



BAHFA 2024 Ballot Measure:

Step 2 Decision Points for 2024 Affordable Housing Bond



ASSOCIATION OF BAY AREA GOVERNMENTS
METROPOLITAN TRANSPORTATION COMMISSION

BAHFA Advisory Committee
July 27, 2023

Reminder: Context of Decision Points

- Decision points concern BAHFA's **20% Regional Housing Revenue** only
 - Counties and direct-allocation cities create individual expenditure plans
- **Informational presentations** scheduled through the summer; discussed sequentially as “Step 1” and “Step 2” decision points
 - Approval is slated for October
- **BAHFA's value proposition for regional action:** drive equitable outcomes, achieve scale, spur innovation, collaborate towards systems change, create strong regional lending opportunities

Reminder: “Step 1” Decision Points

- **Focus on 1st Bond Issuance (Q3-Q4 2025)**
 - \$400 million of BAHFA’s \$2 Billion total
 - Adjust 2nd and future issuances based on successes
- **Program 1st Issuance “Flexible” Funding for Production**
- **Prioritize PSH and ELI for New Construction Funding**
 - If invited by jurisdictions or collaborative opportunities arise
- **Pursue Non-LIHTC Development in Competitive Conditions**
 - Advance innovation and scale
 - Avoid competition for scarce resources
 - Remain flexible – if market conditions change, adjust for best outcomes

“Step 2” Decision Points

- **How to distribute Production funds, including geographic balance of investments?**
- **What are priorities for the initial Preservation Program?**
 - \$60 million for 1st issuance
- **What are priorities for the initial Local Government Incentive Grant Program?**
 - \$40 million for 1st issuance

Step 2: Production Distribution Parameters

- **Establish county-level goals for BAHFA's total Production funds** over the life of the bond
 - 1st action: seek collaborative investments with jurisdictions for PSH
 - 2nd action: issue competitive Notices of Funding Availability (“NOFAs”) that fund priority projects
- **Track and report on performance** to achieve county-level goals with award recommendations from each NOFA
- Use successive issuances (total of 3-5 anticipated) to **“true up” achievement of targets**
 - Future NOFAs can be tailored to achieve overall goals (e.g., targeted outreach, scoring criteria, sub-regional set-asides, etc.)

Step 2: Production Distribution Options

Option 1: “Return to Source”

Goals established in proportion to each county’s contribution to the bond

Pros:

- Each county “made whole” for its tax contribution
- Easy for voters to understand

Cons:

- Does not address differing levels of need across the region

Option 2: “Affordable RHNA”

Goals established based on each county’s share of the region’s “very low” and “low-income” RHNA

Pros:

- Prioritizes affordable housing need
- Aligns funding with regional plans

Cons:

- Perception of “winners” and “losers”
- Some counties have very low investment goals

Alameda
Contra Costa
Marin
Napa
San Francisco
San Mateo
Santa Clara
Solano
Sonoma
Totals

Option 1: Return to Source	
BAHFA Production Funds^{2,3}	Share of Regional Funding
\$178 - \$239	17.1%
\$120 - \$162	11.6%
\$45 - \$62	4.4%
\$23 - \$31	2.2%
\$158 - \$213	15.2%
\$136 - \$183	13.1%
\$294 - \$395	28.3%
\$32 - \$43	3.1%
\$52 - \$71	5.0%
\$1–\$1.4 billion	100%

Option 2: Affordable RHNA	
BAHFA Production Funds³	Share of Regional Funding
\$215 - \$289	20.6%
\$121 - \$163	11.7%
\$38 - \$51	3.6%
\$10 - \$14	1.0%
\$190 - \$255	18.2%
\$111 - \$149	10.7%
\$294 - \$395	28.2%
\$25 - \$34	2.4%
\$36 - \$49	3.5%
\$1–\$1.4 billion	100%

Direct Funding to Counties^{1,2}	
Direct Production Funds^{2,3}	Total Direct Funds (all 3Ps)²
\$711 - \$1,094	\$1,367
\$481 - \$740	\$925
\$183 - \$282	\$352
\$93 - \$144	\$180
\$633 - \$973	\$1,216
\$544 - \$837	\$1,046
\$1,177 - \$1,810	\$2,263
\$129 - \$199	\$249
\$210 - \$322	\$403
\$4.2–\$6.4 billion	\$8 billion

Assuming \$10B Bond. Funding in millions. Amounts may not sum due to rounding.

- 1 Direct-allocation cities included in their respective counties
- 2 Derived from current tax rolls; amounts could vary based on relative future tax rolls
- 3 Range depends on total allocation of 18% (BAHFA) and 28% (counties) "Flexible Funds"

Step 2: Preservation Priority Recommendations

Legal Parameters:

- No displacement; no net-loss & right of first refusal for tenants (if demo/rehab)
- At least 55-year deed restriction

Additional Priorities:

- **Anti-Displacement Best Practices:** Incorporate lessons from REAP 2.0 Preservation Pilot Program (e.g., rent increase caps and eviction protections)
- **Prioritize Historically Disinvested Areas:** Equity Priority Communities, Displacement Risk Areas, and Low/Moderate Resource Areas
- **Prioritize Investments to Protect Tenants at Immediate Risk of Eviction or Affordability Loss:** E.g., buildings subject to Ellis Act evictions; projects with imminent affordability restriction expirations; buildings with high displacement risk
- **Support Community Controlled Models:** 20% target (~\$12 million) for community land trusts, community-based organizations, and co-ops, with preference for projects that enable tenant wealth-building

Step 2: Local Gov. Grant Program Recommendations

Legal Parameters:

- Must be “housing” or “housing-related uses”
- Current rules for general obligation bonds preclude some options

Additional Priorities:

- Prioritize housing-related amenities that enhance benefits for overall community as well as new affordable housing residents
 - E.g., parks, infrastructure, school improvements, etc.
- Retain flexibility to invest in housing programs that directly benefit households (e.g., homelessness prevention), especially if GO bond rules change
- Establish goal to fund at least one project in each county over the life of the bond

BAHFA Ballot Preparation Timeline

September 2023

- How BAHFA geographically distributes its funds
- Preservation Program priorities
- 10% Local Government Incentive Grant Program priorities

October 2023

- Approval of BAHFA's Initial Funding Priorities (decision points from July & September meetings)
- Adoption of Business Plan Equity Framework & Funding Programs; informational presentation on draft operations and sustainability plan
- Protection Program priorities*

December 2023

- Adoption of final BAHFA Business Plan

January – May 2024

- Approval of BAHFA's Regional Expenditure Plan and Resolution to place bond on county ballots

Post-Bond (2025)

- Loan Term Sheets and Underwriting Guidelines, including developer preferences

Thank You



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