



BAHFA 2024 Housing Bond Measure

Program Design for Regional Expenditure Plan: Steps 1 & 2 Consolidated Guidance



ASSOCIATION OF BAY AREA GOVERNMENTS
METROPOLITAN TRANSPORTATION COMMISSION

BAHFA Advisory Committee
September 28, 2023

BAHFA's Regional Expenditure Plan: Consolidated Decision Points Guidance

- Staff previously presented “Step 1” and “Step 2” decision points for BAHFA's 20% Regional Housing Funds Expenditure Plan
 - BAHFA Advisory Committee, Joint Housing Committee, BAHFA Board, and ABAG Executive Board **provided input over 8 meetings held July through September 2023**
- **BAHFA's guiding principles:** drive equitable outcomes, achieve scale, spur innovation, collaborate towards systems change, create strong regional lending opportunities

“Step 1” Decision Points

Recommendation	Guiding Principles/Rationale
1. Focus on Programing for 1st Bond Issuance (Q3-Q4 2025)	<ul style="list-style-type: none">• Retain flexibility to adjust to fluid market conditions• Build on successes and lessons learned
2. Use 1st Issuance of “Flexible” Funding for Production	<ul style="list-style-type: none">• Advance existing pipeline• Address housing shortage
3. For Production Funding, set a three-point prioritization strategy: <ul style="list-style-type: none">• <i>First</i>, prioritize PSH and ELI housing in collaboration with jurisdictions and <u>if</u> permanent operating subsidy is available• <i>Second</i>, pursue non-LIHTC development when state funding is competitive• <i>Third</i>, retain flexibility to leverage state and federal funds when possible	<ul style="list-style-type: none">• Implement Equity Framework directive to serve those with greatest need• Advance innovation and scale• Avoid competition for scarce resources• Remain flexible – if market conditions change, adjust for best outcomes

“Step 2” Decision Points

Recommendation	Guiding Principles/Rationale
<p>4. Create “Return to Source” Production Investment Targets for Every County</p> <ul style="list-style-type: none">• Ability to “true up” investments per county with successive issuances tailored through multiple NOFAs	<ul style="list-style-type: none">• Simplicity of administration• Each county “made whole” for tax investments• Ensure meaningful investments in smaller counties
<p>5. Set Preservation Priorities:</p> <ul style="list-style-type: none">• Investments in historically disinvested areas• Interventions that forestall immediate risk of eviction or affordability loss• Support for community-controlled models (~20% target)	<ul style="list-style-type: none">• Implement Equity Framework directive to serve those most in need• Community-controlled housing investments advance alternatives to traditional homeownership
<p>6. Set Local Gov. Grant Program Priorities:</p> <ul style="list-style-type: none">• Investments benefitting overall community (e.g., parks, infrastructure)• Retain flexibility in program priorities if GO bond rules change• Target at least one investment per county over life of the bond	<ul style="list-style-type: none">• Seek to achieve both project-level and broad community benefits

Feedback To Date and Considerations

- Generally positive feedback from Committee and Board members about staff recommendations on decision points
- Some questions about BAHFA's "value add," highlighting the importance of articulating how BAHFA can advance systems change and complement activities by counties and local governments
 - Clarity is essential for BAHFA's efforts to develop as a self-sustaining, regional financing entity that reinvests income in projects
 - Clarity is essential for BAHFA's efforts to advance innovation, cost-controls and development at scale
 - BAHFA will prioritize its goal of pursuing additive investments, in cooperation with cities and counties

How will Policymaker Feedback Shape Next Steps?

Pending direction from the BAHFA Board and ABAG Executive Board, staff will:

- Incorporate feedback to finalize the **BAHFA Business Plan** and draft the **Regional Expenditure Plan**
 - Committee and Board formal action on these plans will commence in Q1 2024, in conjunction with consideration of a resolution to place the regional housing bond on the November 2024 ballot
- **Advance ongoing coordination and collaboration with cities and counties** as they commence local expenditure planning processes

BAHFA Ballot Preparation Timeline

October – December 2023

- Further Board guidance on BAHFA's Initial Funding Priorities (Steps 1 & 2 decision points)
- “Step 3” Decision Points
 - Protection Program priorities*
 - BAHFA's Regional Expenditure Plan labor standards
- BAHFA Business Plan:
 - Adoption of Business Plan Equity Framework & Funding Programs
 - Informational presentation on BAHFA's draft Operations and Sustainability Plan – part 3 of the Business Plan

January – June 2024

- Approval of BAHFA's full Business Plan
- Approval of BAHFA's Regional Expenditure Plan
- 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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