

Bay Area Housing Finance Authority BAHFA

May 24, 2023

Agenda Item 3b - 23-0683

Bay Area Housing Finance Authority (BAHFA)

Draft Fiscal Year (FY) 2023-24 Operating Budget

Subject:

Presentation of the Bay Area Housing Finance Authority (BAHFA) Draft Fiscal Year (FY) 2023-2024 Operating Budget.

Background:

The Bay Area Housing Finance Authority (BAHFA) was established in October 2019 to provide a regional financing mechanism for affordable housing production, preservation, and tenant protections in the San Francisco Bay area region, including charter cities. In April 2022, the Metropolitan Transportation Commission (MTC) transferred a \$20 million grant from the State of California to BAHFA to fund ongoing operations.

The FY 2022-23 BAHFA Operating Budget approved by the Authority board reflected a multi-year program budget which included the entire \$20 million of grant funding. In contrast, the FY 2023-24 reflects an annual program operating budget with remaining funding to be included in future fiscal year budgets.

On March 22, 2023, the BAHFA Board approved a fund transfer from the MTC for \$43 million in Regional Early Action Planning (REAP) 2.0 grant funding (MTC Resolution No. 4565), which included the approval of two new pilot projects: the Housing Preservation Pilot and the Priority Sites Pilot.

On May 10, 2023, the MTC Administration Committee referred to the MTC Commission for approval a proposal to repurpose \$5 Million in Transit Oriented Affordable Housing funds (TOAH Exchange Fund) for a new Rental Assistance pilot project (MTC Resolution No. 4578).

BAHFA's expenditure program remains unchanged, deploying its grant funds to implement BAHFA's mission: providing programs, resources, and technical assistance throughout the Bay Area that protect current residents from displacement; preserve existing affordable housing; and produce new housing at all income levels, especially affordable housing.

The proposed FY 2023-24 draft budget includes a total of \$56,462,065 in revenue, as described in the table below:

Revenue	Draft FY 2023-24 Budget
State of California Housing Community Development	\$8,268,739
Transit-Oriented Affordable Housing (TOAH) Exchange Fund	5,000,000
MTC Transfer: Regional Early Action Planning (REAP) 2.0	43,000,000
Interest Income	193,326
Total Revenue	\$56,462,065

The proposed FY 2023-24 draft budget includes \$56,268,739 in expenses. While BAHFA’s budget programs the full \$48 million being transferred from MTC, actual expenditures may occur over several fiscal years as the different pilot programs are implemented. A summary of the FY 2023-24 budget is provided below:

DRAFT FY 2023-24 EXPENSES	
Staff Salaries	\$1,358,488
Staff Benefits	577,358
Overhead	967,923
Pilot Operational Costs	4,000,000
Housing Preservation Pilot	15,000,000
Priority Sites Pilot	27,683,569
Rental Assistance Program	5,000,000
Polling	150,000
Legal	900,000
Business Plan	500,000
Audit/Accounting/Other	34,950
Travel/Training/Public Hearings	29,250
Board Stipends	67,200
Total Expenses	\$56,268,739

BAHFA Pilot Programs: Project Cost Estimates

- 1) Doorway: Total BAHFA staff time + additional grant resources: approximately \$4,650,000. This pilot program involves significant costs for development of the database and customer relationship management systems, as well as multi-jurisdictional coordination, planning and program integration.

- 2) Preservation: Total BAHFA staff time + additional grant resources: approximately \$3,910,000. Staff have also secured a Breakthrough Grant from the Partnership for the Bay's Future, which enables a two-year Preservation Fellow to assist the Preservation Principal. The approximate value of this fellowship is \$500,000, bringing total Preservation resources to approximately \$4.4 million.
- 3) Pipeline: Total BAHFA staff time + additional grant resources: approximately \$765,000. The Pipeline creation will provide a comprehensive summary of the Bay Area's pending and in-construction affordable developments to facilitate data-driven resource coordination.
- 4) Anti-Displacement: Total BAHFA staff time + additional grant resources: approximately \$2,225,000. Through this pilot, BAHFA staff seek to create an action plan for long-term anti-displacement work that is specifically focused on protecting households' existing residencies. It will be implemented in conjunction with the Preservation Pilot but will highlight tenant protections rather than acquisitions and rehabilitation work.
- 5) Homelessness Prevention Pilot: Total BAHFA staff time + additional grant resources: approximately \$2,225,000. In conjunction with the Anti-Displacement Pilot, this pilot will focus on long-term collaborative, region-wide actions BAHFA can lead with key stakeholders to better protect Bay Area residents from many of the events that lead to homelessness.
- 6) Housing Preservation Pilot: \$15 Million of the transferred \$43 Million Grant will be used to provide financing to nonprofit developers and community land trusts for acquisition and rehabilitation of occupied properties to establish long-term affordability, with the goal of stabilizing at least 60 households.
- 7) Priority Sites Pilot: \$28 Million of the transferred \$43 Million Grant will be used to accelerate regionally significant affordable or mixed-income housing projects that leverage public land or the redevelopment of aging malls/office parks – two of the most impactful Housing Strategies in Plan Bay Area 2050. In addition to establishing a pipeline of locally-prioritized, regionally significant sites in transit-rich areas, the program would deliver predevelopment funding directly to projects that advance multiple regional goals (affordability, climate, equity, etc.) and demonstrate success factors such as local support, a clear path to entitlements, and a realistic financing plan. The program could also explore alignment with other state and regional funding sources to expedite project delivery and effectively leverage other sources of capital.
- 8) Rental Assistance Pilot: Utilizes \$5 Million Transit Oriented Affordable Housing exchange funding in order to create longer term rental assistance to help decrease the current homeless population.

Recommendations:

This is an information item.

Attachments:

- Attachment A: Bay Area Housing Finance Authority (BAHFA) Draft FY 2023-24 Operating Budget

- Attachment B: Presentation



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