# Updates on the Bay Area Housing Finance Authority

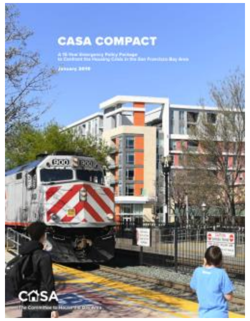
Presentation to San Mateo City/County Association of Governments

September 10, 2026

# Why Are We Here?

**To gather input around a Policy Framework to guide possible amendments to BAHFA's statute and a potential regional revenue measure, as early as 2028.**

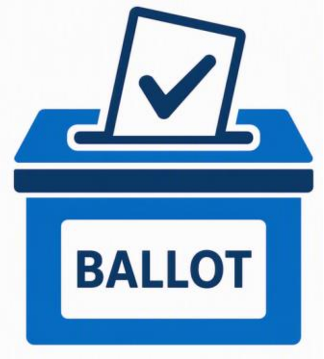
# How We Got Here




Bay Area Housing Finance Authority

Doorway
BAY AREA AFFORDABLE HOUSING

WE ARE HERE




**CASA Compact**

**BAHFA 2019**

**Pilot Programs**

**RM4 Bond Measure 2024**

*(withdrawn)*

**Gathering Stakeholder Input**

# How BAHFA Adds Value in Communities

- The loss of redevelopment agencies has led to a reduction in real estate development and housing finance capacity at the local level.
- 62% of Bay Area communities **do not directly receive** federal funding for housing.
- Most cities have extremely limited dedicated funds for affordable housing, and San Mateo County is one of the most expensive in the state.
- A regional revenue measure would bring significant funding to be programmed at the local level.

Source: Terner Center for Housing Innovation

**BAHFA brings housing funds and expertise to your communities, filling the gap in state and federal funds.**

# BAHFA's Impact to Date

**500,000+**

Doorway user accounts; **over 3,200 placements**

**27,000+**

New homes supported; direct funding to **1,365 affordable homes**

**3:1**

Leverage of $20M state grant

**1,000+**

Homes preserved as affordable

**124**

Seniors prevented from falling into homelessness

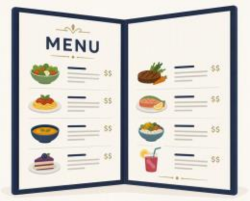
# BAHFA in San Mateo County

To date, BAHFA has supported the predevelopment and preservation of **2,750 homes in San Mateo County**.

A revenue measure would bring significantly more money to the county for production, preservation, tenant protections and grants to local governments.

| Jurisdiction | Project/Site/Developer | Program/Type of Assistance | Funding | Total Homes |
|---|---|---|---|---|
| **Daly City** | Midway Village | Priority Sites Loans | $2,500,000 | 555 |
| **Daly City** | 500 King Drive / BRIDGE Housing | Welfare Tax Exemption | $5,000 | 195 |
| **South San Francisco** | SSF PUC | Priority Sites Loans | $2,100,000 | 800 |
| **South San Francisco** | 245 South Airport Boulevard | Priority Sites TA | $150,000 | 1,200 |
| **TOTAL** | | | **$4,755,000** | **2,750** |

# Regional Revenue Measure Timeline




## Phase 1: Stakeholder Engagement

Broad table to discuss outstanding policy issues to inform proposed legislative changes

BAHFA coordinates with ***stakeholders***, building trust and generating buy-in

Outcome: policy framework for statutory amendments

**Timing: ~March-Nov 2026**

## Phase 2: Legislative Changes

Implement policy framework through proposed amendments to BAHFA's enabling legislation

Joint advocacy between BAHFA and ***coalition*** that could emerge from stakeholder process

Outcome: amended statute

**Timing: Nov 2026-Sept 2027**

## Phase 3: Revenue Measure

Policy development of a regional measure, guided by revised statute

Potential for amended statute to permit placement via qualified voter initiative

If a measure proceeds, BAHFA role limited to public information; not involved in ***campaign*** activity

Outcome: ballot measure

**Timing: Fall 2027-Nov 2028**

# Regional Housing Stakeholder Committee

**Coordinating Committee**

Co-Chairs:

BAHFA
All Home
Enterprise
Consultant Support

**RHSC Co-Chairs**

**Regional Housing Stakeholder Committee**

Drive towards policy alignment using gradients of agreement

**Revenue Mechanisms Subcommittee**

**Eligible Uses of Revenue Subcommittee**

**Labor Subcommittee**

Caucusing with broader stakeholder groups

# Key Policy Issues

BAHFA was created by a state statute that defines the types of revenue BAHFA can raised and eligible expenses. Key issues under consideration are:

- Revenue Mechanisms
- Eligible Uses of Funds
- Labor Standards
- Revenue Distribution

| Revenue Mechanism | Legislative Details | Potential Action |
| --- | --- | --- |
| **General Obligation Bond** | Already allowed | None |
| **Uniform Parcel Tax** | Already allowed | None |
| **Head Tax** | Already allowed, with exemptions for nonprofit & religious institution employers | None |
| **Gross Receipts Tax** | Already allowed, including potential design features identified by the subcommittee:<br>• Variable rates based on sector<br>• Exemptions for small businesses, nonprofits, & religious institution employers | None |
| **Differentiated Parcel Tax** | Would require the following amendments:<br>• Remove uniformity clause (allows for differentiation)<br>• Provide ability to create exemptions | Consider amendments |
| **Sales Tax** | Would require:<br>• Adding sales tax as eligible mechanism<br>• Separate legislation to raise the local sales tax cap, which would require identifying specific sales tax rate by early-mid-2027. | Consider amendments and companion legislation. |
| **Payroll Tax** | Would require adding payroll tax as eligible mechanism with specifics on exemptions and/or differentiation. | Consider amendments |
| **Real Estate Transfer Tax** | Would require adding RETT as eligible mechanism with specifics on design. | Consider amendments |

# BAHFA Statute's Current Eligible Uses

**Affordable Housing Production: at least 52%**

**Affordable Housing Preservation: at least 15%**

**Tenant Protections: at least 5%**

**Flexible Uses (any of 3Ps): 28% Locals / 18% Regional**
**Other Housing-Related Uses (Grant Program): 10% Regional**

# Emerging Potential Eligible Use Ideas

- Expand eligibility for operating subsidy, in particular those that can cover rental subsidies like Capitalized Operating Subsidy Reserves (COSRs)
- Create a minimum set-aside for extremely low-income housing
- Create flexibility for innovative housing models:
  - Increase AMI limits for BAHFA production funds to 120% to cross subsidize more deeply affordable units
  - Expand BAHFA financing options to produce or preserve mixed-income properties that meet public benefit criteria (research ongoing)
  - Allow BAHFA production funds to produce housing for homeownership
- Increase funding minimum for tenant protections and homelessness prevention
- Increase public engagement requirements

# Labor Standards

BAHFA's enabling statute establishes different levels of legal authority to impose labor standards on **regional funds** vs. **return-to-source local funds:**

- **Regional funds:** BAHFA may (but is not required) to impose specific labor standards.
- **Return-to-Source Local Funds:** BAHFA cannot impose labor standards on local funds. However, each administering entity (county or city) may determine whether to apply labor standards on their own funds.

The Labor Standards Subcommittee is exploring whether to recommend expansion of BAHFA's authority to establish labor standards on all revenue and what those standards should be.

# Revenue Distribution:
# Local Control with Regional Investment

**Revenue source and exact local/regional split not set until ballot language is drafted**

### Return-to-Source = <u>At Least</u>

**80%** of Parcel Tax/Gross Receipts/Bonds
**50%** of Employee "Head" Tax

- **County Expenditure Plans**
- **San Jose & Oakland Expenditure Plans**
- **Other Direct Allocation * Expenditure Plans**

### BAHFA = <u>No More Than</u>

**20%** of Parcel Tax/Gross Receipts/Bonds
**50%** of Employee "Head" Tax

- **Regional Expenditure Plan**

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- All plans must meet minimum funding for "3Ps" (Production 52%, Preservation 15%, Protections 5%) **
- All plans may include up to 5% for administrative costs
- BAHFA's plan may include local government grants

** Cities with >30% of county lower-income RHNA in counties without one of the region's three largest cities*
*** California constitution prohibits spending bond funds on services, which comprise most of "Protections"*

# Additional Opportunities for Local Elected Officials and Staff to Engage

BAHFA is meeting with elected officials in each of the nine counties. In addition to presentations like this one, we will provide other opportunities for input from local governments, including:

- League of Cities Peninsula Division on September 14 at noon.
- A webinar for elected officials on September 30 from 11 am to noon.
- A survey for elected officials open until October 23.
- A convening of local housing staff this fall

These activities supplement extensive stakeholder and community engagement spearheaded by the Regional Housing Stakeholder Committee.

**Non-governmental stakeholders will be separately invited to attend "All Hands" meetings hosted by the RHSC**

# 2026 State Housing Bond

**$11.25 billion housing bond on the November 2026 ballot**. If passed, it will fund:

- A variety of rental and home ownership construction programs.
- A new preservation program.
- Other programs including funding for infill infrastructure and local housing trust funds.

Depending on the outcome of state legislation, BAHFA may be eligible to administer the preservation program.

# Thank You


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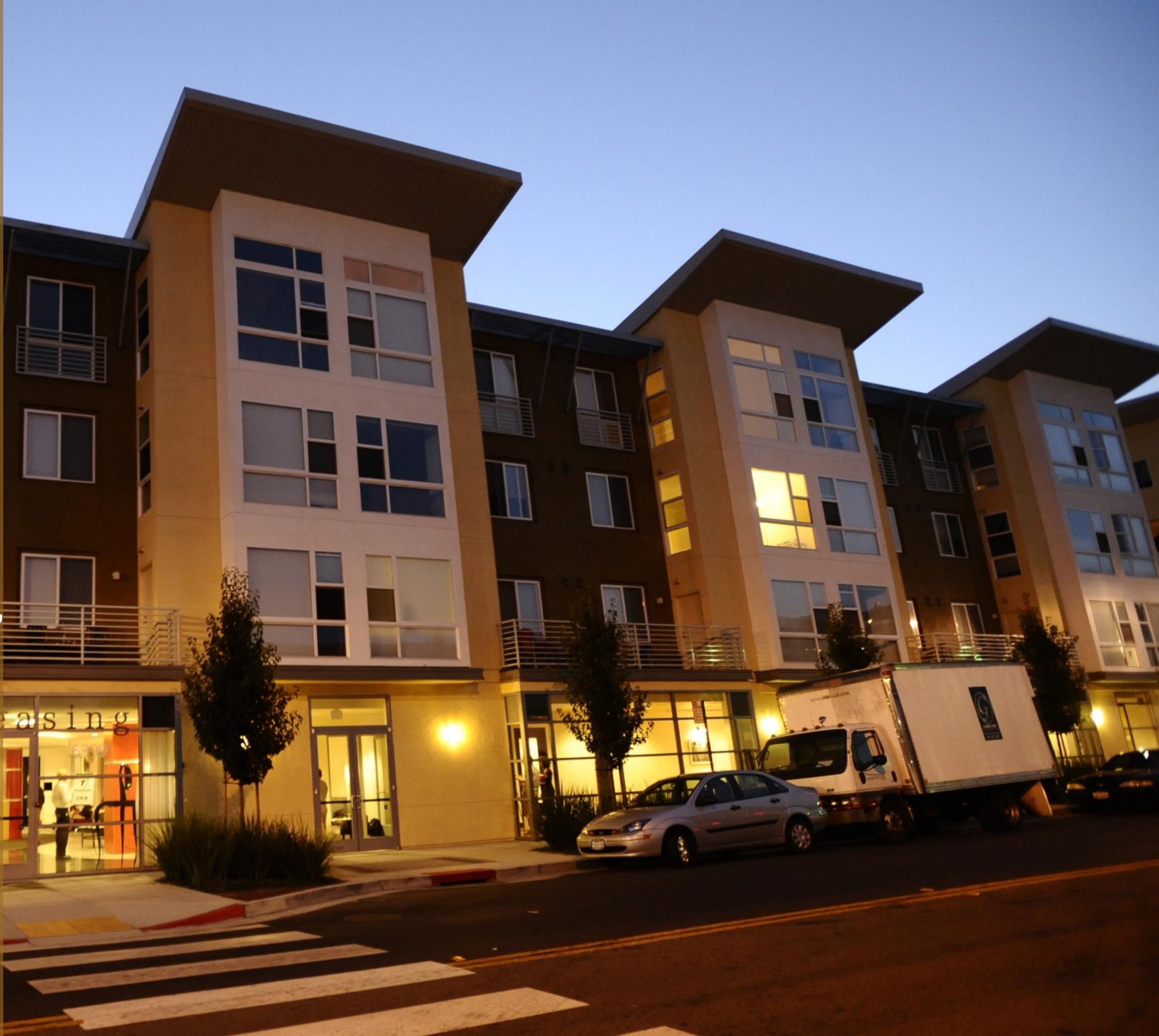

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ASSOCIATION OF BAY AREA GOVERNMENTS
METROPOLITAN TRANSPORTATION COMMISSION