

and private affordable housing developers to finance affordable housing development, preserve and enhance existing affordable housing, and fund tenant protection programs.

- e) Incur and issue bonds and other indebtedness.
- 4) Provides that, subject to approval by the executive board, if the authority proposes a measure that will generate revenues and that requires voter approval, the board of supervisors of the county or counties in which the authority has determined to place the measure on the ballot shall call a special election on the measure.
- 5) Requires each county included in the ballot measure to include, among other things, a summary of an expenditure plan provided by the authority for inclusion in the ballot pamphlet, as specified.

BAHFA Financing Activities

- 6) Authorizes the authority, subject to prior approval by the executive board, to raise and allocate new revenue through several tools including the following:
 - a) Special taxes, subject to voter approval, including a parcel tax, gross receipts business license taxes (gross receipts tax), and a special business tax (head tax).
 - b) Commercial linkage fees.
 - c) General obligation bonds.

Expenditures

- 7) Requires a minimum of 2/3 of funding dedicated to the production and preservation of affordable housing and a minimum of 5% for tenant protection programs for low- and moderate-income households; and a minimum of 10% for a grant program for other specified activities.
- 8) Requires the executive board and the authority to, in consultation with the advisory committee, adopt a regional expenditure plan for the uses of housing revenue by July 1 of each year. The expenditure plan shall set forth: (a) the share of revenue and estimated funding amount to be spent in each of the authorized categories, (b) indicate the household income levels to be served within each category of expenditures, and (c) estimate the number of affordable housing units to be built or preserved and the number of tenants to be protected.

- 9) Requires, to the extent feasible, the expenditure plan to include a description of projects to be funded, location, amount of funding, and anticipated outcomes. Beginning in year two, the authority shall include a report in the regional expenditure plan that provides the allocations and expenditures of projects and projects funded.
- 10) Requires the regional housing plan to contain specified information for any specific project that has received an allocation of regional housing revenue during the prior year, including whether the project proponent has requested or been eligible to receive a building permit and whether the project proponent has obtained approval or certification that the development is habitable.
- 11) Requires each county to adopt an expenditure plan applicable to county housing revenue that specifies the proposed allocation of funds and demonstrates how the funds will meet the minimum allocations identified, as specified.

This bill:

- 1) Provides that the regional expenditure plan shall not render projects ineligible for funding based on the presence or absence of any local government land use or housing policies.
- 2) Provides that the authority shall not impose any other conditions for a county expenditure plan to be deemed complete to allocate funds.

COMMENTS

- 1) *Author's statement.* "BAHFA has the potential to be a game-changer for the production of affordable housing in the Bay Area. This bill helps ensure there is alignment among stakeholders by clarifying provisions of the law to ensure that BAHFA does not overstep its bounds and require local land use and housing policies."
- 2) *BAHFA.* In 2019, following a robust regional collaborative effort, the legislature passed and the governor signed AB 1487 (Chiu, Chapter 598) which established BAHFA throughout the San Francisco Bay Area and set forth the governing structure and powers of the board, allowable financing activities, and allowable uses of the revenues generated. Its purpose was to raise, administer, and allocate funding and provide technical assistance at a regional level for tenant protection, affordable housing preservation, and new affordable housing production. That bill established MTC as the board of the authority, and ABAG as the executive board, making ABAG the lead agency.

- 3) *Actions taken since 2019.* Since the passage of AB 1487, BAHFA has hired an executive director and staff, and completed a draft Business Plan and Equity Framework. In 2020, BAHFA received \$20 million from the state budget to help pilot large-scale approaches to address regional housing challenges, including a region-wide online portal designed to simplify the process of finding and applying for an affordable unit. More recently, BAHFA voted to place a \$20 billion bond on the November 2024 ballot, the purpose of which is to fulfill its mission of delivering housing affordability at scale.
- 4) *Let's be clear.* According to the author, BAHFA convened a variety of stakeholders to develop its Expenditure Plan. Members of the business community expressed concern about regional bond funds being conditioned on localities adopting certain land use or housing policies that they believe impede housing development. While BAHFA does not believe it has authority to condition funding in this manner, the concerns remain. This bill is intended to make it clear that BAHFA may not condition a project's eligibility for the regional funds based on a jurisdiction's land use or housing policies. It also prohibits BAHFA from imposing conditions on localities' expenditure plans.
- 5) *Gutted.* This bill was gut and amended from a bill related to specified student education on June 10, 2024.
- 6) *Double-referral.* This bill was also referred to the Local Government Committee.

RELATED LEGISLATION:

AB 1319 (Wicks, Chapter 758, Statutes of 2023) — made several changes to BAHFA related to the revenue-raising process and the utilization and disbursement of revenues.

AB 1487 (Chiu, Chapter 598, Statutes of 2019) — established BAHFA throughout the San Francisco Bay Area and sets forth the governing structure and powers of the BAHFA Board, allowable financing activities, and allowable expenditures of the revenues generated.

FISCAL EFFECT: Appropriation: No Fiscal Com.: No Local: No

POSITIONS: (Communicated to the committee before noon on Wednesday, June 19, 2024.)

SUPPORT:

Association of Bay Area Governments (Co-Sponsor)
Metropolitan Transportation Commission (Co-Sponsor)
Bay Area Council
Building Industry Association of The Bay Area

OPPOSITION:

None received.

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