

## A Framework for Counties and Cities to Develop High-Impact and Equitable Housing Bond Expenditure Plans

In November 2024, Bay Area voters will have the opportunity to pass a once-in-a-lifetime \$10 to \$20 billion general obligation bond to advance tenant protections, affordable housing preservation, and affordable housing production. Eighty percent of these funds will return to the nine Bay Area counties and to four cities (Oakland, San Jose, Santa Rosa, and Napa), and they will be required to create expenditure plans for how the funds will be spent. These counties and cities should apply the framework below in developing their expenditure plans, and BAHFA, philanthropy, and other regional leaders should use this framework as best practices to support county and city adoption. The framework is designed to be used in conjunction with the Othering & Belonging Institute's Equity Framework for BAHFA and an assessment of local conditions and community needs.

This framework was developed via engagement with a range of community-based organizations across the nine Bay Area counties. Organizations included tenant- and community-organizing groups, community land trusts and housing cooperatives, and affordable housing developers and advocates. Because of the importance of tenant programs and services and capacity-building for housing agencies and nonprofit developers, the framework includes recommendations in those areas, even though they may fall outside of the limits of bond funding (i.e., bond funds are designed to be used for capital expenditures). Those recommendations should be funded by the bond, to the extent possible, and jurisdictions should look to other resources, such as existing budgets, applying for federal and state dollars, philanthropic funding, and BAHFA programs.

### ***Deep, accessible community engagement is essential.***

As a first step towards developing their respective expenditure plans, counties and cities must carry out deep, accessible community engagement that involves and prioritizes tenants, BIPOC, seniors over 50 years old, monolingual non-English-speaking residents, and extremely low- and very low-income residents. These sessions should be designed to help shape the voices of the most impacted into strong and equitable policy recommendations. Counties and cities should then use community input and quantitative data to develop community needs assessments. This means:

- Developing materials that describe the bond measure and expenditure plan in accessible language that everyday people can understand, and disseminating this information to community-based organizations.
- Communicating clearly at the beginning of the process about the engagement calendar, how input will be incorporated, and how and when important decisions will be made.
- Funding community-based organizations, with public and/or philanthropic dollars, to support outreach and participatory sessions in places where residents feel comfortable and heard. These organizations should have bases made up of tenants, BIPOC, seniors over 50 years old, monolingual residents, and extremely low- and very low-income residents.
- Practicing [language justice](#) at all engagement sessions and public meetings, including real-time interpretation and other best practices.

- Making engagement sessions and public meetings broadly accessible by offering virtual participation options, childcare, non-evening hours, and convenient locations that facilitate people with disabilities' and seniors' participation.
- Building on the needs analyses developed for the current Housing Element cycle, jurisdictions should use data collected during community engagement sessions to produce a community needs assessment that disaggregates data by race and adds: the types of housing needed (rentals, ownership, supportive, limited-equity, etc.); appropriate affordability levels; other gaps in housing services (tenant protections policies, proactive code enforcement, etc.); and a spatial analysis of where residents are most at risk of displacement and/or becoming unhoused. The [City of Oakland's Housing and Community Development Department's 2023-2027 Strategic Action Plan](#) is a good example of this type of assessment.

***Strong accountability measures must be developed early.***

All expenditure plans must include timelines, benchmarks, and responsible actors, so that the public understands how the process will advance and so that counties and cities can be held accountable to their commitments.

- As per the bond measure, jurisdictions cannot pass expenditure plans sooner than 90 days after the passage of the ballot measure; they should use that time to carry out community engagement and collaborate with local affordable housing organizations and then pass the expenditure plan as close to the 90-day mark as possible.
- Each jurisdiction developing an expenditure plan should develop a community advisory and oversight board comprised of no less than 50% low-income residents and representatives of low-income, housing-insecure residents; that would include tenants, affordable housing residents, and affordable housing developers and experts. The board would provide technical assistance and guide the development of the overall expenditure plan to help jurisdictions best reach housing-insecure residents. Once the expenditure plan has been approved, the board would monitor expenditures and ensure that funds are being used equitably and as intended.
- Each jurisdiction developing an expenditure plan is statutorily required to produce and share an annual report on progress. This report should be developed in partnership with the community advisory and oversight board and describe the implementation process, outcomes according to set timelines and benchmarks, and challenges.
- Any funds that are not spent in a timely manner, as described in the expenditure plan and according to statutory requirements, should be returned and re-allocated. Counties and cities could prioritize the returned funds for projects that are proposed for sites identified in the Housing Element.

***Tenant protections should be prioritized to the fullest extent possible.***

Tenant protections are essential to stabilizing tenants in place and keeping them housed. Counties and cities should interpret the allowable uses of funding for tenant protections as broadly as possible and allocate additional public sources to support a range of tenant-centered services. Possible sources to fund these programs include state-level HHAP and CalWorks HSP and federal HOME dollars. Any funding allocated to tenant protections should augment, and not replace, existing tenant protections funding.

- Expenditure plans should fund housing stability and eviction-prevention measures, such as proactive tenant-rights outreach, education, and training; increased access to legal services (including for monolingual residents who speak a language other than English); and short-term rental assistance.
- Affordable housing created or preserved with these bond funds must adhere to all local and state tenant protections and be subject to relevant enforcement strategies.

***Invest in affordable-housing preservation.***

Preserving existing affordable housing is a way of keeping residents in their homes – and it often costs less and has fewer environmental impacts than new construction. In order to achieve the strongest outcomes in affordable housing preservation, jurisdictions should work with BAHFA right away to build their internal capacity to move capital to these projects and to support local affordable developers in preparing to execute these projects. Federal HOME and CDBG dollars, as well as allowing mission-driven developers to take a larger developer fee, may be good sources to support this critical work. Expenditure plans should:

- Support the continued development of flexible, small-sites programs in local governments and then fund those programs. These programs must be suited to work with community land trusts and emerging developers and to transfer project ownership over to residents.
- Prioritize projects in high-risk geographies that prevent people from displacement or becoming unhoused. This funding could also support vacant buildings that would offer deeply affordable housing after rehabilitation.
- Prioritize community-owned projects that facilitate collective governance and limited-equity homeownership: Create a set-aside pool of funds dedicated to community-owned housing models that focuses on small-site (typically 1 - 4 units), acquisition-rehabilitation projects. This should include conditional grants or loans to organizations, so they can act on projects as they become available.
- All projects should carry a minimum of a 55-year affordability covenant, or a 99-year ground lease.

***Maximize the impact of new, deeply affordable housing.***

Bond funding represents a historic opportunity to create housing for extremely low-income (ELI) and very low-income (VLI) residents. The bond measure requires jurisdictions to prioritize affordable-housing projects that aligns with their RHNA numbers. Expenditure plans should further require that:

- At least 60% of production funding serve households between 30-60% of AMI, with a minimum of 30% serving households at 20% of AMI and a maximum of 5% of funds spent on households at or above 80% of AMI. This allocation structure is influenced by [Measure A1 in Alameda County](#). Of course, these capital funds will need to be paired with operating and services subsidies and local jurisdictions should work proactively with their housing authorities and to leverage homelessness funding sources, such as HHAP and CalWorks HSP, to resource these new developments appropriately.
- Based on the needs assessment, jurisdictions use bond funding to produce supportive housing for those people with special needs, especially residents making less than 50% AMI.

- Jurisdictions develop ELI and VLI housing in "high-amenity areas" and in areas where there is already unsubsidized affordable housing.
- All projects, outside of interim housing, carry a minimum of a 55-year affordability covenant.
- No more than 5% of production funding go towards interim housing for unhoused people; funding should primarily support permanent and permanent supportive housing. No funds should be used for police action against unhoused people.

***Flexible funding must help keep residents housed.***

Twenty-eight percent of the return-to-source housing bond funding is flexible. Given that the majority of bond funding must support affordable housing production (as per its authorizing legislation AB 1487), followed by preservation and protections, flexible funding should prioritize and leverage additional funding sources to advance tenant protections and affordable-housing preservation. Federal HOME and CDBG funds may be well-suited to supporting planning, studies, and capacity-building, among other uses.

The following framework is influenced by the City of Oakland’s [“Equity-Centered Capital Investment Framework”](#) – although it’s been substantially revised here – and should be used in conjunction with the jurisdiction’s community needs assessment to ensure that the funding is responding to local conditions and needs.

- Do local jurisdictions have tenant protections policies, such as rent control, just cause for eviction, and anti-harassment?
  - If yes:
    - Move to affordable-housing preservation.
  - If no:
    - Prioritize flexible funds and additional sources for proactive tenants rights outreach, education, and training; increased access to legal services (including for monolingual residents who speak a language other than English); and short-term rental assistance.
    - Use additional sources to study the best next steps to pass tenant protection policies and develop a rent registry funded by a fee on landlords.
- Do local jurisdictions have the infrastructure to support a range of affordable-housing preservation work?
  - If yes:
    - Use flexible funds to capitalize or re-capitalize these programs and support small sites acquisition-rehabilitation projects and larger-scale preservation projects.
    - Prioritize flexible funding for projects that support limited-equity homeownership projects and BIPOC-led projects in high-risk geographies and/or for residents at risk of displacement.
    - Disburse flexible funds as permanent subsidy rather than structuring them as loans.
    - Use additional funds to study and fund the best steps to develop, pass, and implement Tenant Opportunity to Purchase and Community Opportunity to Purchase policies.

- If no:
  - Use flexible funding and additional sources to build capacity in local housing agencies and community-based and BIPOC-led affordable housing developers via technical assistance and administrative support.
  - Move flexible funding to community-based and BIPOC-led affordable housing developers who are ready to acquire projects in high-risk geographies and/or for residents at risk of displacement. Prioritize funding for projects that support community land trust and other limited-equity homeownership projects. This should include conditional grants or loans to organizations, so they can act on projects as they become available.
  - Disburse flexible funds as permanent subsidy rather than structuring them as loans.
- Do local jurisdictions have available public parcels they will donate or sell below-market-rate for producing ELI and VLI permanent housing?
  - If yes:
    - Move flexible funds to these jurisdictions to support deeply affordable housing production.
    - Invest flexible funds in new, scalable models for producing high-quality, permanently affordable housing.
    - Use additional sources to fund capacity building for limited-equity and BIPOC-led affordable housing organizations in these jurisdictions.