

BAHFA 2024 Ballot Measure:

Step 2 Decision Points for 2024 Affordable Housing Bond





BAHFA Oversight & ABAG Housing Committees September 13, 2023

Reminder: Context of Decision Points

- Decision points concern BAHFA's 20% Regional Housing Revenue only
 - Counties and direct-allocation cities create individual expenditure plans
- July September informational presentations set forth "Step 1" and "Step 2" decision points
 - Fall 2023 presentations will seek further Board guidance
- BAHFA's value proposition for regional action: drive equitable outcomes, achieve scale, spur innovation, collaborate towards systems change, create strong regional lending opportunities

NYC HDC Model: Takeaways for BAHFA

HDC Performance Metrics 2017-2022:

- Bonds Issued: \$1.5-\$2.7B annually
- Subsidy Committed: \$102-\$325M annually
- Projects Financed:27-44 annually
- Units Financed: 9,600-15,000 annually

By building upon and leveraging the success of the NYC Housing Development Corporation (HDC) model, BAHFA can:

- Support a diverse set of projects and programs
- Achieve self-sustaining operations
- Generate a new source of recurring funding for programs and project subsidies
- Establish a regional, mission-driven lending agency not reliant on recurring taxpayer support





Reminder: "Step 1" Decision Points

- Focus on 1st Bond Issuance (Q3-Q4 2025)
 - Adjust 2nd and future issuances based on successes
- Use 1st Issuance of "Flexible" Funding for Production
- For Production Funding, Prioritize PSH and ELI
 - In collaboration with jurisdictions and <u>if</u> permanent operating subsidy is available
- Pursue Non-LIHTC Development When State Funding is Competitive
 - Advance innovation and scale
 - Avoid competition for scarce resources
 - Remain flexible if market conditions change, adjust for best outcomes



"Step 2" Decision Points

- How to distribute Production funds, including geographic balance of investments?
- What are priorities for the first issuance of Preservation Program funding?
- What are priorities for the first issuance of Local Government Grant Program funding?

Step 2: Production Distribution Parameters

- Establish total Production funding targets for every county
 - 1st action: collaborate with jurisdictions on PSH & ELI housing
 - 2nd action: issue competitive Notices of Funding Availability ("NOFAs") that fund priority projects
- Track BAHFA's success meeting investment targets for each issuance
- Ability to "true up" total investments per county with successive issuances through tailored NOFA goals





Step 2: Production Distribution Recommendation

Create "Return to Source" Investment Targets for **Every County**

- Each county is "made whole" for its tax contribution
- Provides simplicity of administration
- Ensures meaningful BAHFA investments in smaller jurisdictions
- Eliminates perception of "winners and losers" that alternative distribution options created





BAHFA's "Return to Source" Production Investment Target

BAHFA Production Funds ^{2,3}	Share of Regional Funding	
\$178 - \$239	17.1%	
\$120 - \$162	11.6%	
\$45 - \$62	4.4%	
\$23 - \$31	2.2%	
\$158 - \$213	15.2%	
\$136 - \$183	13.1%	
\$294 - \$395	28.3%	
\$32 - \$43	3.1%	
\$52 - \$71	5.0%	
\$1 – \$1.4 billion	100%	

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County Production Funds
\$711 - \$1,094
\$481 - \$740
\$183 - \$282
\$93 - \$144
\$633 - \$973
\$544 - \$837
\$1,177 - \$1,810
\$129 - \$199
\$210 - \$322
\$4.2–\$6.4 billion

BAHFA + County Production Funds^{1,2.3}

Total Production Funds ²	
\$889 - \$1,128	
\$601 - 763	
\$228 - \$290	
\$116 - \$147	
\$791 - \$1,004	
\$680 - \$863	
\$1,471 - \$1,886	
\$161 - \$204	

Alameda

Marin

Napa

Contra Costa

San Francisco

San Mateo

Santa Clara

Solano

Sonoma

Totals

\$262 - \$333

\$5.2 - \$7.8 billion

Assuming \$10B Bond. Funding in millions. Amounts may not sum due to rounding.

¹ Direct-allocation cities included in their respective counties

² Derived from current tax rolls; amounts could vary based on relative future tax rolls

³ Range depends on total allocation of 18% (BAHFA) and 28% (counties) "Flexible Funds"

Step 2: Preservation Priority Recommendations

Legal Parameters:

- No displacement; no net-loss & right of first refusal for tenants (if demo/rehab)
- At least 55-year deed restriction

Additional Priorities:

- Anti-Displacement Best Practices: Incorporate lessons from REAP 2.0
 Preservation Pilot Program (e.g., rent increase caps and eviction protections)
- Prioritize Historically Disinvested Areas: Equity Priority Communities, Displacement Risk Areas, and Low/Moderate Resource Areas
- Prioritize Investments to Protect Tenants at Immediate Risk of Eviction or Affordability Loss: E.g., buildings subject to Ellis Act evictions; projects with imminent affordability restriction expirations; buildings with high displacement risk
- Support Community Controlled Models: 20% target (~\$12 million) for community land trusts, community-based organizations, and co-ops, with preference for projects that enable tenant wealth-building



Step 2: Local Gov. Grant Program Recommendations

Legal Parameters:

- Must be "housing" or "housing-related uses"
- Current rules for general obligation bonds preclude some options

Additional Priorities:

- Prioritize housing-related amenities that enhance benefits for overall community as well as new affordable housing residents
 - E.g., parks, infrastructure, school improvements, etc.
- Retain flexibility to invest in housing programs that directly benefit households (e.g., homelessness prevention), especially if GO bond rules change
- Establish goal to fund at least one project in each county over the life of the bond



BAHFA Ballot Preparation Timeline

September 2023

- How BAHFA geographically distributes its funds
- Preservation Program priorities
- 10% Local Government Grant Program priorities

October – December 2023

- Further Board guidance on BAHFA's Initial Funding Priorities (Steps 1 & 2 decision points)
- Adoption of Business Plan Equity Framework & Funding Programs; informational presentation on draft operations and sustainability plan
- Protection Program priorities*

January – May 2024

Approval of BAHFA's full Business Plan, Regional Expenditure Plan and Resolution to place bond on county ballots

Post-Bond (2025)

Loan Term Sheets and Underwriting Guidelines, including developer preferences







