



# Transit Oriented Affordable Housing Fund and Rental Assistance Pilot Administration Committee May 10, 2023



ASSOCIATION OF BAY AREA GOVERNMENTS  
METROPOLITAN TRANSPORTATION COMMISSION

# Overview of Proposed Changes to TOAH

- In 2012, MTC invested \$10M in the Transit Oriented Affordable Housing (TOAH) program. The loan's origination period has now expired.
- The investment has facilitated the construction of **1,600 units!** However, there have been challenges fully utilizing funds and other urgent funding needs and opportunities have emerged since the launch of BAHFA
- Given current priorities and resources, BAHFA recommends:
  1. Continuing to invest **\$5M in the TOAH program** through 2035
  2. Repurposing **\$5M to establish a Rental Assistance Pilot** focused on vulnerable renters, like seniors, fulfilling BAHFA's mandate to support ELI households and prevent displacement.

# TOAH Program Overview

- Purpose is to assist developers with the purchase of properties near transit for the development or redevelopment of affordable housing and community services
- \$50M revolving loan fund created in partnership with community development financial institutions (CDFIs)
  - \$10M MTC Investment
  - \$40M CDFI Investment
- Managed by the Low Income Investment Fund (LIIF) and loans originated by a consortium of 5 CDFIs
- Projects must be located in Priority Development Areas (PDAs) and Transit Priority Areas (TPAs)
- Borrowers may utilize loans for acquisition and/or predevelopment



# Ongoing Investment in TOAH

## Challenges with Utilization

- Only one of five originators consistently utilized the fund since 2019
- Some prospective projects are located outside of PDAs and TPAs
- Comparable loan products on the market have more competitive terms
- There is limited permanent financing that can be leveraged with TOAH. A successful 2024 BAHFA GO Bond could provide needed production funds.

## Proposed Program Revisions

- Reduce MTC's Investment in TOAH from \$10M to \$5M
- Extend the Origination Period through 2030
- Expand eligibility to projects located Plan Bay Area 2050 Growth Geographies
- Increase the maximum loan-to-value ratio from 110% to 120% for non-profit sponsors
- Increase the maximum predevelopment loan size from \$750K to \$1M
- Increase the maximum predevelopment loan term from 2 years to 3 years

# Helping Vulnerable Renters Stay Housed

## Rental Assistance as Homelessness Prevention

- Pilot programs in the region showing success preventing homelessness in San Jose, San Francisco, Oakland, and more
- Opportunity to pilot longer-term rental assistance or shallow subsidy to help increase stability

## Focus on Seniors, People with Disabilities

- ~575,000 people at risk of homelessness in the Bay Area, 36,800 people experiencing homelessness
- People on fixed incomes face significant challenges staying stably housed in the region
- Fastest rise in seniors experiencing homelessness - 108% increase 2017-2020 in CA
- Among older adults, cause of homelessness is very likely to be tied to financial or health crisis
- Black older renters in CA are most likely to be cost-burdened (paying more than 30% of income) *and* severely cost-burdened (paying more than 50%)

# Rental Assistance Program Pilot Overview

## Anticipated Terms of the Pilot

- **Focus population:** Vulnerable ELI renters with high risk of homelessness, high risk of displacement, low ability to increase income (e.g., seniors, people with disabilities)
- **Assistance:**
  - Rental Assistance (amount TBD) up to 48 months, with the opportunity to renew for seniors,\* in recognition of likelihood not to increase income
  - Connection with other housing, health, and social service supports
- **Operations:** Contract with experienced provider(s) to operate and evaluate the pilot
- **Regional Learning:** Coordinate with other pilots in the region and state, and help spread learning from evaluation

*\*AB 1487 allows BAHFA to renew 48-month terms for severely rent burdened seniors paying over 50% of income toward rent.*

# Questions?

**Bay Area Housing Finance Authority Website:**

<https://mtc.ca.gov/about-mtc/authorities/bay-area-housing-finance-authority-bahfa>

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