



Priority Sites Loan Pilot Evaluation

Priority Sites Loan Pilot Overview

The Priority Sites Loan Pilot accelerates regionally significant affordable or mixed-income housing projects that leverage public land or the redevelopment of aging malls/office parks. In November 2023, the Commission and ABAG Executive Board approved the designation of 211 Priority Sites, which are locally nominated places that will offer homes affordable to people of all incomes close to essential services, green space, and frequent public transit. These Priority Sites became eligible for project financing through the Priority Sites Loan Pilot, funded by \$28 million in Regional Early Action Planning Grant 2.0 (REAP 2.0) dollars from the California Department of Housing and Community Development (HCD).

The Priority Sites Loan Pilot delivers predevelopment funding directly to projects that advance multiple regional affordability, climate, and equity goals and demonstrate success factors such as local support, a clear path to entitlements, and a realistic financing plan. The program demonstrates the value-add of a regional approach, including the completion of large-scale projects that can deliver significant portions of jurisdictions' lower-income Regional Housing Needs Allocation (RHNA) targets.

In November 2023, BAHFA released a call for Letters of Interest and received 24 highly competitive proposals. In May 2024, the BAHFA Board approved awards to 10 projects and authorized the Executive Director to negotiate and enter into loan agreements for the Priority Site Pilot Projects. By July 2025, all 10 projects entered into loan agreements with BAHFA and submitted their first disbursement requests. As an HCD requirement, all awarded Priority Sites Loan Pilot funding must be expended by December 2026.

BAHFA Equity Framework: Preservation and Cross-Cutting Objectives

The BAHFA Equity Framework identifies the following Production Objectives, with several metrics to measure their success:

1. Produce more affordable housing, especially for extremely low-income (ELI) households.
2. Invest in historically disinvested areas
3. Create affordable housing opportunities for lower-income households in historically exclusionary areas.

4. Create programs that address homelessness.
5. Achieve regional climate and environmental justice goals.

As demonstrated by the table below, the Priority Sites Loan Pilot made significant strides towards all seven of the Production Objectives in the Equity Framework. Key takeaways include:

- The program has funded 1,365 affordable units, supporting predevelopment costs, such as infrastructure design and permit fees, that will ultimately benefit the broader master developments and facilitate the production of almost 13,000 units
- The program has affirmatively furthered fair housing by achieving a balance between investing in historically disinvested areas (accounting for 32% of units) and creating affordable housing opportunities for lower-income households in historically exclusionary areas (accounting for 27% of units).
- BAHFA has funded new homes at deep affordability levels, with program-wide average affordability at 50% of the Area Median Income (“AMI”). Additionally, BAHFA has supported new homes for special needs populations, including almost 200 senior units and 200 permanently supportive housing units.
- Because Priority Sites must be located in transit-rich areas to be eligible for the designation, 100% of projects were located in Plan Bay Area 20250 Growth Geographies, pushing forward regional climate goals by design.

Production Objectives and Metrics by Program

Production Objective	Production Metric	Priority Sites Loan Pilot
1. Produce more affordable housing, especially for extremely low-income (ELI) households.	Total funding value of production funds provided and as a percentage of total BAHFA funds	\$28 million 34% of total BAHFA funds
	Number of total homes produced	12,987 projected units ¹
	Number of affordable homes produced	1,365 BAHFA-funded affordable units ²
	Average affordability of BAHFA-funded affordable units	50% of Area Median Income (AMI)
	Resident Characteristics: Senior Units	195 affordable senior units 14% of total BAHFA-funded affordable units

¹ Includes all market-rate, affordable, and manager units in master development according to project applications. Not all units are directly funded/restricted by BAHFA.

² Includes only affordable units funded/restricted by BAHFA according to executed predevelopment loan agreements. Affordable units are not yet constructed and commencement of construction is contingent on securing necessary financing and building permits.

2. Invest in historically disinvested areas.	Number and percentage of all homes created located in: Equity Priority Communities	433 affordable units 32% of total BAHFA-funded affordable units
3. Create affordable housing opportunities for lower-income households in historically exclusionary areas.	Number and percentage of all homes created located in: High-Opportunity Areas	375 affordable units 27% of total BAHFA-funded affordable units
4. Create programs that address homelessness.	Number and percentage of total homes created as permanent supportive housing (PSH)	199 PSH units 15% of total BAHFA-funded affordable units
5. Achieve regional climate and environmental justice goals.	Number and percentage of all homes created located in: Plan Bay Area 2050 Growth Geographies	1,365 affordable units 100% of total BAHFA-funded affordable units

It is important to note that several Production Metrics in the BAHFA Equity Framework could not be measured at this time due to a lack of data. Some metrics related to project history and development program specifics require more in-depth data collection from borrowers beyond the information presented in their project applications (e.g., number and percentage of homes in developments identified by BIPOC and impacted communities as priorities; number and percentage of total homes created that achieve high or highest performance ratings for sustainable building systems, etc.). Other metrics related to the tenant population cannot be measured until the projects are fully constructed and occupied – all projects are currently in predevelopment or construction phases at this time. BAHFA anticipates collecting and reporting additional data as part of its monitoring and asset management activities, allowing for further evaluation over time as projects are fully leased up and operational.