

# Bay Area Housing Finance Authority

## Oversight Committee

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December 11, 2024

Agenda Item 7.a.

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### Affordable Housing Preservation Technical Assistance Grant Program

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#### Subject:

Recommend BAHFA Oversight Committee referral to the BAHFA Board for adoption and recommend the BAHFA Board adopt Resolution No. 37, which approves the expenditure of \$325,000 for the Affordable Housing Preservation Technical Assistance Grant Program that will assist with pre-acquisition costs to advance the conversion of market-rate housing to permanently restricted affordable housing and to authorize the Executive Director to negotiate and enter into contracts with Eligible Applicants to fund Eligible Activities, as those terms are defined in Attachment A, so long as the contract amount does not exceed \$50,000; and to take other actions necessary or incidental to the expenditure of the Funds for such contracts, including but not limited to developing application forms.

#### Background:

Housing “preservation,” which includes the acquisition, rehabilitation and long-term ownership of residential properties, is a powerful strategy to protect low-income households from displacement. Its success hinges on housing organizations’ ability to create financially self-sustainable business models. While limited sources of capital funding have emerged at the local and regional level to support the capital costs of acquisition and rehabilitation activities, including BAHFA’s \$17.8 million Housing Preservation Pilot funded by the Regional Early Action Planning 2.0 (REAP 2) grant, preservation practitioners must often pull from lean organizational budgets early on to assess project feasibility and complete substantial predevelopment work leading up to acquisition.

#### Proposed Program:

To address this need, BAHFA staff proposes to establish an Affordable Housing Preservation Technical Assistance Grant Program (Program) that will support eligible organizations with upfront costs necessary to take residential properties off the speculative market, rehabilitate them as needed, and convert them to permanently affordable housing. The goal of the Program is to accelerate grantees’ ability to advance prospective preservation projects in the nine-county Bay Area from the predevelopment stage to property acquisition and rehabilitation.

The initial program budget will be \$325,000, funded by \$250,000 from BAHFA’s 2021 grant from the California Department Housing and Community Development (HCD) and \$75,000 in recently awarded grant funding from The San Francisco Foundation. Project sponsors will apply to BAHFA for one-year grants of up to \$50,000 through an over-the-counter process to cover pre-acquisition, project-based consultant contracts, resulting in 7-13 grants program-wide. Eligible activities to be completed by consultants hired directly by grantees will include feasibility analysis, property due diligence, resident engagement, architecture and engineering, construction management, legal support, set-up of asset management systems, and long-term financial sustainability planning.

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The proposed Program is described in greater detail in the attached presentation (Attachment A) and BAHFA Resolution No. 37 (Attachment B). BAHFA Resolution No. 37 will authorize the expenditure of funds for the Program and provides delegated authority to BAHFA's Executive Director to negotiate and enter into contracts with grantees pursuant to the requirements of the Program.

#### Timeline:

- November 21: BAHFA Advisory Committee refers BAHFA Resolution No. 37 to BAHFA Board
- December 11, 2024: BAHFA Oversight Committee refers BAHFA Resolution No. 37 to BAHFA Board
- December 18, 2024: BAHFA Board approval of BAHFA Resolution No. 37 on Consent Calendar
- Early January 2025: BAHFA staff opens online grant application
- Post-Application Launch: BAHFA staff reviews and awards grant applications in the order received until funds are fully expended. After making awards, BAHFA staff will work with grantees and their consultants to refine scopes of work, execute grant agreements, reimburse eligible expenses, and track progress.

#### Issues:

None

#### Recommended Action:

Recommend BAHFA Oversight Committee referral to the BAHFA Board for adoption and recommend the BAHFA Board adopt Resolution No. 37, which will create the Affordable Housing Preservation Technical Assistance Grant Program and delegate authority to the Executive Director to execute contracts for projects that meet the requirements of the adopted Program Guidelines.

#### Attachments:

- A. Presentation
- B. BAHFA Resolution No. 37

#### Reviewed:



Andrew Fremier