

February 11, 2026

Agenda Item 8.a.

BAHFA Strategic Planning

Subject:

Summary and conclusion of BAHFA's Strategic Planning process, including next steps for implementation

Background:

BAHFA launched a Strategic Planning process in spring 2025 to articulate a vision 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

Staff have engaged the BAHFA Oversight Committee, ABAG Housing Committee, and BAHFA Advisory Committee (collectively "Committees") at 16 meetings throughout 2025. This item summarizes the outcomes of the Strategic Planning process and establishes a roadmap for future efforts. Specifically, the report provides a summary of each of the four Strategic Planning modules, highlights the interconnected nature of the modules, and identifies next steps including further planning for a potential regional revenue measure.

Module 1: Regional Revenue Measure

Module 1 of BAHFA's Strategic Planning process was designed to accelerate "lessons learned" from the 2024 election cycle as a necessary precondition to laying the groundwork for a future regional measure as early as 2028. It includes backward-looking reflections by BAHFA-ABAG and external stakeholders, as well as forward-looking planning.

In May 2025, the Committees reflected upon the 2024 election cycle with a focus on BAHFA and ABAG's role as public agencies. In June 2025, an ad hoc committee met with organizations that led the coalition supporting both Regional Measure 4 and Proposition 5 to glean lessons related to external factors. A key theme that emerged was the need to reestablish trust and strengthen relationships with a broad set of stakeholders. Accordingly, over the summer and into the fall, BAHFA staff met with over 50 stakeholders from across the 3Ps individually or in small groups to sharpen the lessons learned while simultaneously building relationship capital for future collaboration.

In October and November 2025, staff reported to the Committees about progress on forward-looking planning for a future regional ballot measure. Notably, this included a report from the first Regional Housing Finance Authorities Exchange in Long Beach attended by BAHFA and ABAG Board Members, staff, and key stakeholders. This event brought together Bay Area leaders with representatives and stakeholders from California's two other regional housing finance authorities in the Los Angeles and San Diego regions to strengthen statewide relationships and learn from Los Angeles' successful Measure A in November 2024, which will raise approximately \$1 billion annually for homelessness services and also capitalize the Los Angeles County Affordable Housing Solutions Agency (LACAHS). In addition to advancing

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those goals, the Exchange catalyzed conversations among the Bay Area delegation, including from stakeholders who were less involved in the development of Regional Measure 4, regarding a potential future funding measure.

BAHFA and ABAG Committee members as well as external stakeholders broadly agreed on a stepwise approach that would focus on stakeholder engagement in 2026 to build a framework for legislative amendments in 2027, including adding authority for a citizen's initiative, with an eye towards a future regional ballot measure as early as 2028. This approach responds to lessons learned by starting early, moving at the speed of trust, and building broad support for proposed legislation before it is introduced. The stepwise approach will also allow time to incorporate lessons from the upcoming 2026 election, including from a potential regional transit measure and local housing measures (if any).

As BAHFA moves from strategic planning to implementation, staff continue to engage with a wide range of stakeholders to explore the viability of a potential future ballot measure as a means to achieve collective impact at scale. There continues to be strong interest in pursuing a potential regional measure to raise transformative-scale resources amongst a broad spectrum of stakeholders including those representing labor and business. However, a new and expanded "table" is needed to engage deeply and effectively on the details of potential legislative changes that can unite the region around a potential future measure. Staff anticipate returning to the Committees next month with more details about the structure, scope, and timing of a proposed stakeholder engagement process in coordination with external partners.

Module 2: Funding Strategy and Financial Sustainability

Since its inception, BAHFA has been entirely funded by one-time sources that are expected to be fully expended prior to a potential 2028 measure. The purpose of Module 2 is to assess short-to-mid-term funding needs, identify gaps, and create a multi-pronged fundraising strategy to set BAHFA on a path towards self-sufficiency. This module was divided into two phases to enable an evolution of strategy as a dynamic funding landscape unfolded. The central effort of the first phase was a \$30 million state budget request to support both operating and lending capital, complemented by fundraising from private sources.

In September 2025, staff reported mixed results from the first phase. BAHFA's \$30 million state budget request was unsuccessful despite strong support from Bay Area legislators, community partners, and local elected officials. The lack of success was largely attributable to the state's significant budget deficit and compounded by growing uncertainty over federal spending, which has led to a knock-on tightening of state and municipal budgets. Despite these headwinds, the first phase included notable success. BAHFA secured \$11 million to launch the new Mixed-Income Financing Program (Module 3), including a \$6 million grant from the Chan Zuckerberg Initiative (CZI) and \$5 million match from repurposed funds previously set aside by MTC for potential RM 4 ballot costs. Additionally, the San Francisco Foundation has provided a \$200,000 grant to support Doorway.

Several key lessons from the first phase of Module 2 were incorporated to guide Strategic Planning efforts and shape BAHFA's long-term funding strategy. First, the resource-constrained environment requires prioritizing BAHFA's programs into a more focused portfolio while winding down pilots that cannot be sustained. Second, limited funding for general operating support underscores the importance of prioritizing revenue generating activities in BAHFA's near-term

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portfolio. And finally, BAHFA will need to attract additional investment in the near term to bridge towards a future where anticipated revenue can reasonably be expected to approximate operating costs.

Just as BAHFA's creation and early years have relied on a suite of public and private sector partnerships, so too will BAHFA's near-term funding strategy require an "all of the above" approach. The other Strategic Planning modules each serve as ingredients for a comprehensive funding strategy; based on potential timing and conditions for success of a revenue measure (Module 1), as well as revenue and cost projections from a narrowed portfolio of lending and other programs (Modules 3 and 4), staff have developed a three-prong approach:

1. **A \$15 million state budget request for FY 26-27.** This amount is projected to sustain BAHFA's narrowed programmatic portfolio for four years, ensuring stability through a potential ballot measure. Staff is exploring multiple advocacy strategies, including fashioning BAHFA's request into a joint ask with the Los Angeles and San Diego regional housing finance agencies.
2. **Seeking additional funding from partners.** Generous support from CZI, the San Francisco Foundation and Google.org, among others, has delivered demonstrable impact during BAHFA's early years. Staff seek to leverage these early partnerships to pursue additional support from philanthropy, the private sector, and other potential partners.
3. **Generating revenue from programs.** Fee studies and multi-year operating budgets are under development for BAHFA's two primary forward-looking initiatives: Doorway and the Mixed-Income Financing Program. Staff have modeled an incremental increase in revenue during the upcoming years that could eventually achieve self-sufficiency for a core set of BAHFA operations. Precise terms for revenue generating activities will come to the Committees during the upcoming year for eventual adoption by the Board.

Module 3: New Regional Financing Products and Approaches

The purpose of Module 3 is to develop a new, small-scale regional finance program before a successful ballot measure, both demonstrating and testing BAHFA's potential as a public lender and creating a stable revenue stream for the agency. The team has been guided by four primary objectives for the new program: (1) improve affordability by filling an unmet need or outperforming existing products in the marketplace, (2) generate revenue for BAHFA to support the agency on its path towards self-sufficiency, (3) serve as proof-of-concept for BAHFA's role as regional lender, and (4) incrementally grow the agency's lending capacity.

Staff presented proposed elements of the new Mixed-Income Financing Program to the Committees in Spring, Summer and Fall of 2025. The early program concepts were also shaped by a Technical Advisory Group comprised of representatives from a broad cross-section of the affordable housing ecosystem (lenders, investors, governmental agencies, project sponsors, academics, lawyers and more). Financial analysis, program development, and performance modeling have been supported by CSG Advisors. Due diligence by BAHFA's consultant team included testing viability of proposed program elements across six recent Bay Area developments – grounding the work in current market dynamics. A five-year draft operating budget, combining proposed program elements with financial modeling, has informed the development of the fundraising strategy described in Module 2.

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Staff recommends a “kit-of-parts” approach for the program to ensure long-term affordability by combining multiple tools to reduce the financing gap for middle- and mixed-income projects. The layered tools are grouped into three categories of support to be used together or separately as needed to meet the bespoke needs of different projects, including:

1. **Public financing** to support lower financing costs and increase borrowing capacity, such as:
 - a. Issuing conduit bonds
 - b. Providing mezzanine/subordinate debt
2. **Public ownership** to support increased borrowing capacity, reduce operating expenses by providing property tax exemptions, and ensure long-term land stewardship. This could be achieved through various mechanisms, including several that blend public finance and ownership, including:
 - a. Issuing essential purpose bonds, in which BAHFA would take title to property and secure a tax abatement, in addition to providing access to tax-exempt financing.
 - b. Establishing an affiliated 501(c)(3) nonprofit to own property, which, like the essential purpose bond program, would unlock access to tax-exempt bond financing and a property tax abatement.
 - c. Taking a preferred equity position in a deal.
3. **Operating support** to decrease projects’ ongoing expenses, such as:
 - a. Expanding BAHFA’s Welfare Tax Exemption Program to include new construction, in addition to preservation.
 - b. Sustaining Doorway for marketing assistance, vacancy listings and lottery management.

Staff also explored the concept of a potential top-loss lending partnership with a Freddie Mac lender to help serve projects for which tax-exempt bond issuance is infeasible. While value would likely result from the reduction of interest rates and thus increase borrowing power, the capital required and elevated risk more than offset the projected benefit. Feedback from the Committees also questioned whether a top-loss program was appropriate given BAHFA’s stage of development. Consequently, the top-loss program concept has not been further pursued.

Committee and stakeholder feedback, led by the Technical Advisory Group and the BAHFA Advisory Committee, have confirmed that the new multi-layered program would add value to the region by complementing existing programs and taking a step towards a “one-stop shop” approach for simplified financing. This approach, especially the public ownership components, may also dovetail with various efforts to explore potential “social housing” models, and BAHFA is participating in the social housing study undertaken by the Turner Center for Housing Innovation at UC Berkeley to implement SB 555 (Wahab, 2023). Ultimately, the intention of the program is to take a step towards demonstrating how BAHFA can incrementally build towards the New York City Housing Development Corporation model, where program revenue and a strong balance sheet are capable of sustaining the agency while also offering a range of financing products to affordable housing projects.

Staff anticipate returning to the Committees in the coming months to finalize program details, eventually seeking Board approval to formally establish the program and approve associated term sheets.

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Module 4: Regional Housing Programs

In November and December 2025, the Committees provided feedback on the draft outcomes of Module 4, relating to BAHFA's initial portfolio of pilot programs. The materials included several detailed program evaluation reports, including one by outside stakeholders. Highlights include that Doorway has over 370,000 active users with over 5 million site visits since launch and has helped place over 3,200 households into affordable homes and helped to fill over 200 waitlists. The Welfare Tax Exemption Program has facilitated placing deed restrictions on 847 units of unsubsidized affordable housing with a capital outlay of a mere \$40,000. These numbers include units from the program's recent closing on a project in the Canal District of San Rafael that received media attention for helping to resolve long-standing tensions between tenants and the owner.¹ The success of both programs has led to their inclusion as components within the "kit of parts" for the new Mixed-Income Financing Program (Module 3).

The crux of Module 4 was to prioritize regional programs to right-size BAHFA's programmatic portfolio for the near-term resource-constrained environment while positioning it to scale in the future. Consensus was reached by the Committees to continue support for Doorway and the Welfare Tax Exemption Program (to be rolled into the new Mixed-Income Financing Program). Together, these programs leverage BAHFA's unique regional role to add value to the housing ecosystem while also generating revenue in the interim before a ballot measure can be pursued. Doorway, in particular, has demonstrated the power of a regional approach by achieving economies of scale. For example, Doorway has absorbed similar portals in San Mateo and Alameda Counties, reducing costs for those jurisdictions. Doorway's success has provided housing seekers with a seamless experience across most of the Bay Area, without more than 100 local jurisdictions each investing time and money to build their own local portals.

The other pilot programs (Priority Sites Loans, Housing Preservation Loans and Technical Assistance, and the Napa County SHARE Rental Assistance Pilot Program) will reach their natural conclusions when their one-time funding sources are fully expended. These programs have achieved positive and measurable impact with one-time funding. The \$28 million Priority Sites Program is supporting ten projects that will produce approximately 13,000 new units including 1,365 new affordable homes directly funded by BAHFA. The \$17.8 million Preservation Loan Program has prevented displacement and ensured affordable rents for approximately 68 units, with most awards going to community land trusts or other emerging developers. These numbers include units from the program's recent loan to a project in Saint Helena that was covered by local media.² The Napa Rental Assistance Program provides subsidies for 124 seniors at risk of homelessness, responding to the grim reality that seniors are the fastest growing segment of the region's unhoused population. Unfortunately, these programs are capital intensive and cannot be sustained in the current resource-constrained environment. However, through Module 4, BAHFA has documented best practices and lessons

¹ Marin Independent Journal. (2025, December 31). *San Rafael complex approved for affordable housing deal*. <https://www.marinij.com/2025/12/31/san-rafael-complex-approved-for-affordable-housing-deal/>

² Napa Valley Register. (2026, January 8). *Our Town St. Helena Acquires Apartments on Monte Vista*. https://napavalleyregister.com/star/news/our-town-st-helena-apartments-affordable-housing/article_4c0d15ef-cc19-4a10-a8e2-5f3f1edd55d6.html

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learned to facilitate reactivation if/when more resources are available. Staff will continue to evaluate outcomes as more information becomes available.

Conclusion

This item marks the conclusion of BAHFA's post-RM 4 Strategic Planning process. A benefit of Strategic Planning across all modules is that BAHFA has engaged with a wider variety of stakeholders and expanded the agency's relationship network at a time when partnerships remain critical. Generally, support for both BAHFA and a potential ballot measure to provide transformational funding remain strong around the region. However, the landscape has shifted and will continue to evolve; BAHFA must adapt to these ever-changing circumstances. BAHFA now has a blueprint for how to move forward in the near-term while also maintaining vision for the long term as the strategic planning process draws to a close and the implementation phase proceeds.

The four modules in the Strategic Plan work together to chart the path for BAHFA to eventually reach its full potential. Modules 3 and 4 narrowed BAHFA's near-term focus to supporting revenue-generating programs that add value to the region's affordable housing ecosystem. Modelling of revenue generation from these programs has informed BAHFA's funding strategy developed in Module 2. Eventually these programs will transition BAHFA towards self-sufficiency, but more funding is needed in the near term to bridge to that point. Securing additional bridge funding will remain a central focus for BAHFA in 2026 and beyond. Finally, Module 1 is charting the path to raise transformative scale resources across the region through a potential regional ballot measure as early as 2028. Together they create an ambitious, yet achievable, path for BAHFA to deliver on its "3 Ps" mandate for decades to come.

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Next Steps

Staff anticipate returning to the Committees in March with more information about the structure, scope, and timing of a proposed stakeholder engagement process to resolve policy issues in preparation for potential 2027 legislative changes, in coordination with external partners. Staff will also return with updates and eventual approvals for the components of the Mixed-Income Financing Program developed in Module 3. Program fee schedules will be brought to the Board for adoption as the studies are completed. Finally, staff anticipate holding a public webinar to share results of the strategic planning process with a broad audience.

Issues:

None

Recommended Action:

Informational

Attachments:

A. Presentation

Reviewed:



Andrew Fremier