

Priority Sites

Proposed Awards & Next Steps
Predevelopment Pilot Funding

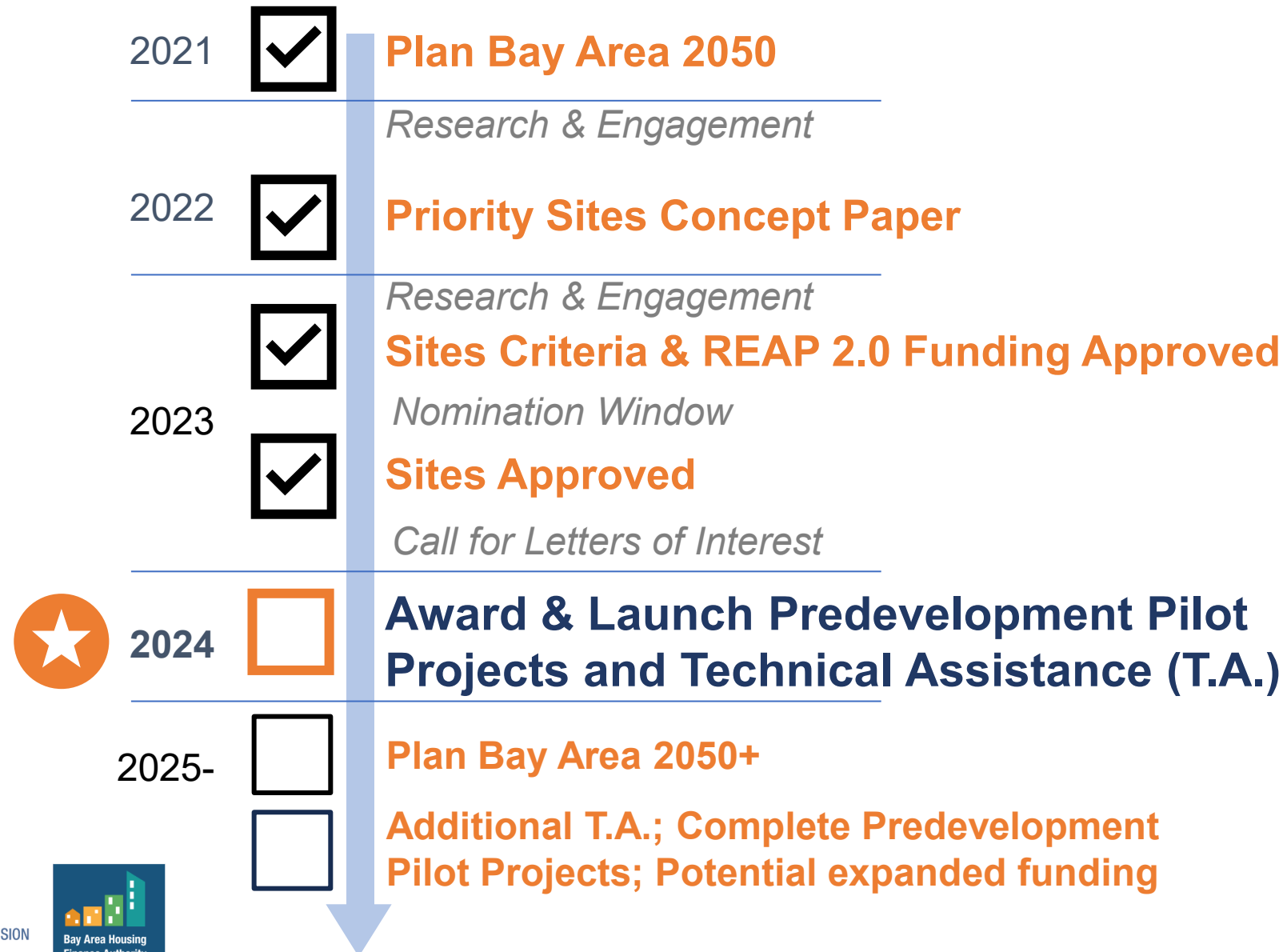
BAHFA Oversight Committee
May 8, 2024



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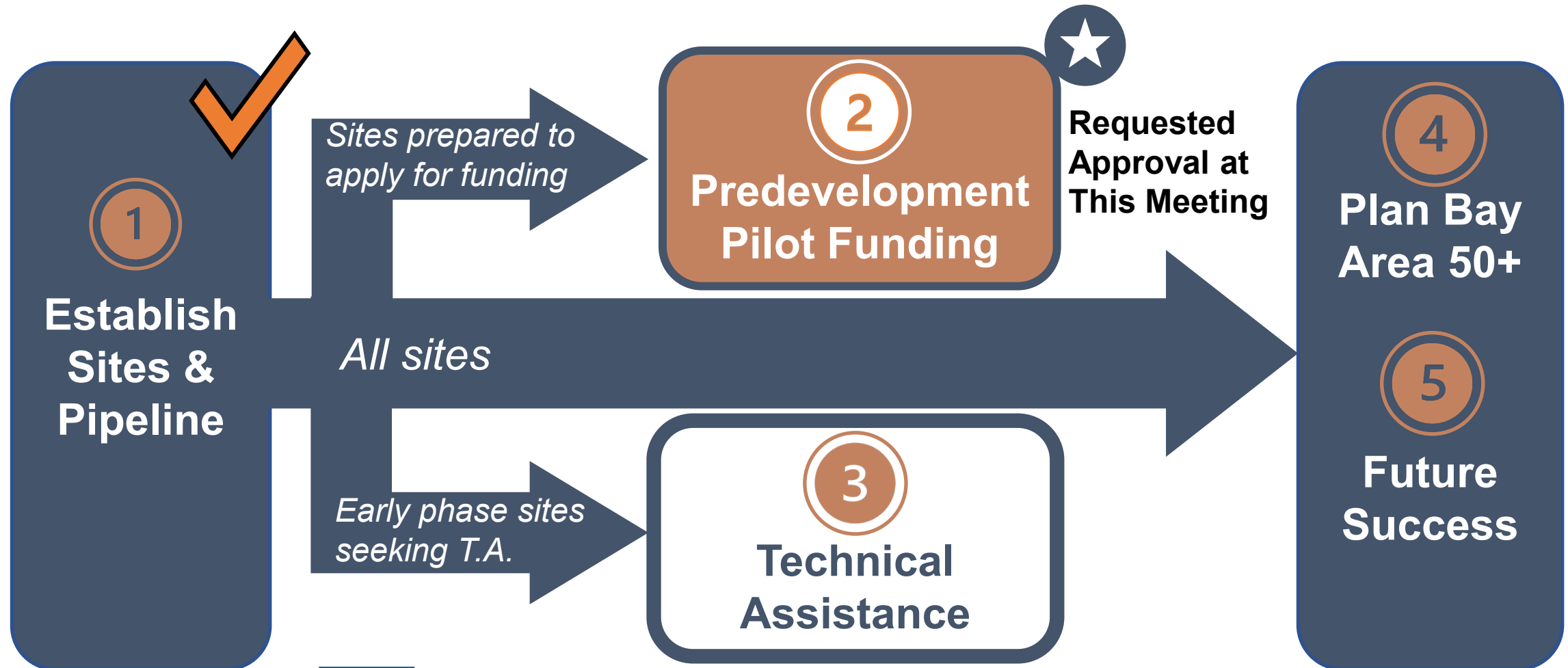
Timeline: Priority Sites Program



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Approach: Priority Sites Program

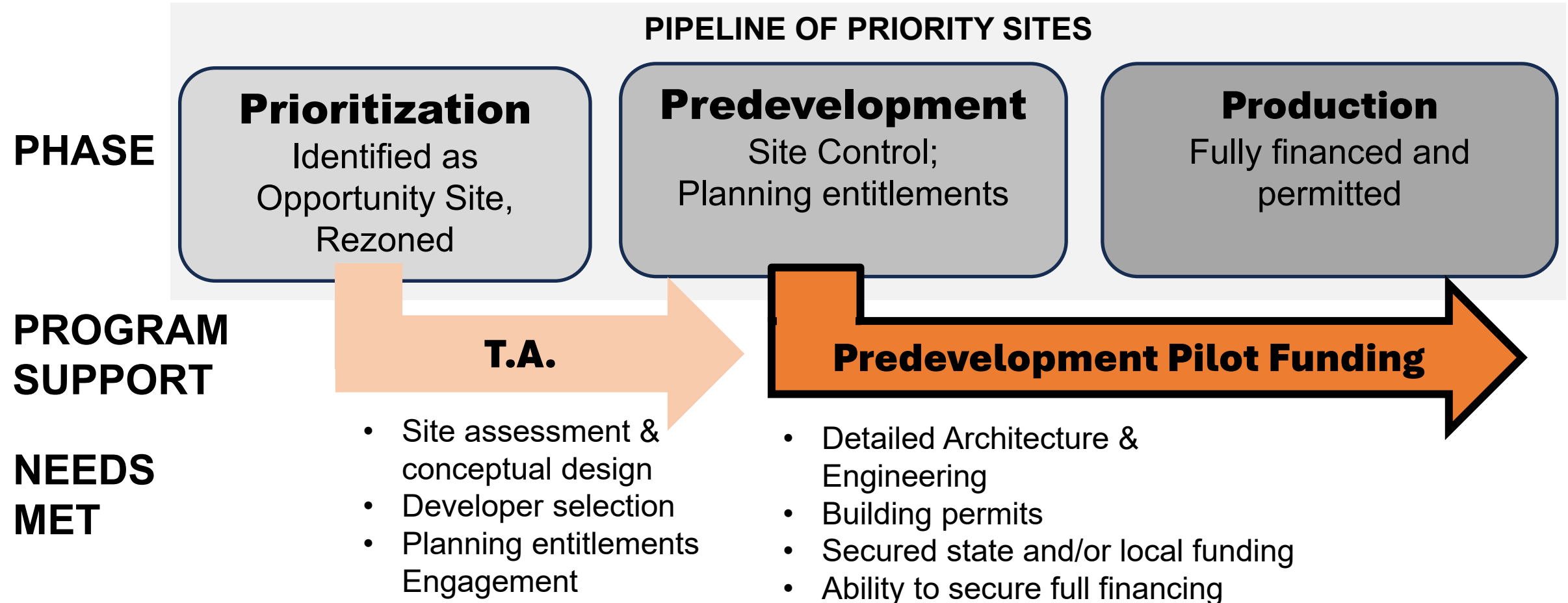


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Priority Sites Pipeline:

Where does T.A. and Pilot Funding Fit In?



Setting the Context

- **Fall 2023: REAP 2.0 funding for Priority Sites approved by Commission and HCD:**
 - \$28 million for **Predevelopment Pilot** capital funding
 - \$2.8 million for Technical Assistance
- **November 2023: Call for Letters of Interest**
 - \$77.5 million in **Predevelopment Pilot project** requests submitted (2.75x *oversubscribed*)
 - \$8.61 million in Technical Assistance requests submitted (3x *oversubscribed*)
- **January 2024: State budget deficit impacts REAP 2.0**
 - Governor's January 2024 Budget: 50% cut proposed to REAP 2.0 statewide
 - HCD announces release of 25% of funds only, in "abundance of caution"
 - Upcoming: May 15th Governor's budget revise; June budget negotiations
- **Recommended approach responds to this challenge**



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Overview: Predevelopment Loan Requests

- **Typical Proposal Characteristics**

- Applicants submitted both predevelopment loan-only applications and requests that predevelopment funding convert to permanent financing
- Most are large, mixed-income and mixed-use developments; many have multiple phases
- Many feature strong transit connections, including redevelopment of transit stations or publicly-owned infill sites

- **Characteristics of Top Proposals**

- Readiness: Projects are close to construction commencement, e.g., all local and/or state funding is secured
- Leveraging Other Funding: Projects with predevelopment requests are prioritized to revolve funds and serve more projects
- Impact: Projects have higher affordable unit counts and serve homeless households
- Broad Community Benefits: Projects are mixed-use, with non-housing amenities
- Affirmatively Furthering Fair Housing: Projects are located in “High or Moderate Resource Areas,” fulfilling HCD’s AFFH requirements
- Tiebreaker: Projects facing an imminent loss of a funding award are prioritized



Funding Recommendations

- **Conditionally approve 3 funding phases, subject to:**
 - HCD's release of funds
 - Projects' confirmation of maintained project conditions that led to awards
- **Phase 1:**
 - 4 projects, highest scoring
 - \$11.1 million in awards, based on HCD's 25% funding release
- **Phase 2:**
 - 1 project
 - \$3 million award reaches 50% funding total, as proposed in Governor's budget
- **Phase 3:**
 - 5 additional projects, assumes reinstatement of 100% of funds: \$28M



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Recommended Predevelopment Pilot Funding Awards

First Phase

- 1) Mandela Station
- 2) South San Francisco PUC
- 3) Lake Merritt BART
- 4) North Berkeley BART

Funding Amount: \$11.1M

Second Phase – Up to 50%

- 1) Blossom Hill VTA

Funding Amount: \$3M

Third Phase – Full \$28M

- 1) Midway Village
- 2) Treasure Island
- 3) Capitol Station VTA
- 4) El Cerrito Plaza BART
- 5) Orbisonia Village

Funding Amount: \$13.9M

Type of Loan Application	Total Funding Requested	1st Phase Recommended Awards	2 nd Phase Recommended Awards	3 rd Phase Recommended Awards	Total Recommended Awards
Predevelopment	\$35M (11)	\$5.1M (2)	\$3M (1)	\$6M (2)	\$14.1M (5)
Permanent	\$42.5M (12)	\$6M (2)	- (0)	\$7.9M (3)	\$13.9M (5)
Total	\$77.5M (24)	\$11.1M (4)	\$3M (1)	\$13.9M (5)	\$28M (10)

See Attachment B for additional detail on specific awards



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Predevelopment Pilot Funding and T.A. Set the Stage for Transformative Regional Action

- Predevelopment Pilot funding awards recommended to sites in 5 of 9 Bay Area counties
- Technical assistance (T.A.) funding awards recommended to sites in 8 of 9 Bay Area Counties
- T.A. will position sites to utilize larger pools of future funding, including any recycled Pilot loans



Next Steps

- **Near Term:** Subject to approval by the BAHFA Board in May, staff will work with all recommended funding awardees on final due diligence requirements and proceed to loan execution once HCD releases funding.
- **July 1, 2024:** With conclusion of state budget negotiations, staff will conclude the 2024 Pilot Program funding award process.
 - Technical Assistance grants for Priority Sites will also launch.
- **Longer Term:** Projects awarded predevelopment loans are expected to repay those funds in 24-36 months, and BAHFA will reinvest them in additional Priority Sites projects.



Image: Milpitas Transit Station Area
Credit: MTC Photo Library



Image: Modular housing project in San Leandro
Credit: MTC Photo Library



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Bay Area Housing
Finance Authority



Thank you.



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