

Advancing an Affordable Bay Area: Bay Area Housing Finance Authority's First Five Years



(Photos, left to right: Ellen V. Baker Photography; iStock; Noah Berger. All rights reserved.)

Established in 2019 as the state's pioneering regional housing entity, the Bay Area Housing Finance Authority (BAHFA) focuses on large-scale solutions for affordable housing production, preservation and protection. It is jointly governed by MTC and ABAG and staffed by the agencies' unified staff.

BAHFA's most impactful tool is the ability to raise revenue across the nine counties, with 80 percent of the funds flowing directly to counties. The region came close to realizing this vision through last year's ambitious \$20 billion regional housing bond – but anti-tax sentiment led to its postponement.

In advance of securing significant new funding, BAHFA launched a suite of programs that leverage its scale and demonstrate the value of a regional approach. They include:

- **Doorway Housing Portal:**

A centralized search and application website for affordable housing across the region, Doorway significantly reduces the challenges of finding and applying for deed-restricted apartments.



- **Welfare Tax Exemption Program:**

This program has preserved long-term affordability of 800+ apartments in four counties. It provides \$5,000 to enable project sponsors to qualify for property tax relief, making properties financially viable. 55-year deed restrictions stabilize rents and protect residents from displacement.



Additional BAHFA Initiatives

- Evictions and Legal Services Study
- Affordable Housing Pipeline Report
- Rental Assistance Pilot Program
- Preservation Pilot Program
- Tribal Notification Toolkit
- BAHFA Business Plan

BAHFA is also uniquely situated to design financing programs that advance important climate and fair housing goals, being nested in the agencies that craft the Sustainable Communities Strategy (SCS) and Regional Housing Needs Allocation (RHNA).

The \$28 million Priority Sites Program is translating the SCS's "Growth Geographies" and RHNA's fair housing goal into 1,600+ new affordable homes in transit-rich or high resources areas.

Short-Term Funding for Long-Term Solutions

After years of high inflation, California voters had little appetite in November 2024 to make it easier to pass bonds. The rejection of Proposition 5 — establishing a 55 percent threshold for housing bonds — was a setback for a potential future BAHFA bond. While public, private and nonprofit leaders formulate a plan for the next regional housing measure, BAHFA needs short-term funding to continue bringing creativity, innovation and a regional lens to tackling the Bay Area’s affordability challenges.

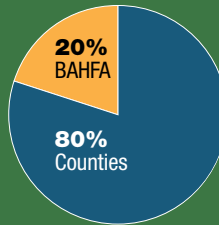
\$30 million in one-time state funding will allow BAHFA to sustain its crucial role and approach self-sufficiency by 2029.

Continue Delivering Tangible Benefits for Bay Area Residents.

\$15 million will sustain BAHFA staff for approximately three years and enable BAHFA to preserve hundreds more affordable homes, expand the number of properties rented through Doorway and continue other impactful programs across the 3Ps.

Maintain Momentum and Capacity for Regional Measure.

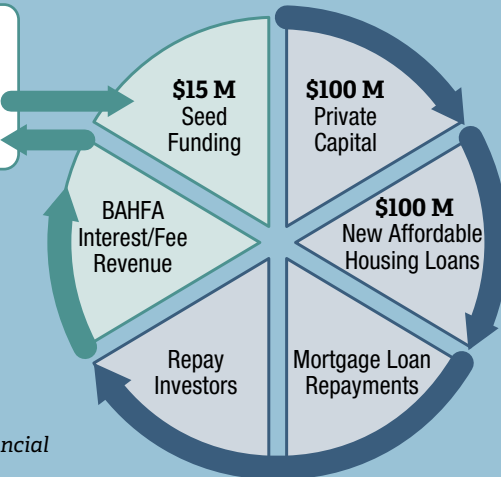
BAHFA’s unique power is raising unprecedented funding for the whole region for affordable housing production, preservation and tenant protection. It must retain expert staff to galvanize supporters, prepare the next ballot measure and be ready to get funds out the door quickly.



Launch New Self-Sustaining Lending Program.

With \$15 million in seed funding, BAHFA could leverage capital to make roughly \$100 million in low-cost loans to affordable housing developers. On top of reducing development costs, this public lending model will advance BAHFA’s goal of achieving financial self-sufficiency. Modeled after New York’s successful Housing Development Corporation (HDC) (right).

BAHFA Cash Reserves for Operations and Reinvestment into Programs



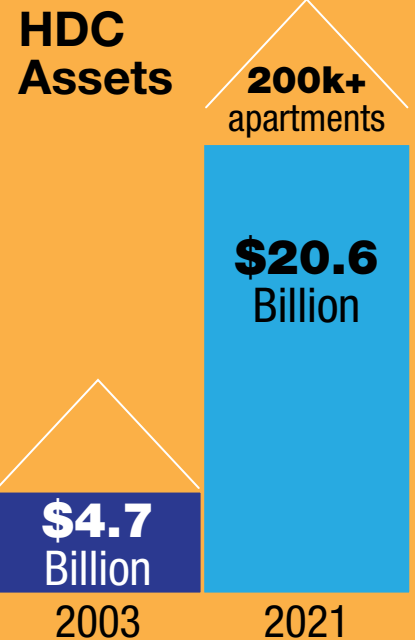
Illustrative model; detailed financial analysis underway

The New York Model

New York established HDC in 1971 to make low-cost mortgage loans to build and preserve affordable housing. HDC is one of the top-ranked financiers of affordable housing in the nation, with \$20.6 billion in loans for more than 200,000 apartments in 2021.

Revenue bonds bought by private investors are the source of HDC’s lending dollars.

Modest loan fees and the interest rate “spread” generate enough revenue to support HDC’s operations and provide a new source of housing subsidies (\$3.4 billion since 2003).



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