

ABAG Report to MCCMC¹

April 2024

EXECUTIVE SUMMARY: This report includes a synopsis of the upcoming Regional Bond Measure and the Final Expenditure Plan for housing; ABAG General Assembly will meet on June 21, 2024 to approve FY 2024-24 budget and workplan; and, Letters of support needed on AB 2485 re: Regional Housing Needs Determination.

REGIONAL BOND MEASURE AND EXPENDITURE PLAN FOR HOUSING: ABAG and BAHFA (Bay Area Housing Finance Authority) voted to adopt the Regional Expenditure Plan and to place a housing bond measure on the November 2024 ballot up to \$20B within the 9-county Bay Area as allowed by AB 1657 – The Affordable Housing Bond Act of 2024. This approval is subject to the condition that: 1) staff return to the Joint Housing Committees with recommended labor standards to include in the Plan and 2) the final value of the bond – either \$10 billion or \$20 billion – will be determined after the final polling and research is conducted in April and May 2024. Last month and in April 2024, EMC Research, Inc. conducted a poll of 1,000 Bay Area voters in the nine-county region testing voter sentiment and specific ballot language regarding a \$20 billion affordable housing bond for the November 2024 ballot. EMC staff presented high-level findings from the poll. A final poll among over 2,000 likely voters will be conducted in mid-April 2024 to advise the final BAHFA vote in June 2024 to place a measure on the ballot.

As noted in prior reports, if voters in the Bay Area vote for the housing bond measure, it would authorize the issuance of bonds for housing pursuant to the State General Obligation Bond Law. The Final Regional Expenditure Plan will govern the expenditures of the Regional Housing Revenue. The initial Regional Expenditure Plan assumes that the initial Expenditure Plan covers the 5-year period of 2025-2030 and that BAHFA will issue between 5 and 7 bonds depending on the value of the bonds and on the amount counties and direct allocation cities request.

As reported in last month's report, the Bay Area labor groups requested the Regional Expenditure Plan which is the basis for the bond measure include labor standards. After much discussion, both ABAG and BAHFA agreed to support legislation that imposes labor standards on 100% of bond funds, including the 80% that will be administered directly by counties and direct-allocation cities. Most likely, legislation will be enacted after the measure is placed on the ballot in November 2024.

GENERAL ASSEMBLY – ABAG DELEGATES: RESERVE JUNE 21, 2024: On June 21 2024, the ABAG General Assembly will be voting on the Draft 2024-2025 Budget and Workplan that was adopted by the ABAG Executive Board on April 18, 2024

The proposed ABAG Work Program for FY 2024-25, includes a summary description of all the programs and projects conducted by ABAG, including highlights of work completed in FY 2023-24 and plans for FY 2024-25. The FY 2024-25 work program describe the continued work in the Regional Planning Program, Local Government Services, Regional Trails, and Legislation and Public Affairs. The proposed ABAG Budget for FY 2024-25 includes allocation of revenue and expenses for all ABAG operating funds, including ABAG Administration, ABAG Grants, ABAG Bay Area Regional Energy Network (BayREN), ABAG San Francisco Estuary Partnership (SFEP) and the San Francisco Bay Trail.

ASSEMBLY BILL 2485 (CARRILLO): REGIONAL HOUSING NEEDS DETERMINATION: On April 18, 2024, the ABAG Executive Board took formal action to support AB 2485 which would increase transparency and use of

¹ Marin County Council of Mayors and Councilmembers (MCCMC). For questions, please contact Councilmember Pat Eklund at: 415-336-9913.

outside experts in the state Department of Housing and Community Development’s process for determining regional housing needs allocations (RNHA).

Specifically, this bill would require the Department of Housing and Community Development (HCD) to publish the data sources, analyses, and methodology it uses to calculate each region’s housing need for the purpose of developing the Regional Housing Needs Determination (RHND). Additionally, the bill would require HCD to convene an advisory panel comprised of a “U.S. Census Bureau-affiliated practitioner,” a data expert, and a representative of the council of governments each time it calculates a region’s housing need. State law charges HCD with calculating each region’s existing and future housing needs every eight years, in consultation with the relevant council of governments. This RHND underpins the Regional Housing Need Allocation (RHNA) developed by the Association of Bay Area Governments (ABAG). The RHNA assigns unit counts by affordability levels to each jurisdiction, informing the housing elements of local General Plans. Those housing elements are required to identify sites to fully accommodate the local share of the RHND. HCD determines a region’s existing housing need through a combination of vacancy rates, overcrowding, homes lost in a natural disaster, and the extent to which households are housing cost-burdened. Determining future housing need starts with population growth projections from either the state Department of Finance (DOF) or regional transportation plans. The projected growth is divided into age cohorts; the rate at which each cohort forms new households determines how many new homes the region will need to fully house its future population. The final RHND combines the existing need and projected future need.

A March 2022 state audit examined the RHND process and found several errors that resulted in lower numbers for the Sacramento and Santa Barbara areas, which the auditor noted poses a risk to public confidence in HCD’s calculations. Among other items, the audit urged the DOF to conduct and document a comprehensive review of its assumptions on household formation rates. According to the state auditor, HCD and DOF have fully implemented five out of six recommendations.

While this progress is encouraging, AB 2485’s transparency provisions will aid councils of governments and other interested parties in monitoring the state’s RHND process for accuracy. For this reason, ABAG and MTC supported this bill and urges all cities and counties to do the same!

OTHER STATE LEGISLATION:

AB 1053 (Gabriel): ABAG and MTC Support: Housing programs: multifamily housing programs: expenditure of loan proceeds. Current law establishes the Department of Housing and Community Development and requires it to administer various programs intended to promote the development of housing, including the Multifamily Housing Program, pursuant to which the department provides financial assistance in the form of deferred payment loans to pay for the eligible costs of development of specified types of housing projects. Current law sets forth various general powers of the department in implementing these programs, including authorizing the department to enter into long-term contracts or agreements of up to 30 years for the purpose of servicing loans or grants or enforcing regulatory agreements or other security documents. This bill would authorize a borrower to use any funds approved, reserved, or allocated by the department for purposes of providing a loan under any multifamily housing program under these provisions for construction financing, permanent financing, or a combination of construction financing and permanent financing, as provided.

SB 225 (Cab): ABAG and MTC Support: Community Anti-Displacement and Preservation Program: statewide contract. This bill would establish the Community AntiDisplacement and Preservation Program (CAPP) to make loans to aq/rehab unrestricted housing units and attach long-term affordability restrictions. HCD would issue an RFQ to select a private sector entity or consortium to manage the program for 5 years. Additionally, HCD could award funding to local entities to make loans for the same purposes.