

**Metropolitan Transportation Commission  
Programming and Allocations Committee**

May 13, 2026

Agenda Item 2g-26-0445

**MTC Resolution Nos. 3989, Revised and 4578, Revised – Transit Oriented Affordable  
Housing (TOAH) Fund Reprogramming**

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**Subject:**

Request to refer MTC Resolutions No. 3989, Revised and 4578, Revised to the Commission for authorization to reprogram the remaining \$5 million in the Transit Oriented Affordable Housing (TOAH) Fund to support the Bay Area Housing Finance Authority (BAHFA)'s new Mixed Income Housing Program.

**Background:**

In 2011, MTC invested \$10 million in non-federal MTC exchange funds in the TOAH program, an affordable housing fund created in partnership with community development financial institutions (CDFIs) to help developers acquire properties for affordable housing. Since the TOAH fund was established, MTC's contribution has served as catalytic funding to facilitate the construction of approximately 1,600 homes (see Attachment C: List of TOAH-funded Projects). However, utilization of the program has slowed down significantly in recent years. Of the five lenders that partner with MTC on the TOAH fund, only one lender has utilized TOAH dollars to originate new acquisition loans since 2019.

The initial loan origination period for the TOAH Fund expired in April 2023, which provided MTC an opportunity to re-evaluate its investment in the program. CDFI partners noted that the TOAH program's loan-to-value limit and predevelopment funding limit made TOAH funds less attractive than alternative funding sources available at the time, rendering many prospective projects infeasible.

MTC took action in May 2023 to continue the TOAH program with a reduction in MTC's investment from \$10 million to \$5 million and with minor revisions to specific loan terms to make the TOAH product more competitive. The reduction of \$5 million of MTC's original investment in TOAH was diverted to enable investment in the urgent need of supporting vulnerable renters at risk of homelessness through a new Rental Assistance Pilot administered by BAHFA.

Despite the term revisions adopted in 2023 to make the TOAH funds more favorable to prospective borrowers, no new loans have been originated since then. Utilization of the TOAH

program has continued to be low due to a challenging financing landscape more broadly. TOAH provides short-term acquisition loans, and developers have limited permanent financing options to take out TOAH loans when they expire and ultimately build housing projects. Meanwhile, as part of its Strategic Planning process launched in Spring 2025, BAHFA has been exploring a suite of financing tools that would not only increase the feasibility of housing projects in today's market but would also build towards BAHFA's financial self-sufficiency. As such, staff propose that the remaining \$5 million in the TOAH fund be reprogrammed to support BAHFA's new Mixed-Income Financing Program.

**Discussion:**

One of the core components of BAHFA's Strategic Plan is to develop a new, small-scale regional Mixed-Income Financing Program before a successful ballot measure that would both demonstrate and test BAHFA's potential as a public lender and create a stable revenue stream for the agency. The four primary objectives for the new program are to: (1) improve affordability by filling an unmet need or outperforming existing products in the marketplace, (2) generate revenue for BAHFA to support the agency on its path towards self-sufficiency, (3) serve as proof-of-concept for BAHFA's role as regional lender, and (4) incrementally grow the agency's lending capacity.

Staff presented proposed elements of the new Mixed-Income Financing Program to the BAHFA Advisory and BAHFA Oversight Committees in Spring, Summer and Fall of 2025. A five-year draft operating budget, combining proposed program elements with financial modeling, has informed the development of BAHFA's broader fundraising strategy and financial sustainability plan.

The Mixed Income Financing Program would generate income to BAHFA through interest, closing costs, and monitoring fees. Unlike the current TOAH program, the new Mixed Income Financing Program would provide flexible, long-term funding that would be available at rates lower than the market, which would assist projects to achieve greater affordability than otherwise possible. The TOAH fund currently has about \$1 million in uncommitted funds that could support the Mixed-Income Financing Program now. Of the remaining \$4 million in outstanding loans, \$2.8 million will be repaid by summer of 2026 and \$1.2 million will be repaid by spring of 2027.

**Next Steps:**

For the reasons described above, staff recommend winding down the TOAH program and reallocating the remaining \$5 million in MTC exchange funds from the TOAH Fund to BAHFA's new Mixed-Income Financing Program. To achieve this:

- Staff seeks PAC approval of the following actions:
  - Refer MTC Resolution No. 4578, Revised to the Metropolitan Transportation Commission for approval to authorize the Executive Director to negotiate and enter into an amendment to the agreement between MTC and Low Income Investment Fund (LIIF), the TOAH Fund manager, which will require LIIF to repay \$5 million in TOAH funds to MTC upon repayment of outstanding acquisition loans by borrowers.
- Refer MTC Resolution No. 3989, Revised to the Metropolitan Transportation Commission to reprogram \$5 million in non-federal MTC exchange funds from the Transit Oriented Affordable Housing program to BAHFA's new Mixed-Income Financing Program.
- Staff will seek approval of MTC Resolution Nos. 3989, Revised and 4578, Revised by the Commission on May 27, 2026.
- Staff will seek approvals for the Subordinate Debt component of the Mixed-Income Financing Program in the coming months.
- Pending approvals, staff will launch the Subordinate Debt Program in summer 2026.

**Issues:**

None identified.

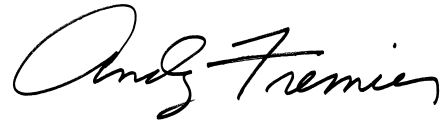
**Recommendations:**

Refer MTC Resolution Nos. 3989, Revised and 4578, Revised to the Commission for approval.

**Attachments:**

- MTC Resolution No. 4578, Revised
- Attachment A: Principles of Agreement Bay Area Transit Oriented Affordable Housing Fund: Amendment No. 2 to TOAH II
- MTC Resolution No. 3989, Revised

- Attachment B: MTC Exchange Program Funding Commitments
- Attachment C: List of TOAH-funded Projects

A handwritten signature in black ink, appearing to read "Andrew B. Fremier". The signature is fluid and cursive, with the first name "Andrew" being more prominent and the last name "Fremier" following in a similar style.

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Andrew B. Fremier