CITIES ASSOCIATION OF SANTA CLARA COUNTY

REGULAR MEETING
BOARD OF DIRECTORS

Morgan Hill City Council Building
Council Chambers
17555 Peak Ave
Morgan Hill, CA 95037

AUGUST 8, 2024
7:00 PM

Meeting Information:

- *Board meetings are open to the public at the location shown above.*
- *Members of the public* may use the information below to join the webinar:
  - **Webinar ID: 835 1075 6481**
  - **Passcode: 519682**
- *More information on public comment and accessibility is given at the end of the agenda.*

Hon. Anne Bybee will attend via teleconference from Campbell City Hall, 70 N. First Street, Campbell This teleconference location is open to the public and any member of the public may address the Board of Directors members from the teleconference location.

The following members will attend via teleconference from City Council Conference Room, 18th Floor, Room #1854, 200 E. Santa Clara Street, San Jose, CA 95113. This teleconference location is open to the public and any member of the public may address the Board of Directors members from the teleconference location.

- San Jose Vice Mayor Rosemary Kamei
- Cupertino Vice Mayor J.R. Fruen
- Santa Clara Councilmember Kathy Watanabe

WELCOME & CALL TO ORDER – (Fligor)

ROLL CALL (Sirkay)

ORAL COMMUNICATIONS FROM THE PUBLIC ON NONAGENDIZED ITEMS

This portion of the meeting is reserved for persons wishing to address the Board on any matter not on the agenda. State law prohibits the Board from discussing and/or acting on nonagendized items.

AGENDA

1. **Consent Agenda (Fligor)**
   a. Approve Minutes from Board of Directors Special Meeting on June 13, 2024
2. **President Update (Fligor)**
3. **Model Water Efficient New Development Ordinance (MWENDO)**
   a. Jim Beall, Director for District 4, Santa Clara Valley Water District
4. **Regional Early Action Planning Grant 2024 (REAP 2.0) and Planning Collaborative Update**
   a. David Driskell, Community Planning Collaborative
   b. Rob Eastwood, Planning Collaborative Lead and Campbell City Staff
5. **Bay Area Housing Financing Authority (BAHFA) Regional Bond**
   a. Discuss and provide input on the development of the BAHFA Local Expenditure Plan
   b. Approve forming a Cities Association BAHFA Subcommittee
6. **Legislative Action Committee Update, Discussion and Possible Action (Walia)**
7. **Santa Clara County City Managers Association Update (Engeland)**
8. **Executive Director Update (Sirkay)**
9. **Joys and Challenges (All)**

ADJOURN (Fligor)

PUBLIC COMMENT

Members of the public wishing to comment on an item on the agenda may do so in the following ways:

1. Email comments to shali@citiesassociation.org
   - IMPORTANT: identify the Agenda Item number in the subject line of your email.
   - Emails must be received at least 72 hours before meeting start day/time to be entered into the record for the meeting.

2. Provide oral public comments in-person during the meeting

3. Provide oral public comments virtually during the meeting
   - When the Chair announces the item on which you wish to speak, click the "raise hand" feature in Zoom. Speakers will be notified shortly before they are called to speak.
   - When called to speak, please limit your comments to the time allotted (up to 3 minutes, at the discretion of the Chair).
   - Phone participants:
     *6 - Toggle mute/unmute
     *9 - Raise hand

ACCESSIBILITY

We strive for our meetings and materials to be accessible to all members of the public, and welcome feedback and requests for accommodations. Please submit requests for accommodations to shali@citiesassociation.org at least 72 hours in advance of the meeting to allow us to best meet your request.

SPECIAL MEETING
BOARD OF DIRECTORS

Los Altos Community Center
Grand Oak Room
97 Hillview Avenue
Los Altos, CA 94022

JUNE 13, 2024
6:30 PM

CITIES ASSOCIATION OF SANTA CLARA COUNTY

Meeting Information:

- *Board meetings are open to the public at the location shown above.*
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AGENDA IN BLACK/MINUTES IN RED

WELCOME & CALL TO ORDER – (FLIGOR)

Meeting called to order at 7:05 PM

ROLL CALL (SIRKAY)

Board Members Present (14/14):

Campbell	Anne Bybee
Cupertino	J.R. Fruen
Los Altos	Neysa Fligor
Los Altos Hills	Stanley Mok
Los Gatos	Matthew Hudes
Milpitas	Carmen Montano
Monte Sereno	Javed Ellahie
Morgan Hill	Mark Turner
Mountain View	Pat Showalter
Palo Alto	Lydia Kou
San Jose	Rosemary Kamei
Santa Clara	Kathy Watanabe
Saratoga	Tina Walia
Sunnyvale	Larry Klein

Staff Present (1/1):

Shali Sirkay	Executive Director

ORAL COMMUNICATIONS FROM THE PUBLIC ON NONAGENDIZED ITEMS

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AGENDA

1. **Mental Health Discussion and Presentation:** ***How Cities & Towns Can Help to Address the Mental Health Crisis in Our Communities***

ADJOURN (FLIGOR)

Meeting adjourned at 8:58 PM

Respectfully submitted on August 8, 2024,

Vaishali Sirkay

Vaishali Sirkay
Executive Director
Cities Association of Santa Clara County

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CITIES ASSOCIATION OF SANTA CLARA COUNTY

Agenda Item No: 5

Meeting Date: August 8, 2024

Cities Association of Santa Clara County Agenda Report

To: BOARD OF DIRECTORS

Prepared by: Neysa Fligor, Board President

TOPIC: **Bay Area Housing Financing Authority (BAHFA) Regional Bond**

RECOMMENDATIONS:

1. Provide input on the development of the BAHFA Local Expenditure Plan regarding engagement with cities and distribution of bond funds.
2. Approve the Formation of a Cities Association BAHFA Subcommittee as described in this report.

RELEVANT BACKGROUND:

On June 26, 2024, the Bay Area Housing Finance Authority ("BAHFA") voted to place a $20 billion housing bond measure on the November 2024 ballot, which, if successful, would distribute funds throughout the nine bay area counties for the production of new affordable housing and preservation of existing affording housing, among other things. BAHFA is jointly governed by the Association of Bay Area Governments (ABAG)'s Executive Board and by the BAHFA Board, which is comprised of the same membership as the Metropolitan Transportation Commission (MTC). If the bond measure passes, each County, along with a few large cities, including San Jose, will be direct recipients of the bond proceeds. The San Francisco Bay Area Regional Housing Finance Act ("the Act") requires the direct allocation recipients of the bond proceeds to prepare an expenditure plan (the "Plan") to govern how the bond proceeds will be spent. As part of developing and adopting the Plan, each County is required to conduct outreach activities to the cities within the County. If the bond measure passes, the Plans are due the first half of 2025. Among other things, the Plan will address how the bond proceeds will be distributed within the particular County. Attached is a sample DRAFT Local Expenditure Plan that the ABAG/BAHFA Staff are still finalizing.

The Cities Association has been keeping its members informed about the bond measure, including cohosting a Regional Housing Bond Symposium in August 2023, providing updates on the bond measure to the Cities Association Board, and having Consuelo Hernandez, Santa Clara County Deputy County Executive (Former Director, Office of Supportive Housing) and Daniel Saver, Assistant Director, Housing and Local Planning for Metropolitan Transportation Committee, give an overview of the

BAHFA Bond to the Cities Association Board. Attached are slides Mr. Saver shared with the Cities Association Board at its April 11, 2024 meeting. Based on the past engagement and feedback from the Cities Association Board members, the Cities Association Executive Board voted on May 24, 2024, to send a letter to the Santa Clara County Board of Supervisors urging the County to start working with the cities now to develop the Santa Clara County Plan. Although the County's Plan does not need to be approved until 2025, the Executive Committee believed that waiting to see if the bond measure is successful in November 2024 would be too late to start this work. Majority of the Mayors of Santa Clara County also sent a letter to the County Board of Supervisors regarding engagement with the cities and included suggestions of having the following criteria: (1) Transparent Criteria. Develop transparent criteria for fund disbursement that prioritizes projects based on factors such as population, community impact, alignment with county-wide goals, regional housing needs, and helping cities meet their Housing Element requirements. Criteria should be clear about impact to property owners. This will help ensure that the funds are used effectively and equitably; and (2) Oversight and Accountability. Implement robust oversight mechanisms, including regular progress reports and audits, to monitor the use of the bond funds. This will promote accountability, transparency and build public trust in the management of the bond measure.

The County has started its engagement with cities as required by the Plan and has expressed an interest in hearing from our cities on other ways they can engage with the cities and staff. Additionally, at the August 27, 2024 Board of Supervisors Meeting, the Supervisors are expected to discuss the bond measure and President Ellenberg would like to hear from cities on what projects they have in the pipeline. The Cities Association Board is also scheduled to continue its discussion of the Plan at its September 12, 2024 Board meeting agenda, including reviewing the status of the Plan based on the engagement with cities and the input and feedback cities would have given prior to that meeting. President Ellenberg has confirmed she can attend the September 12th meeting.

CITIES' FEEDBACK ON LOCAL EXPENDITURE PLANS:

A. Topic Suggestions for the Cities Association Board to discuss:

1. What are some of the best ways to engage with the cities- staff, stakeholder groups, residents, Councilmembers, etc. regarding the Plan?
2. How do cities think the bond funds should be distributed to meet the requirements of the Act as outlined in the attached sample DRAFT Local Expenditure Plan?
3. What are your thoughts on the Mayors' suggestions regarding transparency, oversight and accountability?
4. What are the greatest needs in our cities and how can the bond funds help? What programs or projects are part of your Housing Elements that you think BAHFA funding might help move forward?
5. What projects do cities have in their pipelines?

B. Formation of a Cities Association BAHFA Subcommittee
The formation of a Cities Association subcommittee would allow the Cities Association to be nimble as we navigate this process, especially because we only have monthly meetings and are limited by the Brown Act. This would help ensure that the Cities Association has a voice at the different meetings that are expected to occur over the next few months, including the ability to share the input and feedback received from cities at these meetings. The Subcommittee would also inform cities of any workshops or meetings that are being scheduled to discuss the bond and engage with the City Managers group to ensure their city staff are also aware and engaged in this process. The goal would be for the Subcommittee to be the point of contact to work with the different stakeholders over the next several weeks so that the Plan reflects the input and needs of the cities. The Subcommittee would also provide updates at the monthly Board meetings.

The Mayors' group suggested creating a Joint Committee that would be composed of representatives from the County Board of Supervisors and city representatives. This committee would be responsible for developing a framework for the equitable distribution of the bond funds, ensuring that all cities have a voice in the decision-making process. If the formation of the Cities Association Subcommittee is approved, the Subcommittee would propose forming a Joint Committee with members of the Board of Supervisors.

ATTACHMENTS:
1. Sample DRAFT Local Expenditure Plan
2. ABAG/MTC Slides presented at the April 11, 2024 Cities Association Board meeting
3. Cities Association Executive Committee Letter to the Board of Supervisors
4. Mayors' Group Letter to the Board of Supervisors

Background and Introduction: Sample Initial Local Expenditure Plan

February 2024

The Bay Area Housing Finance Authority (BAHFA) is planning to submit an affordable housing general obligation bond measure to Bay Area voters at the November 2024 election.

If the voters authorize the bond, the San Francisco Bay Area Regional Housing Finance Act ("the Act") requires direct recipients of the bond proceeds to prepare an expenditure plan to govern how the bond proceeds will be spent. Direct recipients will have to submit an expenditure plan in the first half of 2025. Direct recipients are encouraged to begin the planning process early to ensure that they can fulfill the required outreach activities, while adopting the expenditure plan in a timely manner.

BAHFA staff have drafted the following Sample Local Expenditure Plan to assist direct recipients in understanding how they can fulfill their obligations. This document is intended to guide local staff in the planning process and should not be used or interpreted as the final guidance or official template. In certain instances, this Sample Plan includes percentages and numbers to illustrate how a direct recipient could input their specific local decisions. These numbers are highlighted to demonstrate that they are examples.

BAHFA has provided additional technical assistance resources to assist local cities and counties with meeting their requirements, including a sample outreach plan, staff memo, and communication resources in addition to this document to aid the expenditure planning process. Please contact bahfa@bayareametro.gov for access to these materials.

SAMPLE Initial Local Expenditure Plan for the 2024 Bay Area Housing Finance Authority's Affordable Housing General Obligation Bond

Pursuant to the San Francisco Bay Area Regional Housing Finance Act, Government Code Section 64500, et seq. (Act), the [County or City] of ________ (referred to herein as "Direct Recipient") adopts this Expenditure Plan to govern its share of bond proceeds from the Bay Area Housing Finance Authority's affordable housing bond measure. This Expenditure Plan determines how Direct Recipient will allocate its share of bond revenues to new affordable housing, [and] affordable housing preservation [and, as applicable, tenant protections and/or housing-related uses].

This Expenditure Plan further fulfills the applicable requirements of Government Code Section 64650 by:

1) Providing the proposed share of revenue and estimated funding amount to be spent for each of the following categories, so that such expenditures achieve the minimum shares of funding listed below over a five-year period:

    a. A minimum of 52% to produce deed-restricted housing
    b. A minimum of 15% to preserve affordable housing
    c. A minimum of 5% for tenant protections programs, as such programs may be permitted by law (64650(d)(6)(B)(i)(I-III));

2) Demonstrating the prioritization of new construction housing developments that help achieve the Direct Recipient's regional housing need allocation targets for housing affordable to extremely low-income, very low-income and lower-income households (64650(d)(6)(B)(i)(I));
3) To the extent feasible, describing any specific project or program proposed to receive funding, including location, amount of funding, anticipated outcomes, and estimated funding level for each of the categories listed above in 1.a-c. (64650(d)(6)(B)(i)(IV)(ii)); and
4) [If Direct Recipient is a county] Demonstrating that Direct Recipient has consulted with each city in the county not receiving a direct allocation (64650)(6)(B)(iii).

This Expenditure Plan shall apply to the years 2025 through 2030 ("Expenditure Period"), and shall demonstrate that over a five-year period, Direct Recipient will meet the funding allocation requirements set forth in Sections 64650(d)(6)(B)(i)(I-III)) of the Act. Counties, cities receiving direct allocations, and the Bay Area Housing Finance Authority must submit updates to these expenditure plans on an annual basis by July 1.

Local Expenditure Plan Assumptions

Parts 1 through 4 below provide the information required by the Act for _________'s initial Local Expenditure Plan, which covers 2025-2030, the five-year period following voter approval in November 2024.

This Local Expenditure Plan is based on these conditions:

- The total bond proposed is $____ billion.
- The expected revenue to ________ city/county is $____.
- Full expenditure of all bond funds is anticipated to occur over a 10-15 year period.
- This first Local Expenditure Plan assumes 5 separate bond issuances will occur, so that all bonds will be issued over approximately a 15-year period. However, the total number of issuances will be a function of how quickly bond funds can be deployed.
- This first Local Expenditure Plan describes spending for two of the five issuances, or an estimated 40% of total funds. Spending is anticipated to occur between 2025 and 2030____. The total amount of these two issuances is approximately $_____.
- Estimates are based on net bond proceeds after certain costs, such as election expenses, costs of issuance and Direct Recipient's administrative costs, have been deducted as allowed by the California Constitution and the Act.

Assembly Constitutional Amendment No. 1 (2023) (ACA-1):

- If ACA-1 passes, which will be considered by California voters at the November 2024 election. ACA 1, if it becomes law, may allow for certain tenant protection programs. Direct Recipient should consult with their legal counsel regarding additional eligible bond expenditures authorized by ACA 1. If ACA-1 does not pass, then the Local Expenditure Plan will need to be amended to reallocate the minimum 5% to tenant protections to other Spending Categories as prescribed by the Act.

All information regarding funding, households served, and units presented herein are estimates and projections based on information available at the time of preparation of this document. Actual funding, households served, and units produced or preserved will depend on several variable factors, including market conditions.

Part 1: Estimated Funding Allocation Per Spending Category

Category	Percent of All Funds: 1st and 2nd Bond Issuances Only	2025-2030 Expenditure Plan Spending Values: 1st and 2nd Issuances
Production	70%	$133,000,000
Preservation	20%	$38,000,000
Tenant Protections[1]	5%	$9,500,000
Flexible Funds	5%	$9,500,000
Totals	100%	$190,000,000

Part 2: Households Served by Income Level

As determined by the California Department of Housing and Community Development, approximately 45% of the Regional Housing Needs Allocation (RHNA) for Direct Recipient is affordable housing for extremely low- and very low-income households. Another 26% of the RHNA is housing affordable to low-income households.

Category	Household Income Levels Served	Percent of 1st and 2nd Bond Issuances Serving Designated Income Level
Production: Extremely Low- and Very Low-Income	0%-50% AMI	Approximately 45%
Production: Low-Income	51%-80% AMI	Approximately 35%
Production: Moderate-Income	81%-120%	Approximately 20%
Preservation: Extremely Low- and Very Low-Income	30%-50% AMI	Approximately 30%
Preservation: Low-Income	51%-80% AMI	Approximately 40%
Preservation: Moderate-Income	81%-120% AMI	Approximately 30%
Tenant Protections[2]	0%-30% AMI	Approximately 100%
Flexible Funding	0-80%	Rebuilt neighborhood water and sewer lines to support new low-income housing development

[1] If permitted by law.
[2] If permitted by law.

Part 3: Unit Count: Estimated Number of Affordable Housing Units Built or Preserved, and Estimated Number of Tenants Protected[3]

Category	2025-2030 Expenditure Plan Unit Count: 1st and 2nd Issuances	Program Notes
Production	Approximately 530 Units	Assumes $250,000 PU Gap Funding
Preservation	Approximately 150 Units	Assumes $250,000 PU Gap Funding
Tenant Protections[4]	Approximately 70 Households	
Total	750 Units / Households Served	

Part 4: Consultation with Each City not Receiving a Direct Allocation [Applicable Only to County Direct Recipients]

Direct Recipient County includes ___ cities not receiving a direct allocation. The consultation(s) with these cities have included the following.

City	Date of Consultation(s)	City Point of Contact	Anticipated Priorities
City 1		Name, title, email	
City 2		Name, title, email	

Part 4: [If possible] Projects[i] and Programs, Including Housing-Related Uses

Project / Program Name	Location	Funding Amount	Unit Count (as applicable)	Estimated Affordability Levels Served	Other Anticipated Outcomes
Downpayment assistance program	Direct Recipient Region	$5,000,000	40 homes	51-120% AMI	

[3] Note that while the Act does not explicitly require counties and direct-allocation cities to include a unit county by income level in each expenditure plan submitted, Section 64511(c)(1)(B) of the Act does require the ABAG Executive Board and BAHFA Board to review, five years after voters approve an initial ballot measure, implementation elements of the measure, including "the number of affordable housing units produced and preserved at different household income levels."
[4] If permitted by law.

[i] If possible, Direct Recipients may include specific affordable housing projects that are certain to recieve funds during this expenditure period.



Bay Area Housing Finance Authority (BAHFA)

Regional Affordable Housing Bond

Santa Clara County Cities Association
April 11, 2024

Bay Area Housing Finance Authority

ASSOCIATION OF BAY AREA GOVERNMENTS
METROPOLITAN TRANSPORTATION COMMISSION

BAHFA's History: 7+ Years in the Making

- In 2017-18, local elected officials and stakeholders gathered to identify collaborative solutions to the region's affordable housing challenges
- Goal was to work together so each of the 109 jurisdictions not expected to "solve the problem" on its own
- A shared obstacle was lack of funding for affordable housing
- In 2019, local leaders partnered with State Legislature to enable a new, regional approach

Bay Area Housing Finance Authority

ASSOCIATION OF BAY AREA GOVERNMENTS
METROPOLITAN TRANSPORTATION COMMISSION

The Bay Area Housing Finance Authority (BAHFA)

Bay Area Housing Finance Authority

- Agency leading the Bond proposal
- First regional housing finance agency in the state, created by CA legislature in 2019
- Mission to address housing affordability challenges at scale
- Collaborates with local governments, and governed by local elected officials
- Power to raise regionwide funding through ballot measures

Proposed 2024 Regional Housing Bond

- Up to **$20 billion**
- Build and preserve **~72,000 affordable homes** across the nine counties
- Requires voter approval
- Eligible uses set forth in statute and state constitution
- Most ambitious housing program in region's history

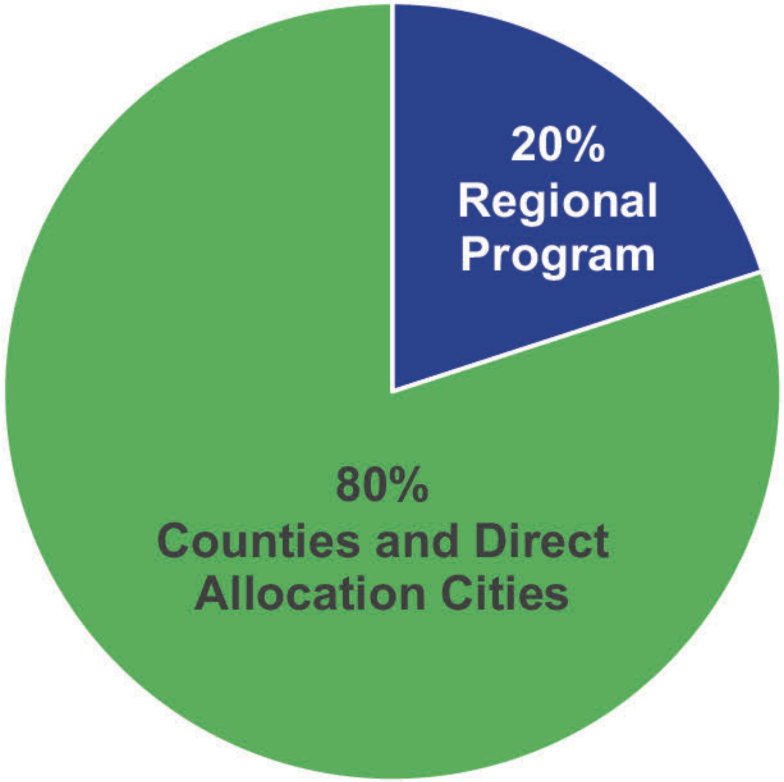
Planning for a Regional Housing Bond

Regional Planning

- BAHFA planning for 20% of funds it will retain
- Regional Expenditure Plan adopted by summer 2024

Local Planning

- Counties & direct allocation cities must plan for the 80% of funds that they will administer
- Complete by early 2025 (post-election)



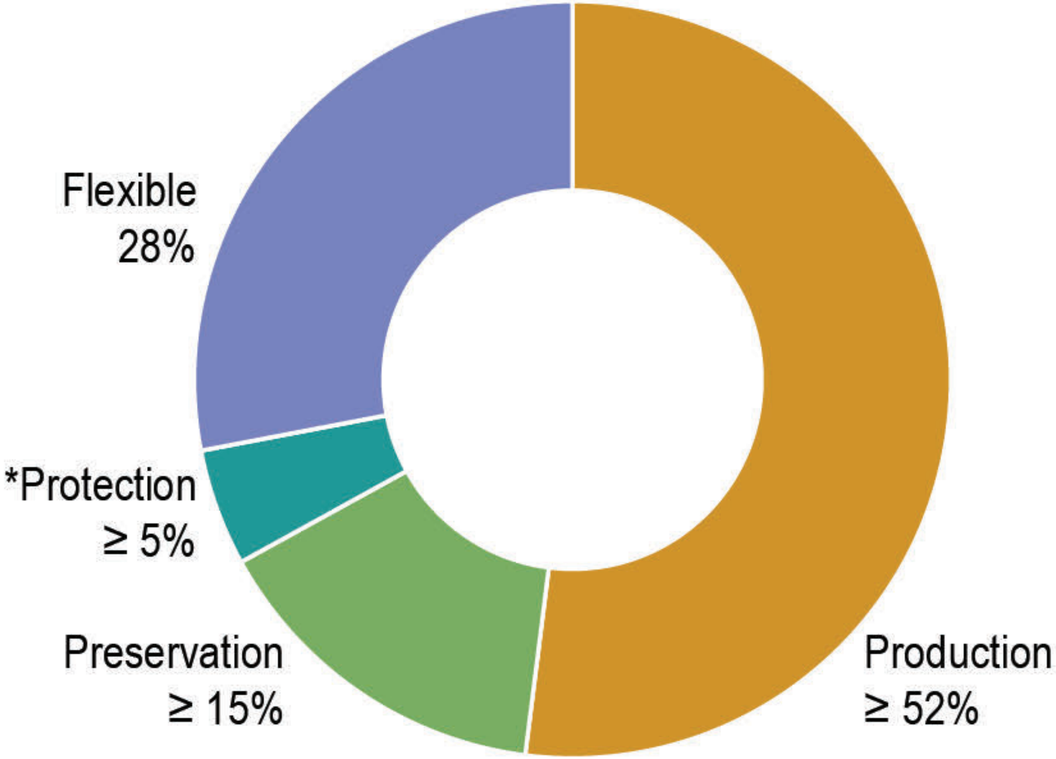
Significant funding to every community

$2.2 – $4.5 billion in direct allocations to Santa Clara County

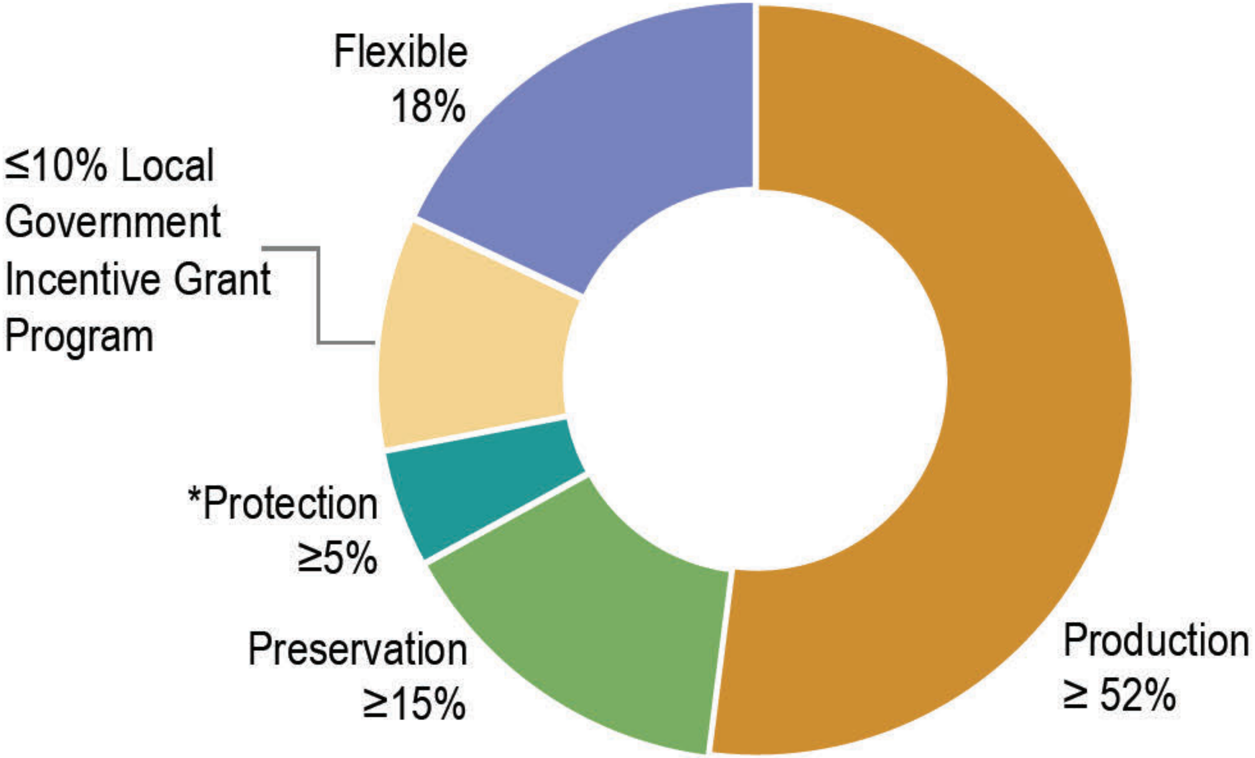
County & Direct City Allocations	$10B GO Bond	$20B GO Bond
Alameda County (excluding Oakland)	$984 M	$2.0 B
Oakland	$383 M	$765 M
Contra Costa County	$925 M	$1.9 B
Marin County	$352 M	$704 M
Napa County (excluding City of Napa)	$100 M	$200 M
City of Napa	$79 M	$158 M
San Francisco	$1.2 B	$2.4 B
San Mateo County	$1.0 B	$2.1 B
Santa Clara County (excluding San Jose)	**$1.2 B**	**$2.4 B**
San Jose	**$1.0 B**	**$2.1 B**
Solano County	$248 M	$497 M
Sonoma County (excluding Santa Rosa)	$282 M	$564 M
Santa Rosa	$121 M	$242 M
BAHFA	$2.0 B	$4.0 B

How Funds Can Be Spent

County and City: 80%



Regional Program: 20%



**Exception for GO Bonds: currently, state law does not allow bond proceeds to be spent on non-capital (e.g., services) costs.*

2024 Affordable Housing Bond:

Local Expenditure Planning

County and Direct-Allocation City Expenditure Plans (the 80%)

- ✓ County governing boards must approve Plans at a noticed public meeting
- ✓ Must include minimum **52% for production, 15% for preservation, 5% for protections**
- ✓ **Production** must **prioritize** projects that help meet **ELI, VLI, and LI RHNA targets**
- ✓ **28% Flexible Funds** can be for housing and "**housing-related uses**"
- ✓ **If Expenditure Plans satisfy all criteria**, they will be approved as a matter of law

General Rules for County and Direct-Allocation City Expenditure Plans (the 80%)

- ✓ **All housing must be deed-restricted**, but term of restriction is not defined
- ✓ **All housing must be affordable**, with cap of 120% AMI
- ✓ **Rental**, **ownership** and **interim** housing all eligible
- ✓ Everything must conform to **Expenditure Plan**

Sample Local Outreach Timeline*

Election Day
Nov 5, 2024

Summer 2023 | Fall 2023 | **2024** | Spring 2024 | Summer 2024 | Fall 2024 | **2025** | Spring 2025 | Summer 2025

Bay Area Housing Finance Authority

Present bond to 13 local cities and counties at Boards and Councils

Present Measure to County Elections Offices
by Aug 9, 2024

Staff present local responsibilities for bond Expenditure Plan and Proposed Outreach Plan to Boards and Council

Conduct outreach on Local Spending Priorities:
- **Counties to all cities**
- **Cities/Counties to residents and stakeholders**

Staff report back to Boards and Councils outreach on spending priorities

Staff develop Draft Expenditure Plan

Final Expenditure Plan to Boards and Councils with Public Comment

Counties/Cities Adopt Expenditure Plans
No sooner than Feb 2025

Key
- BAHFA/ABAG
- Counties/Cities

* This timeline shows one set of actions to meet the expenditure plan development, no sooner than February 2025. Local governments can choose from these or set own actions.

2024 Affordable Housing Bond:

Regional Expenditure Planning

BAHFA's Goals as a Regional Finance Agency

HDC Performance Metrics 2017-2022:

- Bonds Issued: $1.5-$2.7B annually
- Subsidy Committed: $102-$325M annually
- Projects Financed: 27-44 annually
- Units Financed: 9,600-15,000 annually

By building upon the successful model of the NYC Housing Development Corporation (HDC) model, BAHFA can:

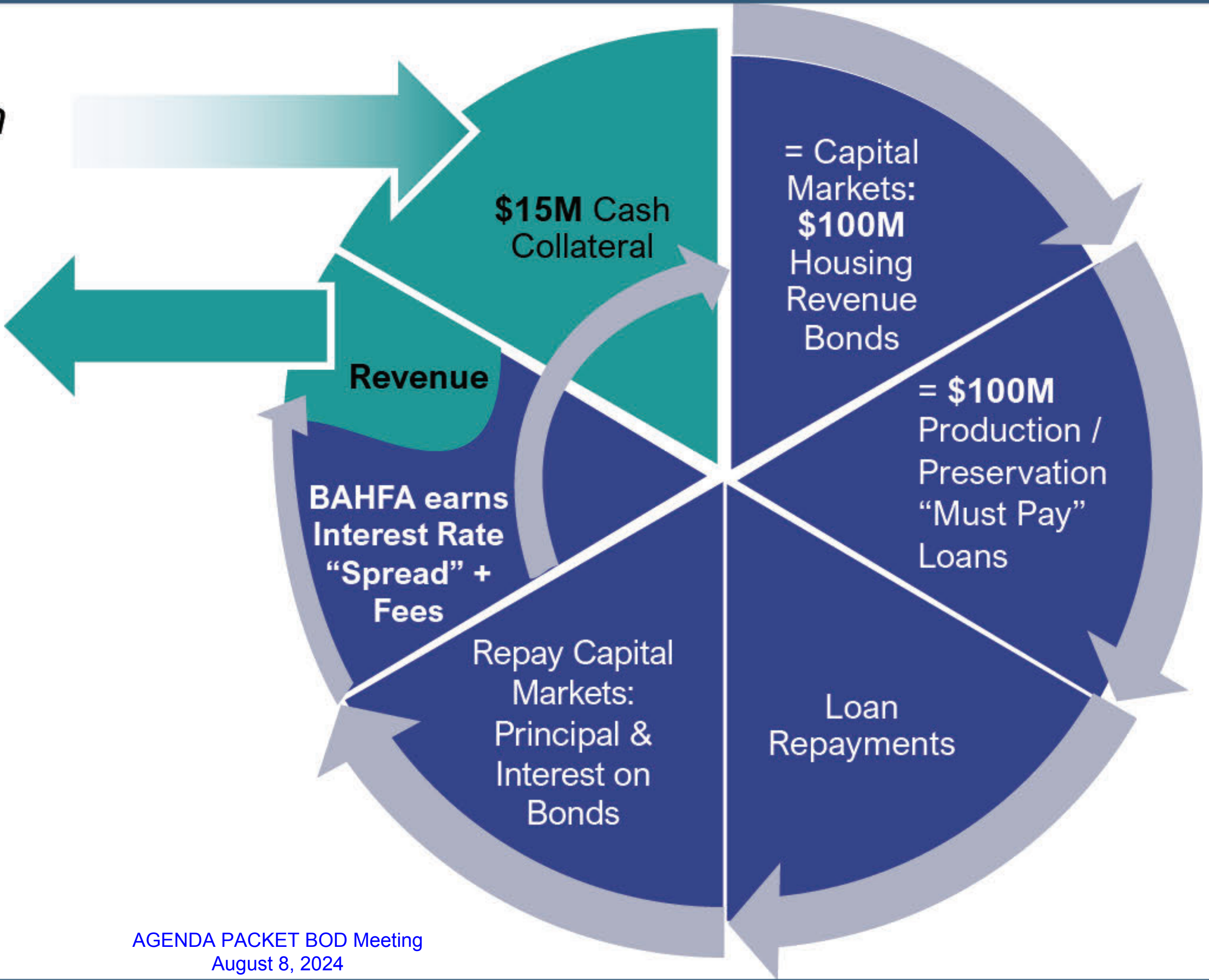
- Support a diverse set of projects and programs
- Achieve self-sustaining operations
- Generate a new source of recurring funding for programs and project subsidies
- Establish a regional, mission-driven lending agency not reliant on recurring taxpayer support

BAHFA Affordable Housing Financing Over Time: “NYC HDC Model”

*Over time, BAHFA will generate earnings from its loan programs, which it can **use as collateral** for future housing revenue bond issuances*

***Revenue** creates resources without dependence on taxpayers for:*

- *Long-term organizational sustainability*
- *Project subsidies*
- *Other housing needs, e.g., tenant protections*



BAHFA's Goals & Growth

Early Years		Years 10 and On
FUNDING SOURCES: $2-$4 Billion in GO Bonds	→	**FUNDING SOURCES:** Diversified revenue streams
REGIONAL CAPACITY: Enhanced administrative capacity, technical expertise, regional leadership	→	**REGIONAL CAPACITY:** Public mortgage lender, established track record & credibility, financial strength
PROGRAMS: Mortgage loans, subsidies, local government grants, Doorway	→	**PROGRAMS:** Broader range of financing products & programs, including technical assistance and protections

Regional Expenditure Plan Elements

The Regional Expenditure Plan only governs BAHFA's 20% of bond funds. The Act requires the Regional Expenditure Plan to include:

- The share and estimated funding amount of BAHFA's revenue to be spent for each category:
  - Production, Preservation and Tenant Protections
  - Local Government Grant Program
- Estimated number of households served by income category
- Estimated number of homes produced and preserved
- Specific programs or projects, to the extent feasible

BAHFA's labor standards will be included in the Expenditure Plan

Regional Expenditure Plan: Initial Priorities

Category	Program Description
Production	▪ Prioritize PSH & ELI housing when financially feasible ▪ Set "return to source" investment targets for each county ▪ Work collaboratively with jurisdictions, not competitively ▪ Adopt a flexible approach; pursue beneficial opportunities ▪ Pursue cost efficiencies to maximize impact
Preservation	▪ Prioritize investments in historically disinvested areas ▪ Forestall immediate eviction risk or affordability loss ▪ Support community-controlled housing through a 20% set-aside target
Protections	▪ If constitutional, Protection programs will assist households and communities facing the greatest housing precarity
Local Gov Grants	▪ Prioritize benefits to overall community & address need for more housing ▪ Target one investment (minimum) per county

2024 Affordable Housing Bond:

Regional Decision-Making Sequencing and Timeline

2024 Regional Housing Bond Materials & Decisions

Increasing Specificity

State Law Framework

1. **California Constitution** *(ACA 1 may amend in Nov 2024)*
2. **Bay Area Housing Finance Authority Act** (enabling legislation)

Policy and High-Level Program Decisions

To Be Adopted April-June 2024 (pre-election)

1. **Initiating Resolution**
2. **Election Resolution**
3. **Regional Expenditure Plan**
4. **BAHFA Business Plan**

Detailed Program Decisions

To Be Adopted 2025-2026 (post-election)

1. **BAHFA Program Guidelines**
2. **Notices of Funding Availability** (NOFAs)

2024 Regional Housing Bond Approval Timeline*

Month	Body	Action
Jan	BAHFA Advisory Committee	Recommend
Feb	BAHFA Oversight and ABAG Housing Committees	Recommend
Apr	ABAG Executive Board	Approval
May	BAHFA Board	Final Discussion
Jun	BAHFA Board	Final Approval

** Dates are subject to change*

2024 Affordable Housing Bond:

Accountability and Oversight

Local Accountability

- Counties and cities receiving bond funds must create local expenditure plans describing how funds will be used.
- Plans will be approved by BAHFA if all requirements are met
- Plans must:
  - Be approved at a local public meeting with opportunity for public comment
  - Comply with CA constitution and state laws
  - Include consultation with all cities in a county
- Required annual reports on expenditures and progress towards goals

Regional Accountability

- BAHFA must create a Regional Expenditure Plan for the 20% of funds it will retain.
- The Regional Expenditure Plan must be approved by the BAHFA Board and ABAG Executive Board at public meetings
- BAHFA will submit annual financial reporting to state
- BAHFA subject to regular, independent audits
- Citizen oversight committee will annually review expenditures and issue report

2024 Affordable Housing Bond:

Additional Info & Engagement Opportunities

Related 2024 Measure

Assembly Constitutional Amendment 1 (Aguiar-Curry) will place a measure on the November 2024 ballot that would:

1. **Amend the statewide constitution to lower the voter approval threshold** for affordable housing general obligation bonds from two thirds to 55%.

2. **Apply to the Bay Area Regional Housing Bond** on the same November 2024 ballot

How to Stay Informed and Engaged

Opportunities for Regional Engagement

- Monthly Public Board Meetings of BAHFA - noticed at https://mtc.ca.gov/meetings-events
- Sign up for BAHFA's mailing list: https://mtc.ca.gov/node/4000256
- Email BAHFA with questions! Bahfa@bayareametro.gov

Opportunities for Local Engagement

- Local Expenditure Plans must be approved at publicly noticed meetings with opportunity for public comment (2025)
- Counties must engage with their cities in the development of the plans.


Thank you.
Bay Area Housing Finance Authority
ASSOCIATION OF BAY AREA GOVERNMENTS
METROPOLITAN TRANSPORTATION COMMISSION
HECHO
CHASE
27

CITIES ASSOCIATION

OF SANTA CLARA COUNTY

July 17, 2024

Santa Clara County Board of Supervisors
70 West Hedding Street
East Wing, 10th Floor
San Jose, CA 95110

RE: Santa Clara County Local Expenditure Plan -- Bay Area Housing Finance Authority (BAHFA) Regional Bond

Dear Board of Supervisors:

Thank you for all your work and leadership to help bring more affordable homes to Santa Clara County. We applaud the success of Measure A that helped to fund the construction of affordable housing developments in our cities. As you know, on June 26, 2024, the Bay Area Housing Finance Authority ("BAHFA") voted to place a $20 billion housing bond measure on the November 2024 ballot, which, if successful, would distribute funds throughout the nine bay area counties for the production of new affordable housing and preservation of existing affording housing, among other things. On May 24, 2024, in anticipation of the bond being placed on the ballot, the Executive Committee of the Cities Association of Santa Clara County voted to send a letter to the Board of Supervisors urging the County to start working with the cities now to develop the Santa Clara County local expenditure plan. The BAHFA enabling legislation requires that the cities are involved in this process, and although the County's local expenditure plan does not need to be approved until 2025, the Executive Committee believes waiting to see if the bond measure is successful in November is too late to start this work.

Housing has been and continues to be a priority for the Cities Association. As a result, the Cities Association has already taken a proactive approach in educating our city leaders on the BAHFA Bond. This includes cohosting a Regional Housing Bond Symposium in August 2023, providing updates on the BAHFA Bond to the Cities Association Board, and having Consuelo Hernandez, Santa Clara County Office of Affordable Housing Director, and Daniel Saver, Assistant Director, Housing and Local Planning for Metropolitan Transportation Committee, give an overview of the BAHFA Bond to the Cities Association Board. Based on the comments and past engagement from the Cities Association Board, the Executive Committee sends this letter to the Board of Supervisors to underscore the need to start meaningful engagement with the cities now on how the bond funds would be distributed and emphasizing the importance of establishing a clear and transparent process for the allocation and management of the funds, and that all cities have an opportunity to benefit from the bond funds. The Executive Committee has also invited Director Hernandez to our September 12th Board meeting and would be open to calling a special meeting if necessary to discuss this item.

Finally, we appreciate the group of Mayors sending its letter dated July 5, 2024, that also urges the Board to expedite its engagement with the cities. We agree that by "partnering with the cities within our county, we can leverage local expertise and ensure that the bond measure addresses the unique needs of each community." Thank you for considering our request and we look forward to continue partnering with you to serve our shared communities.

Sincerely,
The Executive Committee of the Cities Association of Santa Clara County

Hon. Neysa Fligor, President

Hon. Larry Klein, First Vice President

Tina Walia

Hoon. Tina Walia, Second Vice President

Hon. Hung Wei, Treasurer

Margaret Abe-Koga (VS)

Hon. Margaret Abe-Koga, Immediate Past President

Cc:

Cities Association, Board of Directors
City Managers
Mayors Group
Consuelo Hernandez, Director, Santa Clara County Office of Affordable Housing
James Williams, County Executive, Santa Clara County

July 5, 2024

Santa Clara County Board of Supervisors
70 West Hedding Street
East Wing, 10th Floor
San Jose, CA 95110

RE: Bay Area Housing Finance Authority (BAHFA) Regional Affordable Housing Bond – Request for Local Expenditure Plan

Dear Board of Supervisors:

As the Mayors of 12 of the Cities of Santa Clara County, we respectfully request that you expedite a local expenditure plan to describe how the Bay Area Housing Finance Authority (BAHFA) Regional Housing Bond funds on the November 2024 ballot will be used. We understand that conversations have begun between BAHFA, the County of Santa Clara, and local cities and we urge that these continue consistent with the proposed steps below.

The bond measure, which aims to address critical housing needs in the area, represents a significant investment in affordable housing for our region. To ensure its success and maximize community support, it is crucial that the County establish a clear and transparent process for the allocation and management of the funds. This process should reflect the diverse needs and priorities of all the cities within our county.

Although the County's local expenditure plan does not need to be approved at a publicly noticed meeting until 2025, we request that the County engage with cities in the development of the plan.

We propose the following steps to achieve this goal:

1. Formation of a Joint Committee
Work with the Santa Clara Cities Association to establish a joint committee composed of representatives from the County Board of Supervisors and city representatives. This committee would be responsible for developing a framework for the equitable distribution of the bond funds, ensuring that all cities have a voice in the decision-making process.

2. Transparent Criteria
Develop transparent criteria for fund disbursement that prioritizes projects based on factors such as population, community impact, alignment with county-wide goals, regional housing needs, and helping cities meet their Housing Element requirements. Criteria should be clear about impact to property owners. This will help ensure that the funds are used effectively and equitably.

3. Oversight and Accountability
Implement robust oversight mechanisms, including regular progress reports and audits, to monitor the use of the bond funds. This will promote accountability, transparency and build public trust in the management of the bond measure.

Housing is still a need in the County despite voter approval of the 2016 Measure A Housing Bond. By partnering with the cities within our county, we can leverage local expertise and ensure that the bond measure addresses the unique needs of each community. This collaborative approach will not only enhance the effectiveness of the bond measure but also support a strong relationship between county and city governments.

We appreciate your consideration of this proposal and look forward to the opportunity to work together for the betterment of our region.

Thank you for your time and attention.

Sincerely,

Larry Klein Mayor	Lisa M. Gillmor Mayor	Sheila Mohan Mayor	Marie Blankley Mayor
Sunnyvale	City of Santa Clara The Center of What's Possible	CITY OF CUPERTINO	City of Gilroy
Sincerely, By: Jonathan D. Weinberg Mayor, CITY OF LOS ALTOS	Sincerely, Stanley Q. Mok, Mayor	Carmen Montano Mayor	Evert Wolsheimer Mayor
Los Altos	Los Altos Hills	CITY OF MILPITAS	CITY OF MONTE SERENO
Mark Turner Mayor	Pat Showalter Mayor	Greer Stone Mayor	Yan Zhao Mayor
CITY OF MORGAN HILL	City of Mountain View	CITY OF PALO ALTO	Saratoga