

ABSTRACT

Resolution No. 0039

This resolution approves the creation of a fee schedule for the Welfare Tax Exemption Program (Program) by the Bay Area Housing Finance Authority for the purpose of converting existing residential buildings, and supporting the production of new residential buildings, as permanently affordable housing, delegates authority to the Executive Director or designee to collect fees from program applicants and take such actions as are necessary or convenient for the implementation of the adopted fee schedule, and finds that creation of a fee schedule for the Program is exempt from further environmental review under CEQA Guideline 15061(b)(3) because it can be seen with certainty that there is no possibility that the adoption of these fees may have a significant effect on the environment.

Further discussion of this subject is contained in the attached Summary Sheet dated May 13, 2026, for the Joint Meeting of the ABAG Housing and BAHFA Oversight Committees.

RE: Approval of a Fee Schedule for the Welfare Tax Exemption Program; Delegation of Authority to the Executive Director or Designee to Collect Fees From Program Applicants; CEQA Determination: Exempt Pursuant to CEQA Guideline 15061(b)(3)

BAY AREA HOUSING FINANCE AUTHORITY (BAHFA)
RESOLUTION NO. 0039

WHEREAS, BAHFA’s mandate is to create new financing tools, policy initiatives and collaborative partnerships across the nine-county Bay Area to promote housing affordability and address the region’s housing crisis; and

WHEREAS, BAHFA’s particular focus is advancing the “3Ps”: protection of current residents to avert displacement; preservation of existing housing affordable to lower- and middle-income residents; and production of new housing; and

WHEREAS, the California Legislature authorized a property tax exemption (Welfare Exemption) in Revenue and Taxation Code Sec. 214(g) (R&T Sec. 214(g)) for rental properties that serve lower-income households and meet other conditions, including a financial investment in the property from a public agency and recordation by a public agency of a deed restriction regulating occupancy of the building to eligible households; and

WHEREAS, BAHFA has created the Welfare Tax Exemption Program (the “Program”) to assist mission-driven affordable housing developers secure the Welfare Exemption, which will enable them to develop new or convert existing rental buildings to permanently affordable housing by lowering operating expenses; and

WHEREAS, the value of the public agency contribution BAHFA will provide shall be the minimum amount required by the California Board of Equalization (BOE) to meet the requirements of R&T Sec. 214(g); and

WHEREAS, other Program elements will include compliance with any applicable tenant protection ordinances; a regulatory term that achieves permanent affordability; a prohibition on displacement; and a minimum 10% discount to market rents for Welfare Exempt units; and

WHEREAS, to date the Program has operated at no cost to applicants, with BAHFA staff time associated with this work being paid for by other sources, however application of a

program fee has been contemplated since the Program was first launched in order to recover costs for operation of the Program from participants in the Program; and

WHEREAS, the fee amounts set forth in the Program Fee Schedule, attached as Attachment A (the “Fee Schedule”), are reasonably related to the costs of administering the Program for the applicants/participants paying such fees and are consistent with fees charged by other similar welfare tax exemption programs; and

WHEREAS, a delegation of authority to the Executive Director of the Metropolitan Transportation Commission (MTC) to collect fees from Program applicants will allow BAHFA to efficiently administer the Program and enable affordable housing developers to be competitive in market acquisition transactions and meet rapid closing timelines; and

WHEREAS, a delegation of authority to the Executive Director of MTC to provide reductions or waivers of fees charged that meet certain criteria will allow BAHFA to facilitate smaller projects that may not be able to support the cost of the fees but will further objectives of BAHFA’s Equity Framework in an efficient manner in order to meet rapid closing timelines;

NOW, THEREFORE, BE IT RESOLVED, that the Bay Area Housing Finance Authority hereby finds that the foregoing recitals are true and correct; and be it further

RESOLVED, that the Bay Area Housing Finance Authority approves and adopts the fees set forth in the Fee Schedule and authorizes the charge of such fees to applicants and participants in the Program; and be it further

RESOLVED, that the Bay Area Housing Finance Authority delegates authority to the Executive Director of the Metropolitan Transportation Commission or their designee to collect the fees set forth in the Fee Schedule from applicants and participants in the Program; and be it further

RESOLVED, that the Bay Area Housing Finance Authority delegates authority to the Executive Director of the Metropolitan Transportation Commission or their designee to adjust the fees set forth in the Fee Schedule from time to time by a percentage that reflects the change in CPI-U for San Francisco since the last prior adjustment to the fees, provided that any such adjustment shall occur no more frequently than twelve months from the last prior adjustment,

and the fees as adjusted will be reasonably related to the cost of providing the Program to the applicants and participants paying such fees; and be it further

RESOLVED that the Bay Area Housing Finance Authority delegates authority to the Executive Director of the Metropolitan Transportation Commission or their designee to reduce or waive fees charged to applicants or participants in the Program as set forth in the Fee Schedule by no more than the amount requested by the applicant, for projects that meet all of the following criteria: (a) are less than 30 units, (b) are intended to be 100% affordable to households earning 80% or less of Area Median Income, (c) advances at least two Objectives from BAHFA's Equity Framework, and (d) can demonstrate that, without the requested reduction, the project would not achieve long term financial feasibility as demonstrated by (i) project capital sources being equal to project capital uses, and (ii) operating revenue is equal to or exceeds the sum of operating expenses plus reserves for at least 10 years; and be it further

RESOLVED, that the Bay Area Housing Finance Authority finds the adoption of a fee schedule for the Program is exempt from environmental review pursuant to CEQA Guideline 15061(b)(3) because it can be seen with certainty that there is no possibility that the adoption of these fees may have a significant effect on the environment given that the Program's purpose is to preserve existing conditions for naturally occurring affordable housing, and to mitigate against the ongoing housing crisis, by reducing the possibility that low-income households would be displaced through unregulated rent increases if the property was sold to a for-profit developer; and be it further

RESOLVED, that this resolution shall be effective upon adoption.

BAY AREA HOUSING FINANCE AUTHORITY

Sue Noack, Chair

The above resolution was entered into by the Bay Area Housing Finance Authority at a duly called and noticed meeting held in San Francisco, California and at other remote locations, on May 27, 2026.

ATTACHMENT

Summary of the Welfare Tax Exemption Program Fees, May 13, 2026, Joint Meeting, ABAG
Housing and BAHFA Oversight Committees

Welfare Tax Exemption Program Fee Schedule