



BAHFA BUSINESS PLAN:

Equity Framework and Funding Programs – Final Drafts

ABAG Housing & BAHFA
Oversight Committees
May 11, 2023



ASSOCIATION OF BAY AREA GOVERNMENTS
METROPOLITAN TRANSPORTATION COMMISSION

Stakeholder Engagement Process

1. Review of regional plans, policies, and community proposals
2. Interviews with 20+ equity leaders (November 2021– March 2022)
3. Formation of 11-member Equity Working Group (March – May 2022)
4. Meetings of Equity Working Group (May 2022 – March 2023)
5. 3 Public Listening Sessions attended by 138 stakeholders (June 2022)
6. Presented Draft to BAHFA Oversight & ABAG Housing Committees and BAHFA Advisory Committee (January 2023)
7. 2 public workshops soliciting feedback; 160 attendees (February & March 2023)
8. Equity Working Group vote on Final Equity Framework (March 2023)
9. Presented final versions to BAHFA Advisory Committee (April 2023), BAHFA Oversight & ABAG Housing Committees (May 2023), ABAG Executive Board (May 2023), and the BAHFA Board (May 2023)

Purpose of the Equity Framework

The Equity Framework is the **foundation** of the BAHFA Business Plan.

- Articulates BAHFA's **commitment** to advancing equity
- Sets **objectives** for BAHFA's impact on equity through its programs, guided by overarching **goals**
- Defines **metrics** for measuring impact of programs
- Provides a regional framework for **Affirmatively Furthering Fair Housing**



Business Plan

Will describe Funding Programs and revenue generation strategies designed to meet Equity Objectives

Equity Objectives: Key Themes

- **Targeting resources toward residents most impacted by housing insecurity**
 - People (e.g. ELI households, unhoused residents)
 - Communities (e.g. Equity Priority Communities, Transit Priority Areas)
- **BAHFA's service as a regional leader**
 - Lifting up community priorities
 - Advancing local alignment with regional equity priorities
 - Commitment to ongoing, equitable engagement focused on impacted communities
- **“Both/And” Approaches**
 - Social mobility and community reinvestment
 - Achieving scale and supporting emerging developers
 - Individual and collective wealth building
 - Rental, homeownership, and community ownership

3Ps Funding Program Development

BAHFA's *initial* Funding Programs will help it **earn revenue** while also **building a track record within the region's housing ecosystem**.

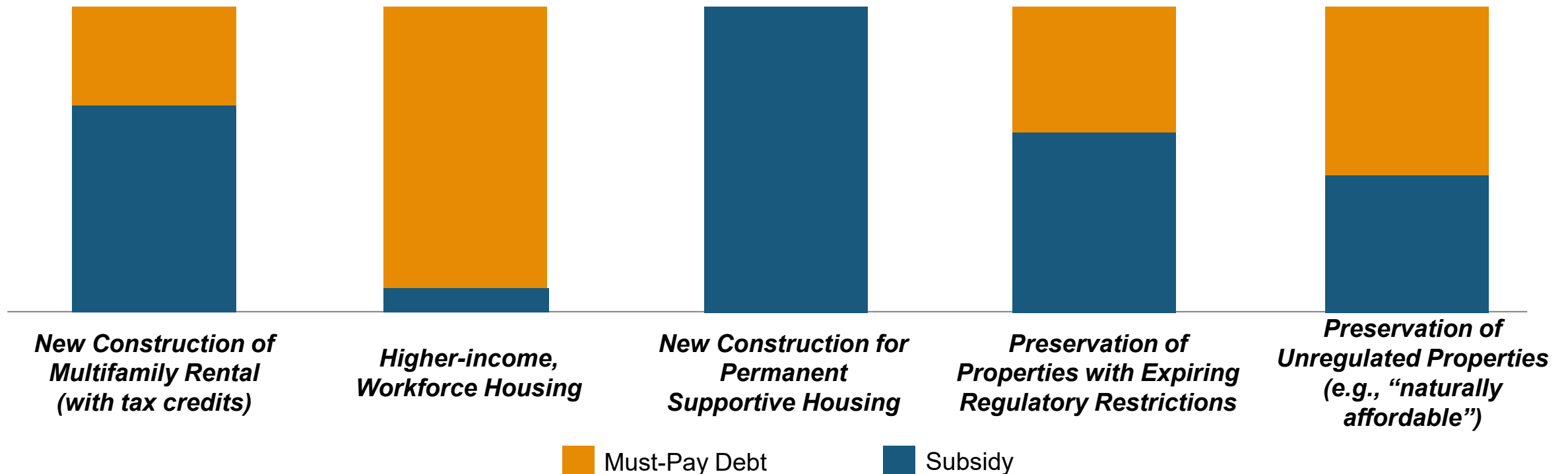
These Funding Programs must:

- **Comply with requirements of BAHFA's authorizing legislation and CA constitution**
- **Advance social and racial equity**
- **Address the region's housing crisis at scale**
- **Add value, be different, try new things – lead the way to better housing delivery!**

Over time, BAHFA will **expand and broaden the variety of Funding Programs it provides**, while also maintaining its readiness and ability to **quickly respond to new opportunities** as they arise.

How BAHFA's Products Support Projects

Using **different blends** of BAHFA's "must-pay" debt and **subsidy loan** products, BAHFA is able to support a **wide variety of projects across the region.**



**Note that these types of projects may incorporate financing from other sources (e.g., tax credits, subsidy from the local jurisdiction, etc.)*

Production | Description

Overview

BAHFA's core **Production Program** will provide **first mortgage loans and subsidy loans** for the production of **large, Multifamily Rental projects**.

Products

With its core Production Program, BAHFA will leverage tax credits and act as a coordinated source of financing by providing:

- **First Mortgage Loans**, to be provided by BAHFA or a capital partner; and
- **Subsidy Loans**, to be provided by BAHFA and/or the local jurisdiction.

Innovation | Description

Overview

BAHFA's **Innovation Program** will fund projects:

- **“Efficient Delivery”** for PSH/ affordable housing projects that meet cost and timing goals;
- **“Affordable Unit Buy-Down”** will pay for the cost of adding additional affordable housing units in market rate projects; and
- **“Adaptive Re-Use”** to help fund the conversion of commercial buildings to residential.

Products

In order to support a wider range of project types, BAHFA's Innovation Program funding may be made available as:

- **Construction Loans**, to be provided by BAHFA for projects that meet its cost and timing goals; and
- **Subsidy Loans**, to be provided by BAHFA and/or the local jurisdiction, particularly for projects without tax credits, or to support the conversion of commercial or market-rate units to affordable housing.

Equity Objectives: Production

1. Produce more affordable housing, especially for Extremely Low Income (ELI) households
2. Invest in historically disinvested areas
3. Create affordable housing opportunities in historically exclusionary areas
4. Create programs that address homelessness
5. Achieve regional climate and environmental justice goals

Incorporating Equity in Production Programming

Program Overview

Produce new affordable rental housing for a range of incomes – from ELI up to 80% AMI

Components may include:	Equity Objectives	Funding Goals
LIHTC Projects for ELI and PSH Households	<ul style="list-style-type: none"> • Produce More Housing for ELI Households • Invest in Historically Disinvested Areas 	<ul style="list-style-type: none"> • Streamline Financing • Promote Scale
PSH Innovation Investments	<ul style="list-style-type: none"> • Produce ELI Housing • Address Homelessness 	<ul style="list-style-type: none"> • Streamline Financing • Promote Scale
Cost-Effective and Innovative Non-LIHTC Models (e.g. Essential Workforce Housing up to 80% AMI)	<ul style="list-style-type: none"> • Produce More Housing • Invest in Historically Disinvested Areas • Create Housing in Historically Exclusionary Areas • Achieve Climate & Environmental Justice Goals 	<ul style="list-style-type: none"> • Streamline Financing • Promote Scale • Promote Long-Term Financial Sustainability

Preservation | Description

Overview

Provide various loan products to acquire, rehabilitate, recapitalize, and preserve affordability in existing buildings:

- **“Unregulated Properties”** naturally affordable to lower-income tenants with no current regulatory restrictions; and
- **“Expiring Use Properties”** at risk of losing their affordability restrictions and converting to market rate

Products

With its Preservation Program, BAHFA will support the properties described above by providing:

- **Acquisition / Rehabilitation Loans**, to be provided by BAHFA and/or CDFI partners or local jurisdictions;
- **First Mortgage Loans**, provided by BAHFA at a lower cost than market; and
- **Subsidy Loans**, to be provided by BAHFA and/or the local jurisdiction.

Equity Objectives: Preservation

1. Prevent displacement
2. Create permanent affordability
3. Serve most impacted residents
4. Create opportunities for community-owned housing

Incorporating Equity in Preservation Programming

Program Overview

Preservation of both unregulated, naturally affordable housing as well as properties with expiring affordability restrictions

Components may include:	Equity Objectives	Funding Goals
Targeted investments in Historically Marginalized Communities	<ul style="list-style-type: none"> • Focus on Most Impacted Residents • Prevent Homelessness • Invest in Historically Disinvested Areas 	<ul style="list-style-type: none"> • Prevent Displacement • Promote Long-Term Financial Sustainability
Investments that Maximize Impact: Large Buildings; VMT-Reducing Locations; Cross-Subsidy Structures to Protect ELI Households	<ul style="list-style-type: none"> • Invest in Historically Disinvested Areas • Achieve Climate & Environmental Justice Goals 	<ul style="list-style-type: none"> • Prevent Displacement • Promote Long-Term Financial Sustainability
Prioritize New Models: Community-Owned Development	<ul style="list-style-type: none"> • Create new opportunities for deep, lasting impact • Support community wealth building and community-based organizations 	<ul style="list-style-type: none"> • Prevent Displacement • Promote Long-Term Financial Sustainability

Protections | Overview

Overview

BAHFA will provide **regional leadership** and **advocacy**, along with **technical and financial support** to create regional systems and services that **protect tenants** from displacement and **prevent homelessness**

Program (Near Term)

- **Create regional support for Protections:** Facilitate regional collaboration; conduct research; and provide technical assistance
- **Support tenant protections pilot programs:** e.g., 9-county eviction study and senior rental operating subsidy
- **Support local jurisdiction efforts** to better integrate and implement homelessness prevention programs

Program (Longer Term)

- **Provide funding for tenant protection services and/or direct rental and relocation assistance:** to fund legal services, counseling, renter education; emergency rental and relocation assistance; data gathering
- **Work collaboratively with jurisdictions to better deliver housing stability**

Equity Objectives: Protection

1. Increase access to anti-displacement and homelessness prevention services
2. Support tenant education and advocacy
3. Prioritize assistance to households and communities facing the greatest housing precarity
4. Structure BAHFA investments to create tenant protection funding streams
5. Provide regional leadership on tenant protections

Incorporating Equity in Protections Programming

Program Overview

Funding programs designed to both protect tenants from displacement and prevent homelessness.

Funding Initiatives:	Equity Objectives	Funding Goals
<ul style="list-style-type: none">• Pre-eviction and eviction legal services• Counseling, training and renter education• Emergency rental assistance• Relocation assistance• Displacement and eviction tracking and data collection	<ul style="list-style-type: none">• Prevent Homelessness• Focus on highest need residents• Increase access to tenant services• Support tenant education and advocacy	<ul style="list-style-type: none">• Secure as Much Funding as Possible

Equity Objectives: Cross-Cutting

1. Support community-based and community-owned organizations and developers, especially regarding wealth building
2. Serve as a regional leader on local equitable programs and practices
3. Commit to ongoing, meaningful, and equitable engagement
4. Secure more flexible and unrestricted funding
5. Target most flexible BAHFA funding to accelerate AFFH

Applying the Equity Framework

Accountability and Implementation Strategies

- Data collection and reporting on program outcomes
- Equity evaluation as part of program design for all future funding programs
- Commitment to engage BAHFA Advisory Committee, stakeholders, & equity leaders
- Periodic reevaluation of the Equity Framework
- Coordination, evaluation and collaboration with local jurisdictions

Business Plan Timeline

2022

EQUITY FRAMEWORK: Background Research, Stakeholder Engagement: OBI Lead

Draft Equity Framework

FUNDING PROGRAMS: Background Research; Stakeholder Engagement; Incorporation of Equity Framework: Forsyth Street Lead

Draft Funding Program Concepts

2023

Equity Framework, Final Funding Program Adoption: Q4 2023

Drafting Final Business Plan (incorporating Equity Framework, Funding Programs, Revenue Analysis, and organizational structure/operations):
Forsyth Street Lead
Q2-Q3 2023

Ballot Measure Polling

2024

Final Business Plan Adoption; Outreach; Ballot Measure Polling; Resolution to place BAHFA Bond Measure on November 2024 Ballot; Election Preparations

Thank You



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