

Regional Solutions to Expand Bay Area Housing Affordability

A secure and affordable home is the bedrock of a thriving community. When families have a safe, affordable place to live, kids learn better, health and well-being improves, and businesses thrive. But for far too long, the Bay Area's housing shortage has exacerbated inequality, been a barrier to meeting climate goals and threatened the region's ability to remain a thriving and diverse economic powerhouse.

In 2019, the state legislature created the Bay Area Housing Finance Authority (BAHFA) — the state's pioneering regional housing body. BAHFA offers a powerful set of new financing and policy tools to communities to promote affordable housing development and combat displacement.

BAHFA is governed by the same geographically diverse board as MTC. Its expenditure plan must be approved by ABAG's Executive Board. An external advisory committee is creating an Equity Framework to ensure BAHFA serves the needs of resource-poor communities throughout the Bay Area.

Heavy Lift Draws Many Hands

BAHFA and partners are gearing up to place our first regional housing bond on the 2024 ballot. The measure would raise \$10 - \$20 billion to:

- Leverage an additional \$15 billion to \$30 billion in state, federal, and private resources
- Help produce and preserve up to 80,000 affordable homes and
- Fund programs to cushion the impacts of unexpected events — such as job loss or medical emergencies — that can lead to renters becoming homeless.



ABAG and MTC's expanded regional housing portfolio is rooted in the "3Ps" framework that comprehensively addresses the housing crisis through a combination of housing production, preservation and tenant protection. (Photos, clockwise from left: Karl Nielsen; Amie Holbrook; Courtesy of NPH, Alain McLaughlin ; Karl Nielsen)

Pilot Projects Demonstrate BAHFA's Potential

In preparation for effectively deploying bond revenues, BAHFA is testing innovative approaches to addressing the toughest housing challenges. The anticipated bond will allow BAHFA to scale up its successful pilots and deliver other new production, preservation, and tenant protection tools for Bay Area residents.



*Searching for an affordable place to rent is a formidable challenge for low-income residents. Information and applications are often paper-based and different for every property. The **Doorway Housing Portal** will allow renters to search online for deed-restricted affordable homes throughout the region and complete an application in less than 10 minutes. Development kicked off in January with 13 full-time Google.org fellows.*

PHOTO: COURTESY OF EDEN HOUSING



*In June 2022, BAHFA launched the **Welfare Tax Exemption Preservation Program** to provide the \$5,000 in public sector support that developers need to qualify for property tax relief under state law. The four properties assisted to date have a recorded deed restriction that ensures rents remain affordable for generations.*

*The completed **Affordable Housing Pipeline database** is an inventory of developments in the planning stages and the funding needed to start construction: 395 projects totaling 32,944 homes. BAHFA will use the database to target investment in locations and projects where it will be most impactful and catalytic.*

Regional Pipeline & Housing Needs

395	Affordable Housing Projects in Predevelopment
32,944	Affordable Homes in Predevelopment
180,334	Regional Housing Needs Allocation Affordable Homes 2023-2031

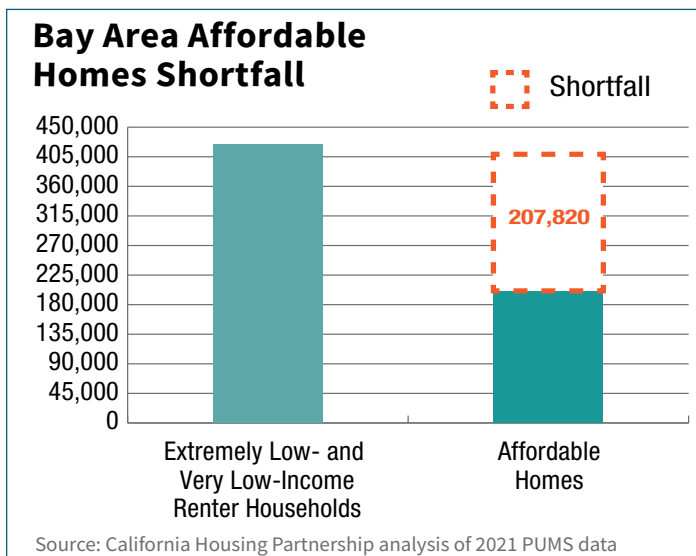
Housing Preservation Pilot: *Our first in-house capital program will provide \$15 million to acquire and rehabilitate occupied properties and attach long-term affordability covenants. Project selection will prioritize advancing fair housing and reducing driving. BAHFA will release applications in summer 2023.*



PHOTO: JOEY KOTFICA, MTC

Federal Partnership Still Vital

While our region is developing innovative tools to increase housing supply, struggling Californians also need expanded federal government engagement. Bay Area voters and the state have approved billions of dollars of bonds and invested unprecedented amounts through the state budget. But the Bay Area's housing funding gap is too big to close without a stronger federal partner.



Demand Far Outstrips Supply

Since the 1970s, California communities – like many across the country – haven't built enough homes to accommodate population growth. The gap in the Bay Area is especially acute for homes affordable to existing lower income households: we are short 207,820 homes they can afford. This is in addition to the new homes needed to accommodate projected future growth. Building deed-restricted homes faster is a key strategy to reverse this trend.

Rent Increases Outpace Wage Growth

Compounding the situation are stagnant wages, leading to a growing gap between market-rate rents and income. Since 2001, inflation-adjusted median rent in California has increased 36% while the inflation-adjusted median income of renters has only increased 19%. Californians need federal rental assistance to afford market-rate rentals.

Older Adults Are Fastest-Growing Homeless Group

Even as our communities focus on rehousing people experiencing homelessness, more people lose their homes. Alarming, people over age 55 are the fastest growing segment of Californians experiencing homelessness, according to the state. These individuals need rapid rehousing assistance.

Racial Disparities in Homelessness

In every state in America, black people are more likely to experience homelessness than their white counterparts, and the Bay Area is no exception. According to All Home, despite representing 5% of San Francisco's population, 37% of homeless people in San Francisco are black.



The federal government's support on all fronts is essential for the Bay Area to tackle these solvable problems.

Our Federal Housing Priorities

Small Change to Housing Tax Credits Can Boost Production by 75%

The Low-Income Housing Tax Credit (LIHTC) program is California's most important affordable housing financing tool, with more than 360,000 apartments built and preserved in our state over the past three decades. Unfortunately, the 2017 corporate tax cuts devalued the credits, cutting the number of homes produced by more than 20 percent or 5,000 annually.

To offset this drop and further expand production, our top federal priority is lowering the tax credit's bond financing threshold from 50 percent to 25 percent. Enacting this provision would boost California's annual production by tens of thousands of new affordable apartments at a cost of \$10 billion through 2030.

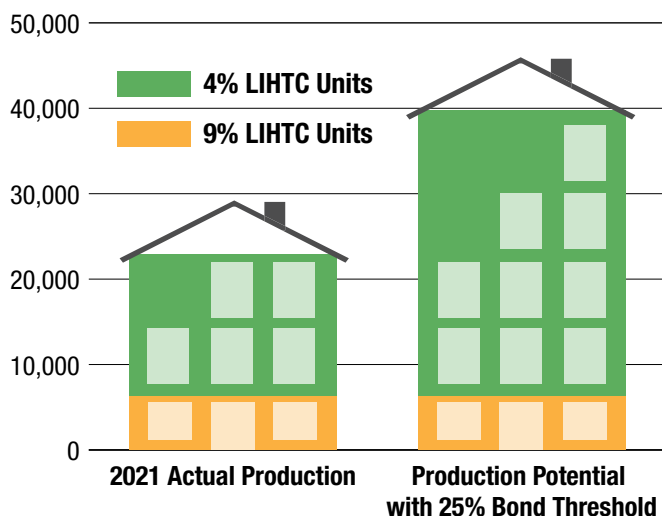


Rental Assistance and Rapid Rehousing Also Important

Federal rental assistance helps more than 1 million low-income California families, seniors and individuals with disabilities afford rent every month. Additionally, the Community Development Block Grant, HOME Investment Partnership and McKinney-Vento Homeless Assistance programs provide nearly \$150 million each year to help Bay Area localities improve housing affordability and provide shelter and services to people experiencing homelessness. MTC and ABAG urge Congress to expand these programs to better to meet the scale of the need.

Impact of Tax Credit Change on California's New Apartment Production

New Units financed with Low-Income Housing Tax Credits



For More Information:

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YIMBY Thank You!

We're grateful to federal lawmakers for creating and funding the \$85 million Yes in My Backyard Program. YIMBY will support our efforts to break down barriers to affordable home development. Bay Area jurisdictions are primed to compete well, having completed fair housing analyses on our regional and local housing plans. We look forward to applying for this new grant opportunity.

