

# Bay Area Housing Finance Authority – BAHFA

In 2019, the California Legislature established the Bay Area Housing Finance Authority, or “BAHFA,” via Assembly Bill 1487 (Chiu) to help meet the Bay Area’s need to **produce** more housing, **preserve** more affordable housing and **protect** vulnerable tenants – the “**3Ps**” that define BAHFA’s mission. BAHFA has the power to place ballot measures before Bay Area voters to raise revenue to build and preserve more housing and to protect tenants.

## How BAHFA Works

- BAHFA has five main avenues for raising revenue. Four of the revenue options require approval by ABAG and BAHFA boards and most importantly, by Bay Area voters! These are:
  - General obligation bond
  - Parcel tax
  - Per-employee “head tax”
  - Gross receipts tax
- BAHFA ballot measures can cover all nine counties or as few as four counties.
- BAHFA also may raise revenue through a commercial linkage fee (i.e., an impact fee assessed on commercial development to address the need for new housing generated by the commercial development). A commercial linkage fee may not exceed \$10 per square foot of new commercial space and requires:
  - Approval by both the ABAG Executive Board and the BAHFA Board
  - Bay Area voters’ previous approval of either a general obligation bond or a parcel tax
  - Completion of a regional nexus study



***The housing crisis in the San Francisco Bay Area is regional in nature and too great to be addressed individually by the region’s 101 cities and nine counties.***

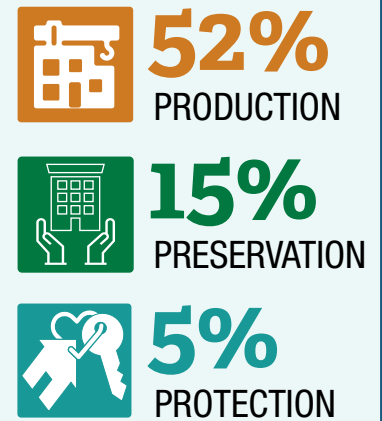
***Assembly Bill 1487 (Chiu, 2019)***

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## Uses of New Housing Funds

- **≥ 80% of all funds** raised through general obligation bonds, parcel taxes and a gross receipts tax go back to **counties** on the basis of that county’s contribution to the revenue source (sometimes referred to as “county of origin”). Working together with their cities and towns, the counties develop and submit to BAHFA expenditure plans and identify the appropriate entity within their county to distribute the funds.
- The region’s three biggest cities — **San Jose, San Francisco and Oakland** — receive a direct allocation of funds.
- Other cities that have a Regional Housing Needs Allocation (RHNA) obligation to provide more than **30% of their county’s lower income housing** may receive (at their request) a direct allocation from their county.
- **BAHFA retains ≤ 20%** of funds raised for distribution anywhere in the region.
- **Rules differ** between how BAHFA and cities/counties must use their funds as described below.

### 3Ps – Funding Breakdown



## County/City Rules

- **At least 52% of funds must be used for new affordable housing** that prioritizes projects that will help meet the jurisdiction’s extremely low-, very low- and low-income RHNA housing targets. This may be rental or ownership, permanent supportive housing, low-income housing or workforce housing, so long as it’s deed-restricted and affordable to households earning up to 120% of the area median income.
- **At least 15% of funds** must be used for deed-restricted, **affordable housing preservation**.
- **At least 5% of funds** must be used for **tenant-protection** programs.
- **28% of funds** may be spent on **housing and housing-related uses**, like infrastructure and neighborhood amenities, so long as it complies with these general terms:
  - Conformance with the adopted county expenditure plan
  - A cap on affordability at 120% of area median income
  - Imposition of a deed restriction on the affordable housing

## BAHFA Rules

- **At least 52% of funds must be used for the construction of new rental housing**, with affordability limited to 80% of area median income and requiring a 55-year deed restriction.
- **At least 15% of funds** must be used for **affordable housing preservation**. This may be rental or ownership, with affordability capped at 120% of area median income and subject to a 55-year deed restriction.
- **At least 5% of funds** must be allocated to **tenant protections**, including:
  - Pre-eviction and eviction legal services, counseling, training and renter education
  - Emergency rental assistance
  - Relocation assistance
  - Displacement tracking and data collection
- **A maximum of 10% of funds** may be spent for local **government incentive grants**. These may include homelessness interventions, homeownership programs and infrastructure that supports housing.
- **18% of remaining funds** must be spent on either **production or preservation**.



## Reporting and Accountability

- BAHFA is guided by a nine-member advisory committee, comprised of individuals with experience and expertise in the 3Ps.
- BAHFA is subject to regular audits and must conduct annual financial reporting.
- BAHFA must submit an annual report to the Legislature on allocations and expenditures under its control.
- BAHFA and the counties must report on their allocations, expenditures and progress-to-date on the minimum allocation targets for the 3Ps every year.
- The BAHFA and ABAG boards must review the implementation of ballot measures five years after approval and monitor expenditures in coordination with local jurisdictions at least every five years thereafter.
  - Subject to a two-thirds vote and consultation with the BAHFA advisory committee, the boards may modify the 3P minimum shares applicable to regional funds five years after a measure is approved.
- Counties also may deviate from the prescribed minimum 3P shares for local funds if they find, after consultation with the advisory committee, that the minimum allocations don't best satisfy the county's affordable housing needs. Such changes are subject to approval by a two-thirds vote of the ABAG and BAHFA boards.
- After counties commit to a specific housing project, allocations remain available for expenditure for three years.
- Funds allocated directly to a city must be committed to a project within five years and shall remain available for an additional five years.
- Counties may request that BAHFA administer their funds, subject to approval by the ABAG and BAHFA boards.



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