restrictions stabilize rents for 55 years and protect existing residents from displacement.
- **Priority Sites Program**, an example of how BAHFA's "nesting" in agencies that craft the Sustainable Communities Strategy and Regional Housing Needs Allocation facilitates development of programs marrying climate and fair housing goals. The program's predevelopment grants are advancing the construction of more than 1,600 new affordable homes in ten projects on large, underutilized sites near transit. This is one component of a multi-faceted Priority Sites strategy in the region's SCS to focus growth near essential services, frequent transit and green space.
- **Eviction and Legal Services Study**: In mid-2025, BAHFA will publish research on the rates, causes and consequences of evictions. This is the first comprehensive study of its kind in the Bay Area. Results are intended to guide development of data-driven anti-displacement strategies.

Other BAHFA initiatives are advancing the 3 Ps (housing production, preservation and tenant protections) via an annual development pipeline report, a senior rental assistance program, a second preservation program, and an SB 35 tribal notification toolkit.

Postponing the regional ballot measure put BAHFA in a tight financial position, with its operating funding estimated to run out in June of next year. A \$15 million appropriation would allow BAHFA to maintain and expand the Doorway Housing portal, preserve additional homes, continue filling gaps and innovating in the 3Ps, and retain for at least three years the expert staff necessary to administer programs and prepare for the next regional housing ballot measure.

The additional \$15 million would launch a new regional lending program with the primary goals of reducing development costs, capturing interest income for public benefit, and assisting BAHFA in becoming self-sufficient. Modeled on the highly successful New York Housing Development Corporation (HDC), a public mortgage lending program could offer financing to affordable housing developers at lower interest rates than private lenders, thereby reducing development costs.

New York established HDC in 1971 to make low-cost mortgage loans to build and preserve affordable housing. It's now one of the top-ranked financiers nationally, with \$20.6 billion in loans for more than 200,000 apartments. Revenue bonds provide its lending dollars and the interest rate "spread" and loan fees support its operations.

BAHFA is currently exploring various options for transferring this model to the Bay Area. Their initial estimate is that \$15 million in seed funding could raise enough private capital to make roughly \$100 million in loans. After a handful of years, the lending program could generate enough revenue to sustain

BAHFA, including operating Doorway and additional housing subsidy programs.

The Bay Area Housing Finance Authority is a vital resource that's already demonstrated the value of a regional approach to major housing affordability challenges. We cannot afford to lose either the immediate housing affordability benefits BAHFA provides or its longer-term revenue-raising potential. And the state needs BAHFA as a robust partner to meet shared housing goals.

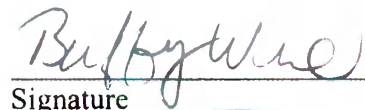
We appreciate your consideration of this request.

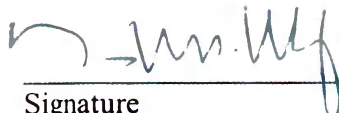
Sincerely,



JOSH BECKER
Senator, 13th District


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