

BAHFA Strategic Planning

Summary and Conclusion

BAHFA Advisory Committee

February 26, 2026



ASSOCIATION OF BAY AREA GOVERNMENTS
METROPOLITAN TRANSPORTATION COMMISSION

BAHFA Strategic Planning Overview

North Star:

BAHFA was created to raise transformative revenue to meet regional affordable housing needs at scale

Purpose:

Articulate the vision and plan to sustain BAHFA until capitalized at scale

Process:

An inclusive process is necessary to maintain, strengthen, and expand coalition of BAHFA supporters

Four Modules:

1. Regional Revenue Measure: Reflections & Framework for Future Ballot Measure
2. Funding Strategy and Financial Sustainability Plan
3. New Regional Financing Products & Approaches
4. Regional Housing Programs

Why BAHFA?

BAHFA's Value Proposition

- Need for a strong regional voice to **win transformative resources**
- Bay Area must **work together to achieve impact at scale**
- Unique regional authority that can unlock:
 - **Billions in future funding** for affordable housing & homelessness prevention
 - **Structural change** in affordable housing delivery systems to improve efficiencies and impact at scale
 - **Self-sufficient** public lender that reinvests earnings back into communities **while reducing reliance on repeated tax increases**

Module 1 (Regional Revenue Measure)

Goal: Accelerate “lessons learned” from the 2024 election cycle to lay the groundwork for a future regional measure as early as 2028

Lessons Learned from Regional Measure 4

Strengths

- BAHFA-ABAG partnership
- Technical assistance to counties and local governments
- Regional housing capacity and expertise

Challenges

- “Dual strategy” of regional & statewide measures
- Error in ballot question
- Complexity (statute & communications)
- Lack of consensus on some issues
- Economic conditions & tax fatigue

Results of Stakeholder Feedback

Overwhelmingly, there is appetite to explore a potential 2028 measure.

- The need for housing solutions remains high in communities
- Housing affordability and homelessness remain top issues for voters
- BAHFA has unique authority to raise transformative scale resources across the region

However, there are challenges that will require a thoughtful and strategic approach.

- Trust building and relationship repair are needed to build a new coalition
- There are significant unresolved policy issues that may necessitate additional legislative amendments, with tension between stakeholders
- Limited capacity and competing priorities

Regional Revenue Measure Timeline

Phase 1: Stakeholder Engagement

Broad table to discuss outstanding policy issues to inform proposed legislative changes

BAHFA coordinates with **stakeholders**, building trust and generating buy-in

Outcome: policy framework for statutory amendments

Timing: ~March-Oct 2026

Phase 2: Legislative Changes

Implement policy framework through proposed amendments to BAHFA's enabling legislation

Joint advocacy between BAHFA and **coalition** that could emerge from stakeholder process

Outcome: amended statute

Timing: Oct 2026-Sept 2027

Phase 3: Revenue Measure

Policy development of a regional measure, guided by revised statute

Potential for amended statute to permit placement via qualified voter initiative

If a measure proceeds, BAHFA role limited to public information; not involved in **campaign** activity

Outcome: ballot measure

Timing: Fall 2027-Nov 2028

Module 2: Outcomes of Strategic Planning

Goal: Create a multi-pronged funding strategy to sustain BAHFA's impact and set the agency on a path to self-sufficiency

Still operating in a resource-constrained environment

Mixed results from initial fundraising:

- Unsuccessful FY 24-25 \$30 million state budget ask
- Mixed-Income Financing Program: raised \$10 million in lending capital secured from CZI and MTC + \$1 million startup costs from CZI
- Doorway: raised \$200,000 from San Francisco Foundation

Key takeaways:

- Prioritize BAHFA programs that balance impact with revenue generation
- Wind down pilots that cannot be sustained
- Near-term funding is necessary to bridge towards a more sustainable operating model

Module 2: Funding Strategy

In the current resource-constrained environment, BAHFA must pursue a multi-pronged approach that weaves together funding from multiple sources:

1. FY 26-27 State Budget Request

- \$15 million request building on strong Bay Area support from last year
- Align with peer agencies in Los Angeles and San Diego

2. Pursue funding and investment partnerships

- E.g., philanthropy, private sector

3. Generate revenue from BAHFA Programs

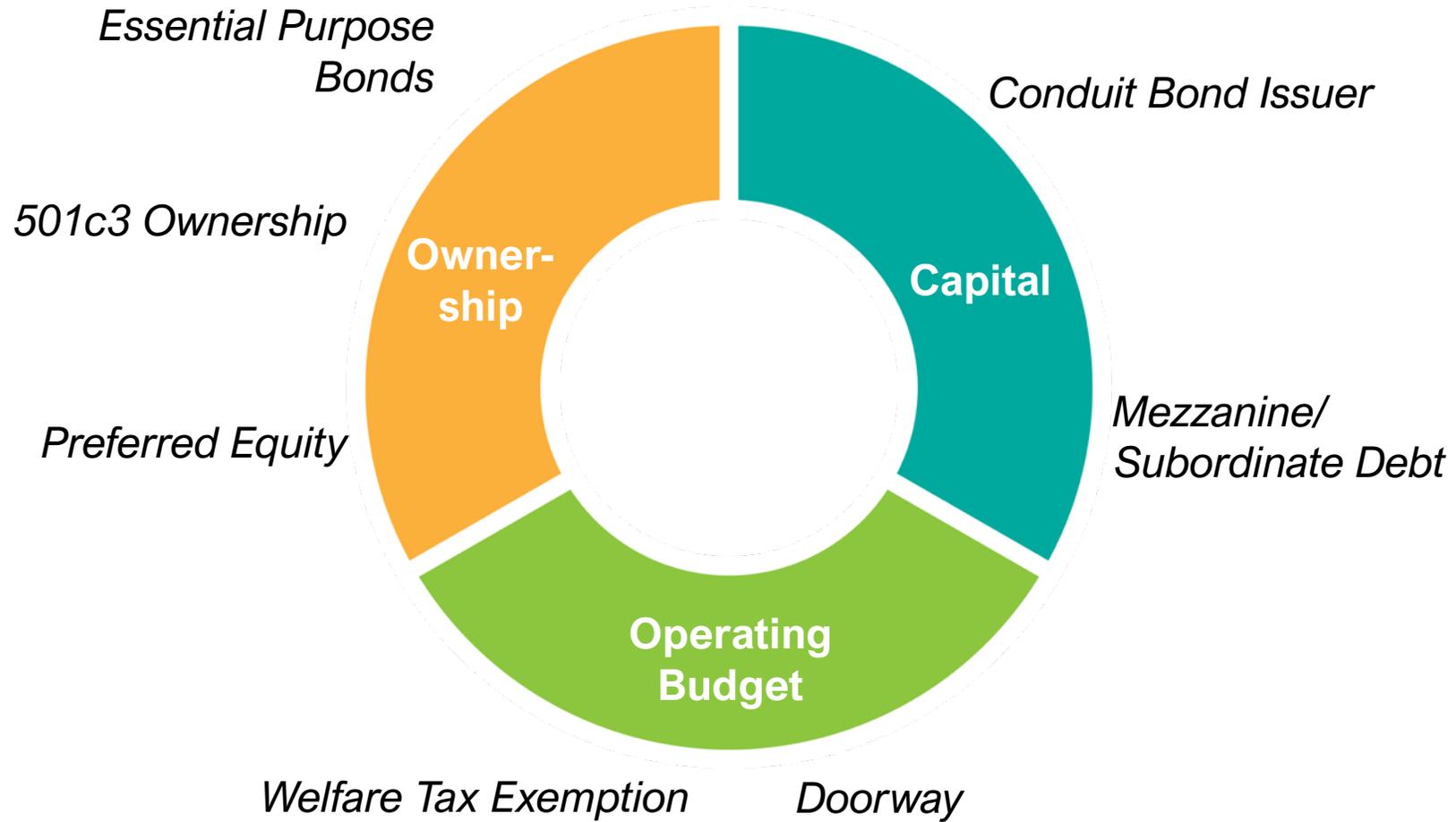
- Combination of revenue from financing activities and fee-for-service (e.g., Doorway)

Module 3 (New Mixed-Income Program)

Goal: develop a new regional financing program to demonstrate BAHFA's potential and create a stable revenue stream

- **Established Program Principles**
- **Defined Real Estate Financing Roles**
 - Public financing
 - Public ownership
 - Operating support
- **Designed Program: a “kit-of-parts” that can be easily layered to multiply impact**
 - Initial focus on middle or mixed-income, acquisition-rehab projects
 - Incorporate existing Welfare Tax Exemption Program and expand to new construction
- **Multiple rounds of feedback with Committees, Technical Advisory Group and other stakeholders**
- **Due diligence, case studies, modeling and budgeting**

Real Estate Financing Roles



Potential Capital Program Elements

	Program	BAHFA Role	Impact	Status
CAPITAL	Conduit Bond Issuer	<ul style="list-style-type: none"> • Issuer, Tax-Exempt Bonds • Deed Restrictions • Long Term Monitoring 	<ul style="list-style-type: none"> • Lowers Borrowing Cost, Increases Borrowing Capacity 	<ul style="list-style-type: none"> • Researching Market Demand • Evaluating Admin Options and Cost-Benefit
	Matched Subordinate Financing	<ul style="list-style-type: none"> • Subordinate Lender 	<ul style="list-style-type: none"> • Lower Cost Increases Borrowing Capacity • Primary revenue generator for BAHFA 	<ul style="list-style-type: none"> • Draft Term Sheet Under Development • Exploring Partnership Opportunities

Potential Ownership Program Elements

	Program	BAHFA Role	Impact	Status
OWNERSHIP	Essential Purpose Bonds	<ul style="list-style-type: none"> • Issuer of Tax-Exempt Debt • Owner of Asset • Private Sector “Partners” 	<ul style="list-style-type: none"> • Lower Cost Increases Borrowing Capacity • Tax Exemption Extended to Middle-Income • Ensures Permanent Affordability 	<ul style="list-style-type: none"> • On Hold Until Possessory Interest Issue Resolved
	501c3 Ownership	<ul style="list-style-type: none"> • Issuer of Tax-Exempt Debt • Nonprofit owns asset • Private Sector “Partners” 	<ul style="list-style-type: none"> • Lower Cost Increases Borrowing Capacity • Stricter Affordability Requirements • Ensures Permanent Affordability 	<ul style="list-style-type: none"> • Researching Legal Requirements and Market Demand • Evaluating Admin Options and Cost-Benefit
	Preferred Equity	<ul style="list-style-type: none"> • LP Investor 	<ul style="list-style-type: none"> • Equity Position Increases Borrowing Capacity • Shared Risk/Upside 	<ul style="list-style-type: none"> • Researching Legal Requirements

Potential Operations Program Elements

	Program	BAHFA Role	Impact	Status
OPERATIONS	Welfare Tax Exemption	<ul style="list-style-type: none"> • Small Grant • 55 Year Deed Restriction • Long Term Monitoring 	<ul style="list-style-type: none"> • Property Tax Exemption = Lowers Operating Expense • Ensures Long Term Affordability 	<ul style="list-style-type: none"> • Expanding to New Construction • Draft Term Sheet Under Review
	Doorway	<ul style="list-style-type: none"> • Marketing Assistance • Vacancy Listings • Lottery Management 	<ul style="list-style-type: none"> • Equitable Access for Tenants • Faster Lease-up for Property Owners 	<ul style="list-style-type: none"> • Ongoing

Draft Program Operating Budget

Staff have developed a draft operating budget to test financial sustainability. Modeling includes assumptions subject to further testing, including:

Capitalization

- \$30 million in lending capital over 4 years
 - \$10M secured, \$14M identified, \$6M gap

Revenue

- Closing and annual monitoring fees; interest rate of 6.5% on subordinate debt
- \$3 million contribution from BAHFA reserves

Expenses

- Initially consultant led, transitioning to staff by 2028

Outcomes

- By Year 5, program covers costs and may produce net positive revenue stream for BAHFA
- More than 30 projects financed over 4 years

Take Aways:

- Potential for program-level self-sufficiency by Year 5
- Deliver proof of concept for BAHFA as public lender
- Achieve institutional stability even if revenue measure not viable in 2028

Module 4 (BAHFA Programs)

Goal: Evaluate and right-size BAHFA's programmatic portfolio based on available funding

Sustaining

Value add programs with regional impact that can be sustained over time

- **Doorway**
- **Mixed-Income Financing Program**
 - Includes retaining and expanding Welfare Tax Exemption Program

Winding Down

Deliverables-based pilots

- Pipeline Reports
- Eviction Study
- Tribal Consultation TA

Capital-intensive Pilots

- Priority Sites Loans & TA
- Preservation Loans & TA
- Napa County SHARE Rental Assistance



Next Steps

Spring 2026

Strategic Planning Webinar

Regional Revenue Measure

- Refine and launch stakeholder engagement process to shape potential 2027 legislation

Funding

- Pursue multiprong strategy, including \$15 million state budget request

Mixed-Income Financing Program

- Additional research and program development
- Complete term-sheets & underwriting guidelines

Summer 2026

- Launch new financing program
- Continue stakeholder engagement process