

# Investing in the Future of Bay Area Housing

August 24, 2023



ASSOCIATION OF BAY AREA GOVERNMENTS  
METROPOLITAN TRANSPORTATION COMMISSION



**Presenter:**

**Kate Hartley**

Director

Bay Area Housing Finance  
Authority (BAHFA)

# Agenda:

- The Affordable Housing Challenge
- Overview of BAHFA
- Q+A
- Moving Forward: Regional Housing Bond Measure
- Q+A
- Next Steps / Closing



# Poll

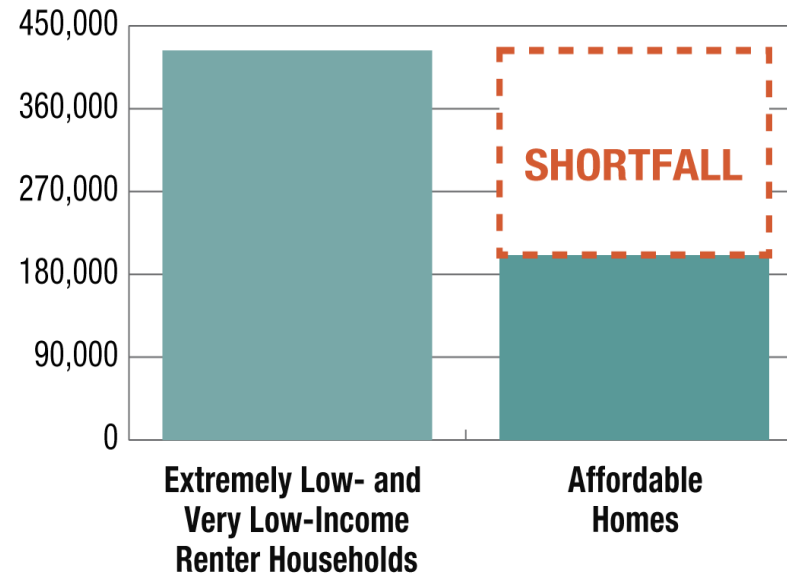




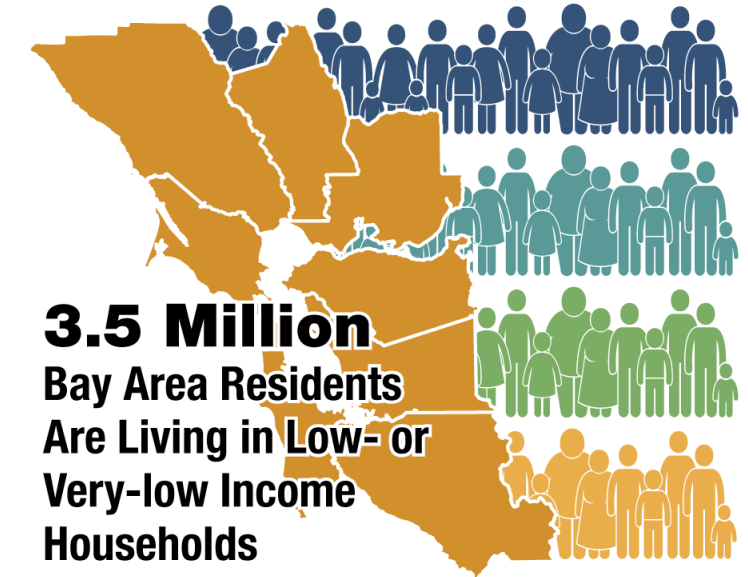
## Why are we here?



Land use rules that make building housing difficult and expensive



Affordable Housing Shortage

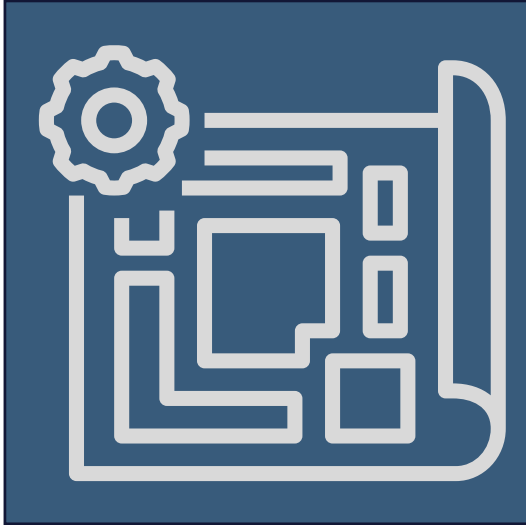


Wages aren't keeping up with cost of housing

## What are the consequences?

- **High rate of homelessness:** Approximately **37,000 unhoused people** in the Bay Area in 2022, a 10% increase since 2019
- **Instability for low-wage workers:** **57%** of the Bay Area's **3.5M low-income residents** are rent-burdened; **575,000 people at risk of homelessness**
- **Unaffordability drives worse housing options:**
  - Rise in **super commuting** (more than 90-minute commute to job)
  - People of all income levels **moving out of region** due to high cost
  - Bay Area among **lowest rates of homeownership** for people under 35 nationally
- **Difficulty hiring and retaining workforce:** Struggle to **hire and retain sufficient workforce**, especially essential workers like teachers, healthcare staff and restaurant workers due to high costs

## Regional Role



**Plan for 180,000  
New Affordable  
Homes by 2031**



**Generate new resources  
to build and preserve  
affordable housing**



**Build Partnerships  
and Support Local  
Jurisdictions**

## Mission:

to address systemic challenges in affordable housing and housing stability across the 3Ps

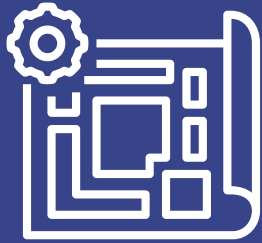
1. **Production** of new affordable housing
2. **Preservation** of existing affordable housing
3. **Protections** for low-income tenants and people at risk of homelessness

# The Bay Area Housing Finance Authority was created to solve funding challenges

## How we Work:

- Guided by State Legislation and our Equity Framework
- Core power is to **raise new revenue for housing** subject to voter approval across the region
- **Collaborate** with cities and counties, **improve systems** and **fund housing** across the whole Bay Area
- BAHFA is currently conducting **pilot programs** to advance affordable housing goals across the 3Ps

# How does **market rate** rental housing get built?



City or county **zoning** plan says where and what kind of housing can be built

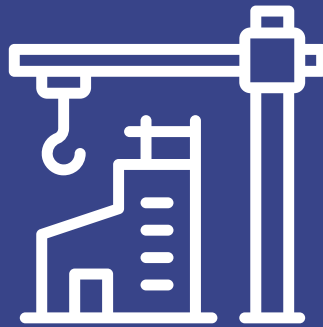


**Developer** buys land and submits a building permit application



**Developer** puts together construction and longer-term **funding**

**Developer** constructs housing



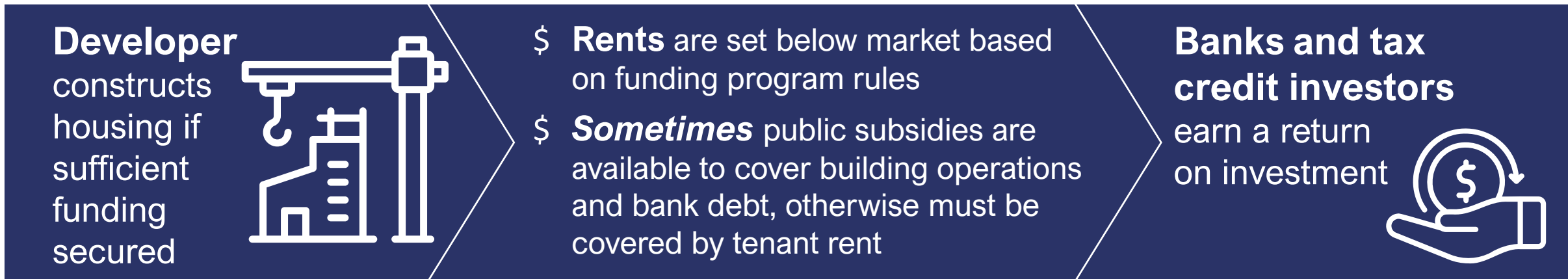
**Tenants** pay market-rate rent

**Developer** pays back lender and investor and pays off longer-term debt and ongoing operations





# How does **affordable** rental housing get built?





# Questions







# BAHFA's Proposed Regional Housing Bond

- \$10-20 billion to invest in affordable housing
- Requires voter approval
- Funds disbursed over 10+ years



# What is a general obligation bond?

- General Obligation (GO) Bonds are issued by the government, purchased by investors, and repaid by property tax owners for purpose of providing essential public needs, like schools and affordable housing.
- Property owners pay for the bond with an increase in annual property tax, based on assessed value.
- Voters must approve GO Bonds, currently by 2/3.

## Key Benefits:

- Proven method for public investment.
- Robust funding levels align with scale of affordable housing needs.



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# Bond revenue allocations

## SONOMA COUNTY

\$10 B GO Bond  
\$403 Million

\$20 B GO Bond  
\$806 Million

## MARIN COUNTY

\$10 B GO Bond  
\$352 Million

\$20 B GO Bond  
\$704 Million

## SAN FRANCISCO COUNTY

\$10 B GO Bond  
\$1.2 Billion

\$20 B GO Bond  
\$2.4 Billion

## SAN MATEO COUNTY

\$10 B GO Bond  
\$1 Billion

20 B GO Bond  
\$2 Billion

## BAHFA

\$10 B GO Bond  
\$2 Billion

\$20 B GO Bond  
\$4 Billion

## NAPA COUNTY

\$10 B GO Bond  
\$179 Million

20 B GO Bond  
\$358 Million

## SOLANO COUNTY

\$10 B GO Bond  
\$248 Million

\$20 B GO Bond  
\$496 Million

## CONTRA COSTA COUNTY

\$10 B GO Bond  
\$925 Million

\$20 B GO Bond  
\$1.85 Billion

## ALAMEDA COUNTY

\$10 B GO Bond  
\$1.4 Billion

\$20 B GO Bond  
\$2.8 Billion

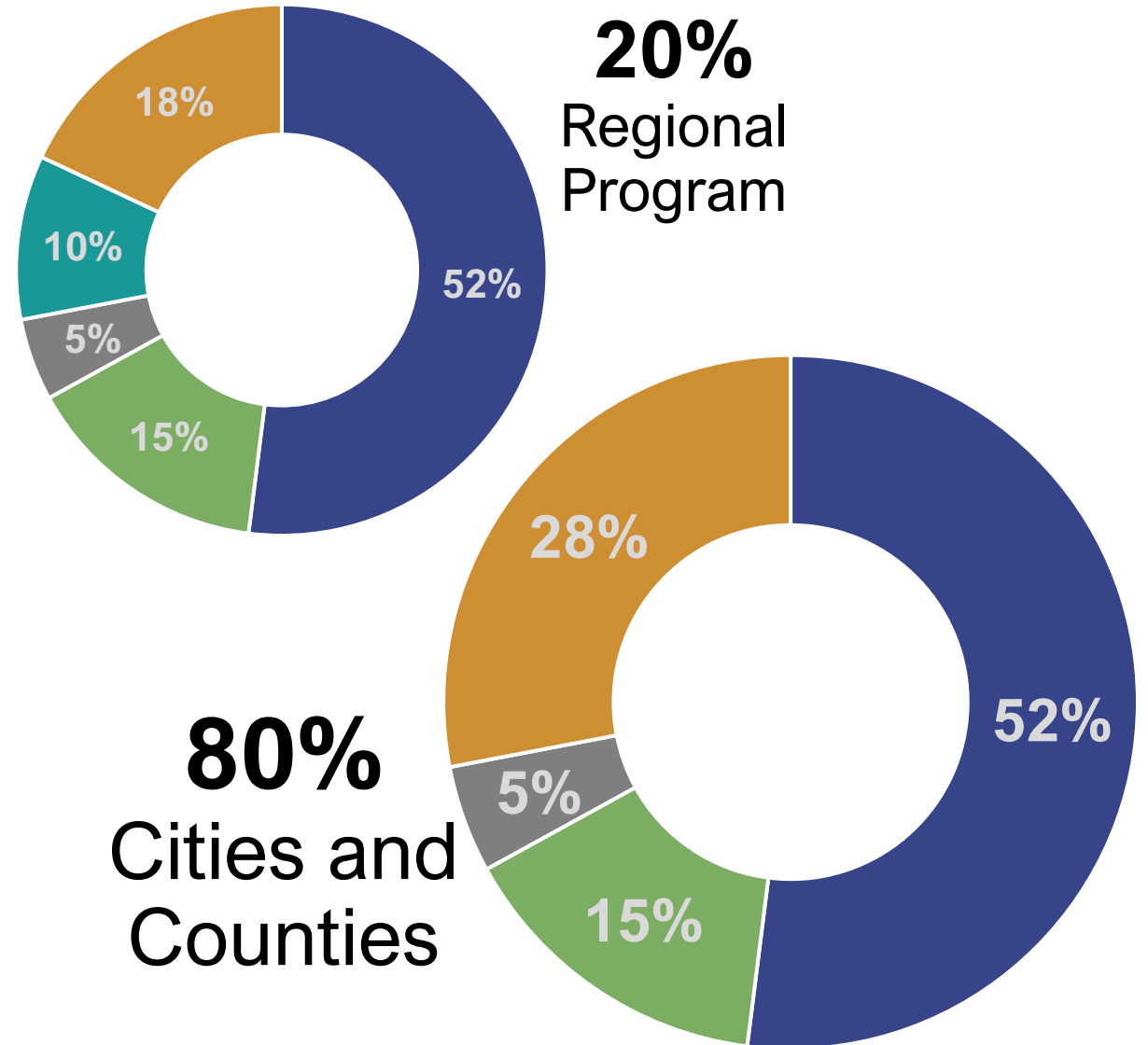
## SANTA CLARA COUNTY

\$10 B GO Bond  
\$2.2 Billion

\$20 B GO Bond  
\$4.4 Billion

# How would the bond money be spent?

- 80% of funding goes back to the counties of origin, according to assessed value.
- BAHFA retains 20% for investments throughout the region.

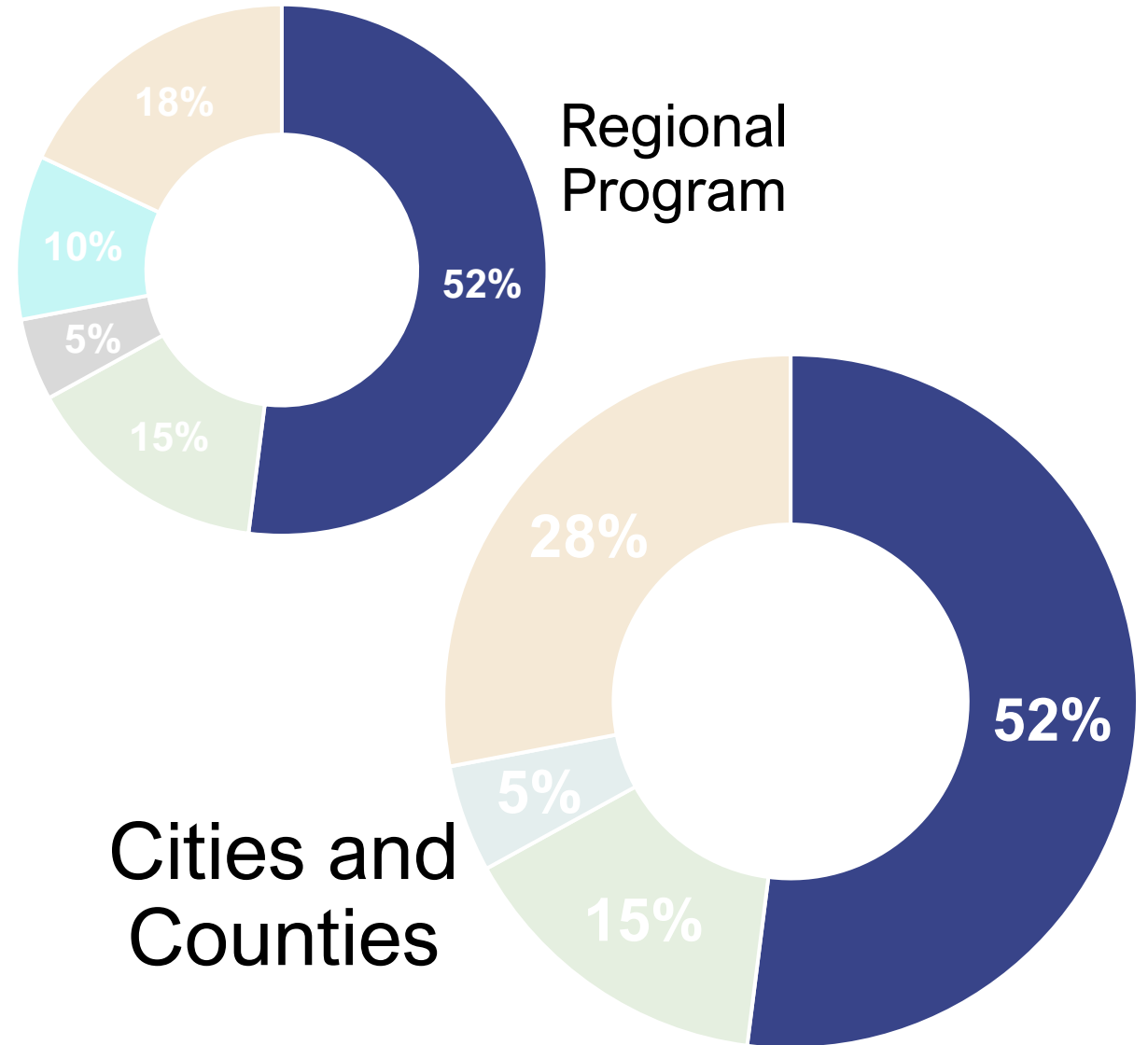




# How would the bond money be spent?

## Production

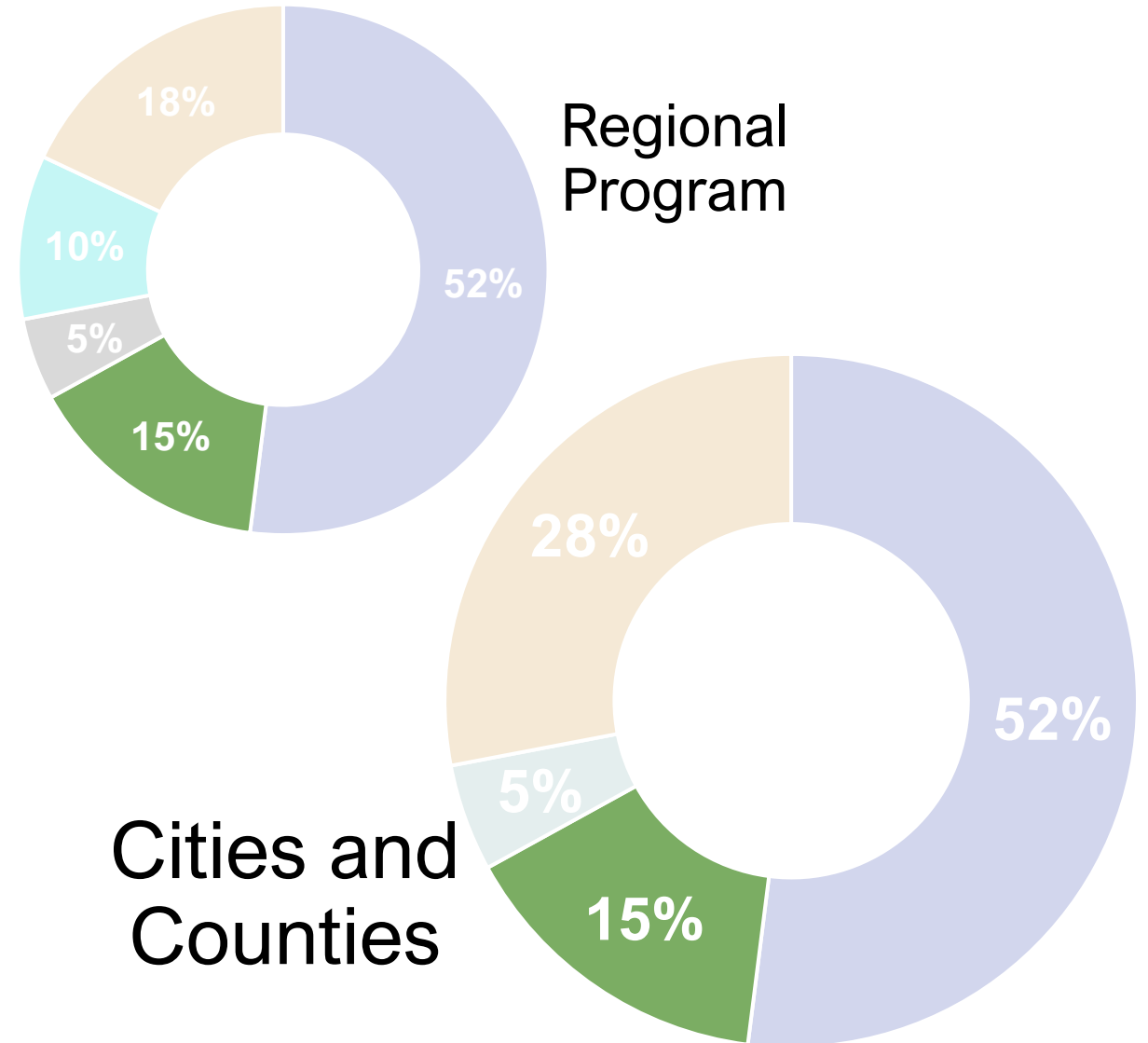
At least 52% of funds at both the local and regional level must produce new affordable housing.



# How would the bond money be spent?

## Preservation

At least 15% of funds must be used for deed-restricted, affordable housing preservation.



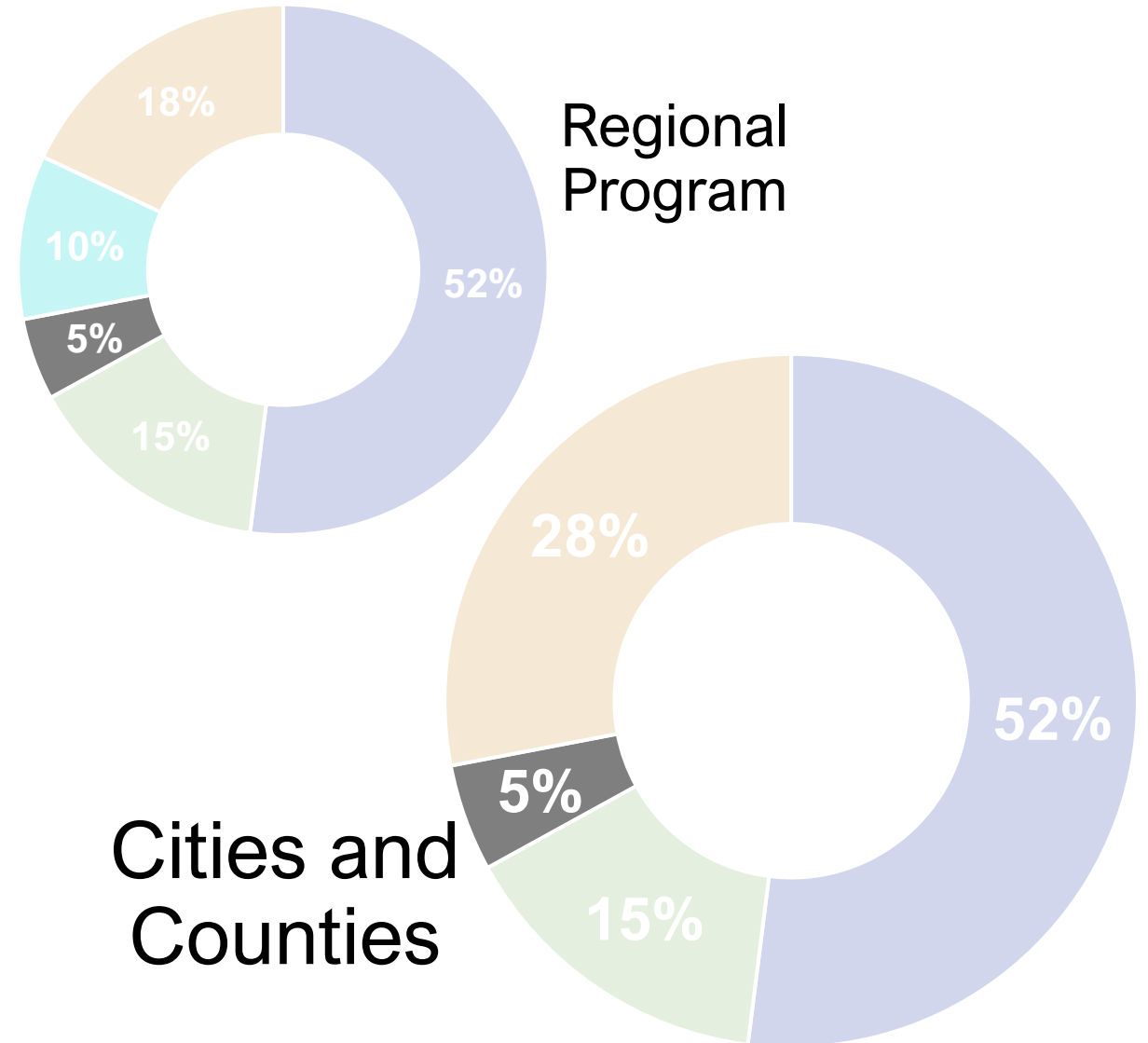
# How would the bond money be spent?

## Protection

At least 5% required to be spent on tenant protection.

### Exception for GO Bonds:

- Currently, state law does not allow bond proceeds to be spent on service-related costs.
- A constitutional amendment is under development for November 2024 to remove this restriction.





# How would the bond money be spent?

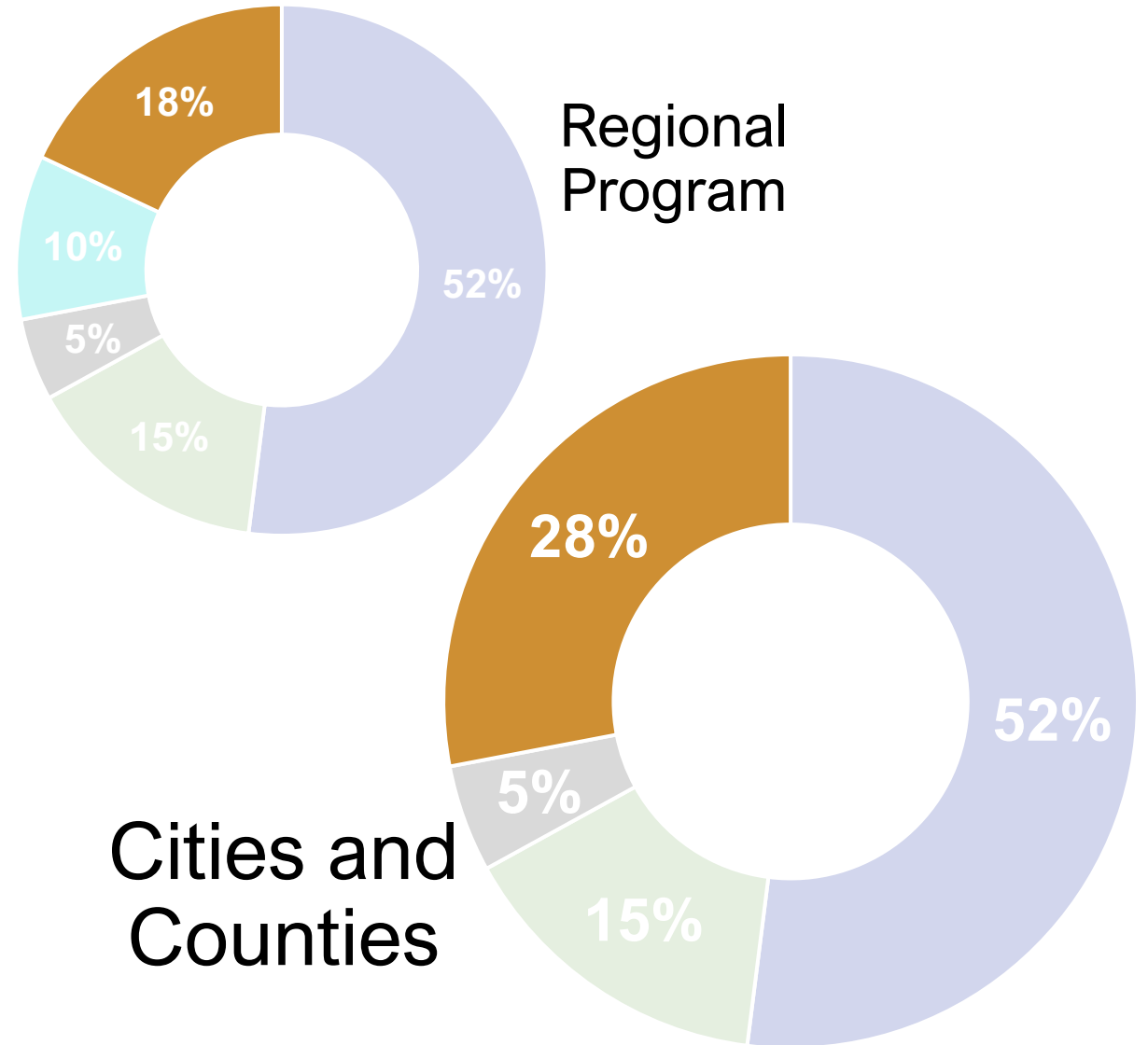
## Flexible

### Cities and counties:

28% of funds may be spent on housing and housing-related uses.

### Regional:

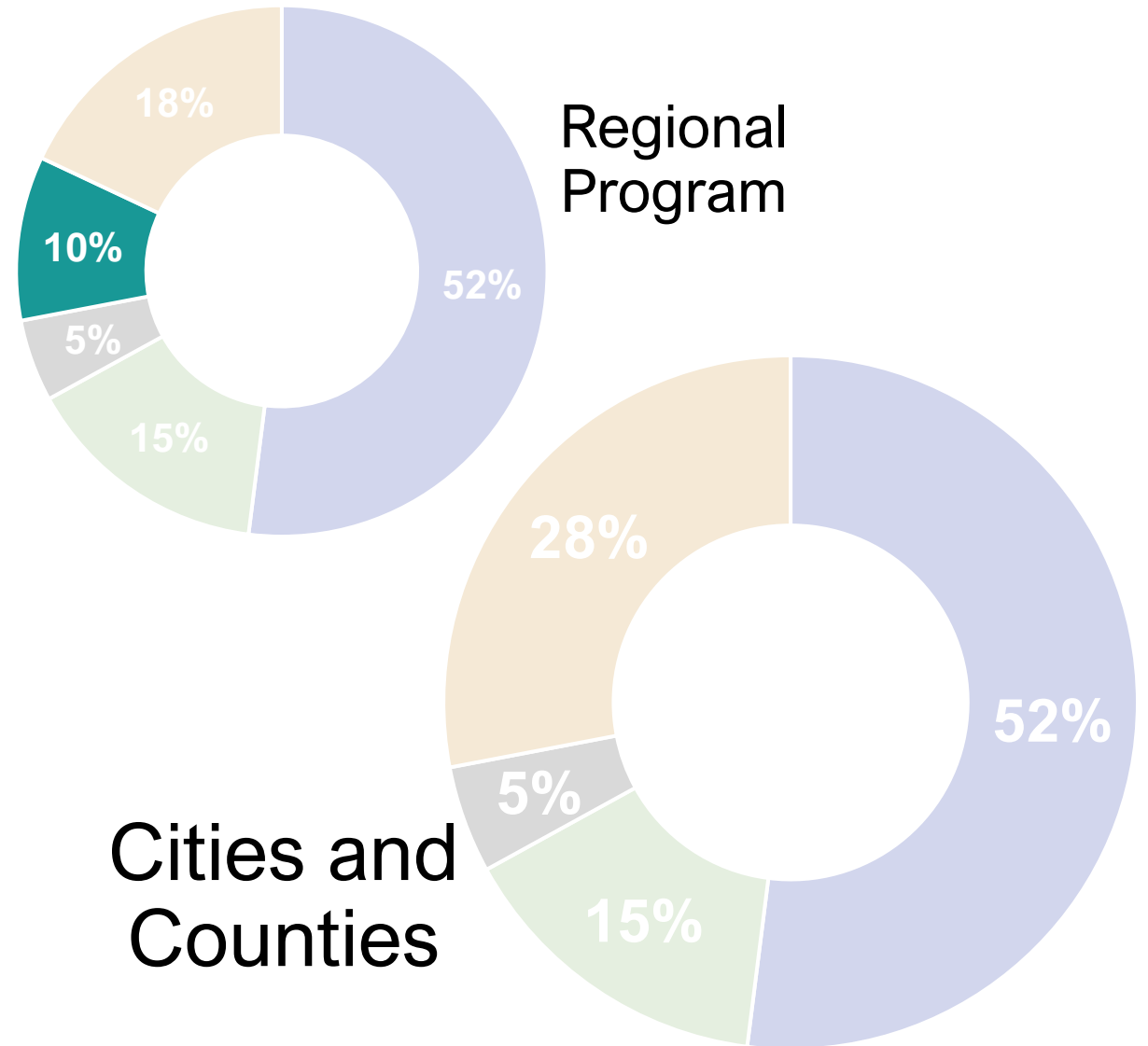
18% of funds must be spent on either production, preservation or protection (if protection spending is constitutional).



# How would the bond money be spent?

## Local Government Incentive Grant Program

**Regional only:** 10% of funds may be spent for local government incentive grants. These may include homelessness interventions, homeownership programs and infrastructure that supports housing, like parks.



# Regional coordination and oversight

## Oversight of BAHFA

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- BAHFA is governed by a board consisting of elected officials from across the Bay Area.
- The Association of Bay Area Governments' (ABAG) Executive Board and BAHFA Board approve regional expenditure plans.
- BAHFA is currently working closely with each county and city that will get bond money directly to assist in development of local expenditure plans.

## Oversight of Cities and Counties

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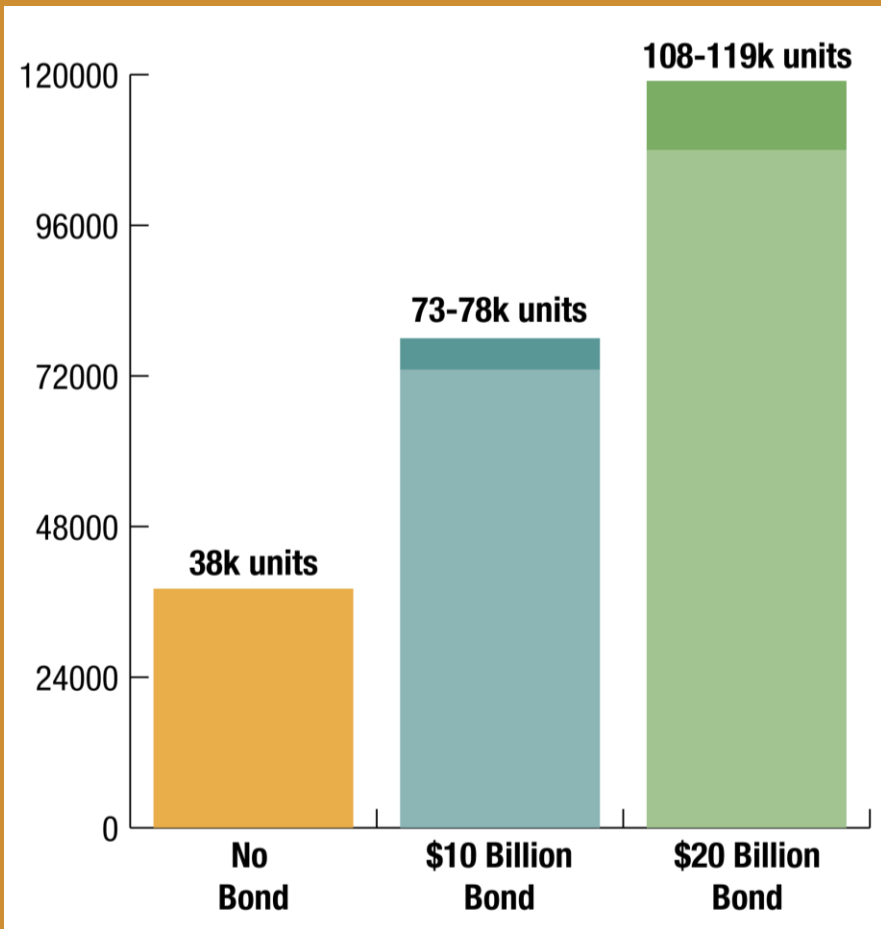
- Each city and county receiving funds will submit an expenditure plan to BAHFA for approval.
- Cities and counties must conduct public outreach, and counties must engage with all their cities to complete their plans.

# Investment goals for the region

- **Support Innovative, Diverse and Cost-Efficient Housing:**
  - Build more types of housing to meet different needs in population and geography
  - Build housing at lower costs – by shortening construction times, using innovative construction methods and designs, free and low-cost land, and more.
- **Financial Sustainability:** Over time, BAHFA will generate money from its loan programs, which can go back into communities and provide housing subsidies *without* additional taxpayer support.
- **Environmental Sustainability:** BAHFA will pursue social and environmental justice goals by investing in projects that serve those who are most in need and help address climate change.



# How much affordable housing is expected to be produced over the next 15 years?





# Questions





# Poll





# What's next?

- Public meetings to fine-tune and ultimately determine whether to put bond measure on the ballot.
  - Your participation is encouraged!
  - View meeting schedule:  
[mtc.ca.gov/housingbond](https://mtc.ca.gov/housingbond)
- Sign up for the BAHFA mailing list.
- Visit our website to learn more.
- Reach out with any further questions or feedback via email:  
[BAHFA@bayareametro.gov](mailto:BAHFA@bayareametro.gov)





# Thank you.

For more information contact:

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