



Building a Foundation for Transformational Housing Solutions

Bay Area Housing Finance Authority Update, March 2022

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. However, in the San Francisco Bay Area, an affordable home is out of reach for far too many.

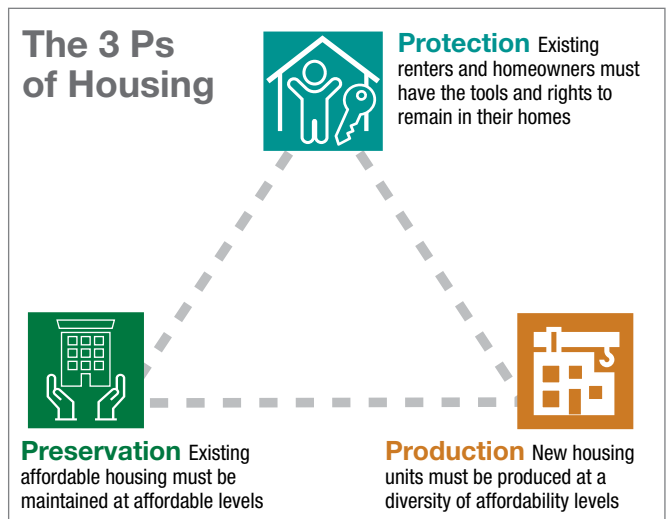
The Bay Area faces a shortfall of more than 220,000 homes affordable to its poorest residents. Roughly 45 percent of the region’s renters spend more than thirty percent of their income on housing and nearly a quarter spend over 50 percent.¹ Black, indigenous and other people of color have been hit particularly hard by untenable housing costs, forcing all Bay Area residents to grapple with the legacy of discriminatory housing policies.

With the passage of AB 1487 (Chiu, 2019) and establishment of the Bay Area Housing Finance Authority (BAHFA), the Legislature took a big step toward creating a new future where all Bay Area residents can thrive. As the first regional housing finance authority in California, BAHFA embraces a collaborative approach to delivering housing affordability at scale. No longer must each Bay Area city and county struggle to solve its housing

and homelessness challenges on its own. BAHFA facilitates a new level of information sharing and capacity building with the core aim of bringing new resources to the table.

BAHFA is guided by the “3Ps” framework:

protect current residents from displacement, **preserve** existing affordable housing, and **produce** new housing to secure long-term affordability. BAHFA equips the region with a powerful new set of financing tools that can raise significant new housing revenue from a variety of sources, including a regional ballot measure, state or federal appropriations and philanthropic and corporate contributions.





BAHFA Inaugural Director Kate Hartley and Growing the BAHFA Team

Thanks to the state appropriation, BAHFA in February 2022 welcomed its inaugural Director, Kate Hartley — a Bay Area affordable housing veteran. Kate previously worked as Chief Lending and Investment Officer for the nonprofit Housing Accelerator Fund, where she implemented a new financing and construction model that produced housing for homeless people more quickly and cost-effectively than conventional approaches. Before joining the Housing Accelerator Fund, Kate served as deputy director and then director of the San Francisco Mayor’s Office of Housing and Community Development, and served in a senior position in the City of Berkeley’s Department of Health, Housing and Community.

\$20 Million Secured for BAHFA in 2021-2022 State Budget

In 2020, the Bay Area was on track to pursue a \$10 billion General Obligation (GO) bond measure but the economic hardships resulting from the COVID 19 pandemic forced a postponement. Thanks to the tremendous leadership of the Bay Area’s legislative delegation, BAHFA secured \$20 million from the FY 2021-22 State Budget to implement five pilot programs across the 3Ps. Step one in that effort is building the BAHFA team along with relationships with local jurisdictions and key housing stakeholders across the region.



Early Progress on the Pilot Programs

We expect a formal launch of most of the pilots in the second half of 2022 once additional staff have been hired. A brief update on each pilot follows:

- 1. Doorway.** Doorway builds on the work of Bay Area cities and counties to create an online portal allowing tenants to search and apply for affordable housing opportunities throughout the region. The goal is to alleviate the challenges Bay Area households face finding affordable housing and to simplify the management and lease-up process for owners and managers. BAHFA staff is exploring an opportunity with a major technology company to embed a team of employees that would offer pro bono services to expedite the development of Doorway.
- 2. Bay Area Affordable Housing Pipeline.** In close partnership with Enterprise Community Partners, BAHFA is moving forward with an update and expansion of the two-year-old Bay Area Affordable Housing Pipeline to create the most comprehensive inventory of affordable housing developments across the nine-county Bay Area ever available. The Pipeline is critical to understanding the Bay Area's progress toward producing and preserving sufficient affordable housing to meet the region's needs, and to help funding and financing gaps.
- 3. Preservation.** This strategy is about protecting communities by locking in affordability before it's too late. BAHFA aims to help community-based organizations and individual households buy and rehabilitate existing market-rate (sometimes referred to as "naturally occurring") affordable housing and convert it to permanently affordable, deed-restricted housing, including home-ownership. BAHFA aims to leverage MTC's existing Preservation Pilot funding with additional state, local and

philanthropic sources, and to create partnerships that provide both affordable rents and greenhouse gas emission reductions.

The Partnership for the Bay's Future awarded BAHFA a Breakthrough Grant to accelerate our housing preservation work. Urban Habitat, the Bay Area Community Land Trust and The Unity Council joined the grant application as formal community partners.

- 4. Anti-Displacement Services Network.** Through this pilot, BAHFA will create an action plan for long-term anti-displacement work. In collaboration with key partners and stakeholders, BAHFA aims to help families remain in their homes and neighborhoods. The plan will be implemented in conjunction with the Preservation Pilot but will focus on tenant protections rather than property acquisition and rehabilitation. By developing best practices and supporting their adoption across the region, BAHFA will help ensure that Bay Area residents at risk of displacement are well-informed about their rights and know how to get the help they need. BAHFA will partner with trusted community-based organizations to deliver culturally relevant programs and reach people who face significant obstacles to accessing the resources available to support tenants.
- 5. Homelessness Prevention.** In conjunction with the Anti-Displacement Pilot, this work will focus on long-term, collaborative actions BAHFA can lead with key stakeholders to better protect Bay Area residents from many of the events—such as eviction, medical emergencies, or job loss—that can lead to homelessness.

BAHFA Business Plan

BAHFA is preparing a Business Plan to outline how the authority will advance the 3Ps framework by taking an equity-focused approach that prioritizes communities most impacted by the affordability crisis. While the five pilot programs aim for near-term impact and proof of concept to help demonstrate the benefits of a regional approach to addressing housing insecurity, the Business Plan will set a course for BAHFA to grow to the scale of its mandate and design programs and staffing options for the long-term, including a future ballot measure.

The Business Plan will be supported by a consultant team led by Forsyth Street and Bonnewit Development Services, with a target completion date of 2023. The team also features experts in housing policy, communications and finance, including UC Berkeley's Othering & Belonging Institute and the Turner Center for Housing Innovation, and Strategic Economics. This month, BAHFA and the Business Plan team expect to establish an Equity Working Group to guide the Plan's development.

Exploring Opportunities for Near-Term Capital Funding

Near-term capital funds are needed to grow BAHFA's impact; and the need will become increasingly urgent as rising housing unaffordability and homelessness take their economic, social and human toll on our region. BAHFA leadership and community partners are exploring opportunities to leverage additional state, local and philanthropic dollars for new BAHFA programs, including a preservation capital fund and a regional catalyst fund that will focus on accelerating transit-oriented affordable housing development on public land and on adaptive-reuse sites such as aging shopping malls and office parks.



Potential Ballot Measure in 2024

We are exploring placement of a \$10 billion GO bond dedicated to affordable housing on the November 2024 ballot across the region's nine counties. Such a measure would generate gap funding to produce and preserve more than 45,000 affordable homes, providing housing for half a million low-income households. Because affordable housing financing almost exclusively relies on leveraging local, state and federal funds, as well as private investments, the \$10 billion raised through this measure is estimated to leverage an additional \$15 billion in other affordable housing resources. Since reaching the two-thirds threshold for GO bonds remains a significant challenge, housing advocates are also exploring pursuit of a statewide ballot measure to simultaneously lower the approval threshold for local housing bonds to a simple majority.

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Endnotes

- California Housing Partnership analysis of 2018 PUMS data. Shortfall of homes affordable and available to "very low-income" (<50% of Area Median Income) and "extremely low-income" (<30% of Area Median Income) households. "Cost burdened" is defined as a household that spends more than 30% of its gross income on housing costs. "Severely cost burdened" is defined as a household that spends more than 50% of its gross income on housing costs.*