

# Association of Bay Area Governments

## Executive Board

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March 21, 2024

Agenda Item 10.a.

### Regional General Obligation Bond for Affordable Housing

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#### Subject:

Overview of the \$10-20 billion Regional Housing Bond proposed by ABAG and the Bay Area Housing Finance Authority (BAHFA) for the November 2024 election.

#### Background:

In 2022, the ABAG Executive Board, acting as the Executive Board to BAHFA, and the BAHFA Board (collectively, “Boards”), requested that the BAHFA Oversight Committee and ABAG Housing Committee (“Joint Housing Committees”) undertake preparatory work necessary to enable consideration of an affordable housing general obligation bond measure in November 2024 (“Regional Housing Bond”). Specifically, the Boards directed staff to explore a \$10-20 billion bond pursuant to the authority granted to BAHFA and ABAG in the San Francisco Bay Area Regional Housing Finance Act (Gov. Code § 64500, et seq.) (the “Act”).

During the last two years, this work has involved extensive stakeholder and public engagement, robust research and analysis, and dozens of public meetings to solicit policymaker guidance from the BAHFA Advisory Committee, the Joint Housing Committees, and the Boards. Deep engagement with local governments has been central to this process; **Attachment B** documents approximately 80 presentations that staff have made to cities, counties, and civic organizations.

#### 2024 Regional Housing Bond Overview:

The Act establishes many parameters for the Regional Housing Bond. Eighty percent of the funds will be passed through for direct administration by the counties and several cities based on a return-to-source formula. The cities eligible for a direct allocation from a November 2024 bond are the City of Napa, Oakland, San Jose, and Santa Rosa. The amount of funding that would be passed through to each county is detailed on Slide 5 of the presentation in **Attachment D**. The remaining 20% of bond proceeds will be retained by BAHFA to invest throughout the nine-county region.

BAHFA and the direct recipients must meet minimum spending targets for each of the 3Ps: 52% for production, 15% for preservation, and 5% for tenant protections. Additionally, BAHFA may use up to 10% of its funds for a Local Government Grant Program. The remaining “flexible funds” for BAHFA as well as direct recipients may be used on any of the 3Ps or for “housing-related uses” including infrastructure, parks, and other public amenities necessary to accommodate new housing. The Act sets forth eligibility criteria for each spending category, and generally provides greater flexibility to counties and direct-allocation cities.

BAHFA and direct-allocation cities must adopt expenditure plans that satisfy the statutory criteria and establish spending priorities for their portion of the funds. BAHFA’s Regional Expenditure Plan for its 20% of funds is subject to approval by the Executive Board, with a vote

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slated for next month as described below. The local expenditure plans for the 80% of funds must be adopted by the board of supervisors for each county and the city council of each direct-allocation city. The Act requires that each county must consult with its constituent cities in the development of its expenditure plan. Local expenditure plans will be due after the election if the Regional Housing Bond is approved by voters, likely in spring or summer of 2025. Planning is already underway in every county and direct-allocation city, with the support of MTC-ABAG staff in the form of technical assistance, regular convenings, and financial assistance for translations and other outreach efforts.

#### Timeline for Upcoming Decisions:

To qualify for the November 2024 ballot, BAHFA must submit its resolution calling for the election to the Registrars of Voters (ROV) by August 9, 2024, under state law. Although that date is several months away, the Act, in combination with BAHFA's own administrative process, requires a strict sequencing and timeline for the Regional Housing Bond to qualify for the November 2024 ballot. The Executive Board must first approve BAHFA to place a measure on the ballot; then, the BAHFA Board must hold an informational meeting at least 30 days prior to taking final action.

The BAHFA Board's meeting scheduled for May 22, 2024, is the last regular meeting for when that informational meeting can be held because the BAHFA Board's next regular meeting, on June 26, 2024, is at least 30 days away (there are less than 30 days between BAHFA's June and July meetings). Based on discussions with elections officials in all nine counties, practically speaking this requires the BAHFA Board to take final action in June, with the Executive Board taking action in April to prepare for the BAHFA Board's informational meeting in May.

#### Preview of April Action Items:

On April 18, 2024, the Executive Board will have three action items related to the Regional Housing Bond: (1) a Resolution initiating the placement of the Regional Housing Bond on the November 2024 ballot in all nine counties, (2) approval of BAHFA's Regional Expenditure Plan, and (3) adoption of BAHFA's Business Plan.

##### 1. Bond Initiating Resolution

The Act requires the Executive Board to adopt a resolution to initiate the Regional Housing Bond before the BAHFA Board may take action to call for the election. This is part of the "double green light" approval process in the Act that requires concordance between ABAG and BAHFA to pursue revenue measures that require voter approval. The initiating resolution sets the upward limit of the value of the bond.

Currently, a poll is underway that will inform staff's recommendation on the bond value as well as framing for the 75-word ballot question and the full text of the ballot measure. The poll has been timed to provide the most up-to-date information while conforming to the statutorily

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prescribed timeline; results will be available for the BAHFA Board's May 22, 2024 required informational meeting. The poll will test voter support for bond values of \$10 billion and \$20 billion. Consequently, staff will recommend that the Executive Board adopt a resolution authorizing BAHFA to place a bond "up to \$20 billion" on the November ballot.

#### 2. BAHFA's Regional Expenditure Plan

The Regional Expenditure Plan serves as a blueprint for how BAHFA will prioritize investments with its 20% of bond revenues. The Regional Expenditure Plan must include several statutorily required elements, including an estimate of number of units produced and preserved, the share of funding for each spending category (Production, Preservation, Protection, and Local Government Grant Program), and a description of BAHFA's programs. The Regional Expenditure Plan also incorporates guiding principles in the Business Plan's *Equity Framework* and *Funding Programs* as well as policy decisions affirmed by the BAHFA Advisory Committee and the Boards after multiple public meetings in the summer and fall of 2023.

On February 14, the Joint Housing Committees referred for adoption by the Boards all Regional Expenditure Plan elements proposed by staff to satisfy the statutory requirements and establish an initial set of investment priorities. This referral, however, was subject to the condition that staff return to the Joint Housing Committees with recommended labor standards to include in BAHFA's Regional Expenditure Plan.

Staff are engaged in discussions with several stakeholders – including representatives from various subgroups of organized labor as well as nonprofit housing developers – to identify common ground for potential BAHFA labor standards. Those discussions are ongoing. Staff expect to present a recommendation about labor standards at the April 10, 2024 meeting of the Joint Housing Committees. The recommendation about labor standards from the Joint Housing Committees will be incorporated into the final Regional Expenditure Plan that will be presented to the Executive Board on April 18, 2024.

#### 3. BAHFA's Business Plan

BAHFA launched its business planning process in 2021 with the goal of creating bold, regional solutions to the Bay Area's housing challenges. The Business Plan includes four substantive chapters:

- 1) Legislative and Business Planning Overview
- 2) Equity Framework Summary
- 3) Funding Programs
- 4) Operations and Organizational Sustainability

Staff presented information on each of the four components to the Joint Housing Committees, the Executive Board, the BAHFA Advisory Committee, and the BAHFA Board on multiple

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occasions, soliciting input and guidance. On October 25, 2023, and November 16, 2023, the BAHFA Board and Executive Board, respectively, unanimously approved two of the core components: BAHFA's Equity Framework and Funding Programs. The final Business Plan, included as **Attachment C**, packages the previously presented material into a comprehensive, integrated strategy for BAHFA's successful implementation of its 3Ps programs and establishment as a self-sustaining agency over the long term.

#### Issues:

1. **Polling Results.** Results from the latest poll will not be available for the Executive Board's April 18, 2024 meeting. Staff will provide an informational update about polling results as soon as they are available, likely either the May 16, 2024 meeting of the Executive Board or the June 12, 2024 meeting of the ABAG Housing Committee.
2. **Labor Standards.** Discussions with stakeholders and policymakers about labor standards to apply to BAHFA's 20% of bond funds are ongoing at this time. There will be a tight turnaround to incorporate the recommendation from the Joint Housing Committees at their April 10, 2024 meeting in time for the Executive Board's action on the Regional Expenditure Plan at its April 18, 2024 meeting.

#### Recommendations:

Information

#### Attachment:

- A. Regional Housing Bond Explainer
- B. List of Presentations to Cities, Counties, and Civic Organizations
- C. Draft BAHFA Business Plan
- D. Presentation

#### Reviewed:



Andrew Fremier