



Preservation Next California Academy

**Policy and Its Impacts on
Preservation**

April 27, 2023

Today's Agenda

3 PRESERVATION NEXT OVERVIEW AND SESSION INTRODUCTION

10 STATEWIDE PRESERVATION POLICIES AND ADVOCACY EFFORTS

- Amiel Leano Atanacio, Senior Program Officer, Enterprise
- Jeffrey Roth, Legislative Director, CA State Senate, Office of Sen. Anna M. Caballero

17 DESIGN AND IMPLEMENTATION OF BAHFA'S REGIONAL PRESERVATION PROGRAMS

- Somaya Abdelgany, Preservation Coordinator, Bay Area Housing Finance

Authority (BAHFA)

POLICY ADVOCACY AND COALITION BUILDING: MEASURE UNITED TO HOUSE LA

- Frank Martinez, Policy Director, Southern California Association of Non Profit Housing (SCANPH)

PANEL Q&A AND DISCUSSION

35 PREVIEWING THE NEXT SESSION: PROPERTY AND ASSET MANAGEMENT

A Special Thank You to the Funders of Preservation Next

MacKenzie Scott



**KAISER
PERMANENTE®**

BMO



A Division of First Citizens Bank

 **Enterprise®**

PRESERVATION NEXT

Preservation Next Overview

Preserving Affordability in Small to Medium Multifamily Properties and Protecting Residents from Displacement

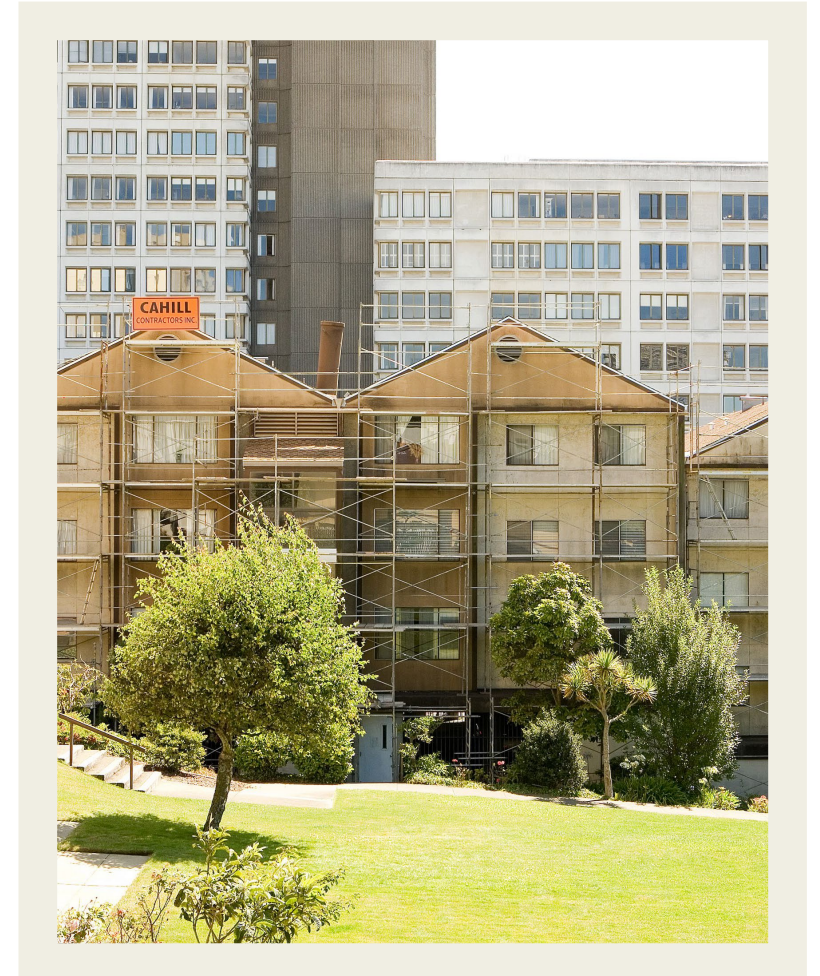
Solutions at the intersection of renter and owner stability to promote an eviction prevention-first approach

Through **Preservation Next**, Enterprise is committed to preserving affordable small to medium multifamily homes and ensuring that residents have access to safe, healthy, and resilient places to live.

To truly preserve these homes and protect affordability for residents now and into the future, we must:

- Protect existing affordability where it currently exists.
- Provide housing stability and prevent displacement of existing residents and families.
- Invest in healthy, sustainable, and resilient homes.
- Foster responsible stewardship by mission-aligned owners.

Small and medium sized properties provide a crucial foundation for affordable housing in this country: 80 percent of homes in these buildings are available to people who earn less than 80 percent of the area median income



Meet Our Preservation Next Team

National Staff



Sara Haas

ENTERPRISE, SENIOR DIRECTOR, SOUTHEAST

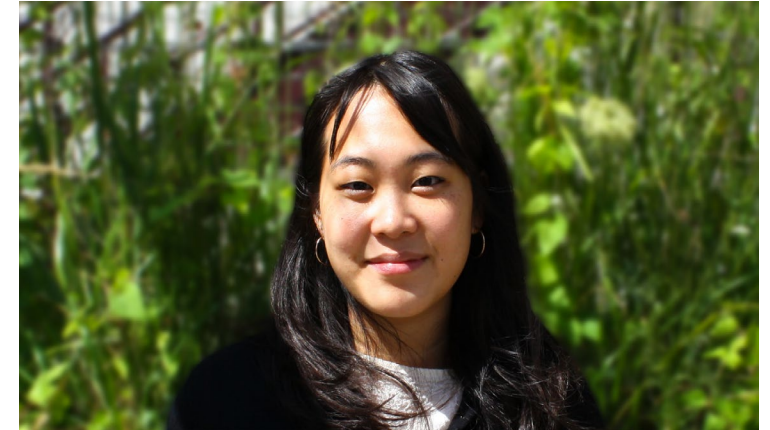
At Enterprise, Sara leads affordable housing preservation programming in Miami and Atlanta, the Keep Safe Florida Resilience program, and the National Preservation Next program. Prior to joining Enterprise, Sara developed and managed national AmeriCorps VISTA programs at Habitat for Humanity International and Points of Light. Sara lives in Atlanta with her husband Stew, son Eli and dog Dolly Parton.



Meaghan Vlkovic

ENTERPRISE, VP AND MARKET LEADER, SOUTHEAST

Meaghan leads Enterprise's programmatic work in the Southeast region, focused on providing an array of resources to affordable housing and community development partners. This includes capacity building assistance for proactive preservation and production of housing, and helping communities plan for future development, such as transit-oriented development opportunities.



Jessie Wang

**ENTERPRISE, PRESERVATION FELLOW,
PRESERVATION NEXT**

At Enterprise, Jessie supports program development and delivery for the National Preservation Next program. Prior to joining Enterprise, Jessie conducted applied research and technical assistance to assist a variety of community-based organizations and affordable housing advocates in Chicago, where she resides.

PRESERVATION NEXT

Meet Our Preservation Next Team

Northern and Southern California Market Staff



Ruby Harris

SR DIRECTOR OF CAPITAL SOLUTIONS AND PARTNERSHIPS, SOUTHERN CA

At Enterprise, Ruby is a thought partner with CBOs and tasked with creating new capital pathways to increase affordable housing. Ruby joins Enterprise's Southern CA team with 22 years of experience in community development, from nonprofit management, program design, public policy, and lending to grant-making. Ruby launched San Francisco's Small Sites Program, a \$100M endeavor to preserve NOAH properties.



Caroline McCormack

DIRECTOR OF PRESERVATION, NORTHERN CA

Caroline oversees the Northern CA office's work to advance preservation policies, capital, and tools. Before Enterprise, Caroline was the Program Manager for the San Francisco Mayor's Office of Housing's acquisition and anti-displacement financing programs, including the Small & Big Sites Program and the Preservation and Seismic Safety Program.



Elizabeth Richards

SENIOR PROGRAM DIRECTOR, SOUTHERN CA

Elizabeth Richards is Senior Program Director for Enterprise's in Southern California, managing the Local Rental Owners Collaborative (LROC) initiative in partnership with the Chan Zuckerberg Initiative. Elizabeth's 20 career in affordable housing began in Chicago with a focus on supportive housing, policy, and finance. She's been with Enterprise for ten+ years and has worked nationally across Enterprise markets.



Geeta Rao

SENIOR DIRECTOR, NORTHERN CA

At Enterprise, Geeta oversees the Northern CA office's programmatic work & operations. She brings 20 years of experience in affordable housing and community development: program design, policy development, technical assistance, and legislative advocacy. Geeta serves on the leadership team of Bay Area Housing for All and led Enterprise's co-sponsorship efforts of AB 1487, which created the Bay Area Housing Finance Authority (BAHFA).

Join Us!

California Preservation Academy Sessions

**November 2022 –
June 2023**

Dates	Sessions
November 3, 2022	Preservation Academy Kickoff
November 17, 2022	Preservation Deals: Organizational Sustainability and Business Planning
December 1, 2022	Acquisition, Property Identification, and Evaluation of SMMF Properties
January 12, 2023	Financing SMMF Preservation
February 2, 2023	Sustainability and Health Considerations for SMMF Preservation
February 23, 2023	Navigating Rehabilitation of SMMF Properties
March 16, 2023	Preservation Development Models
April 6, 2023	Community Land Trusts and Preservation: Deep Dive Special Session
April 27, 2023	Policy and Its Impacts on Preservation
May 18, 2023	Property and Asset Management
June 8, 2023	Housing Stability and Eviction Prevention

Preservation Next Toolkit: Enabling Environment

The [Enabling Environment](#) brief includes:

- A policy inventory with examples from different jurisdictions and considerations for implementation
- Case studies of how other localities are prioritizing preservation
- A summary of how different actors can strengthen a positive enabling environment for SMMF preservation
- Best practices and guidance to consider to strengthen a region's preservation ecosystem

Strong Preservation Policies

A suite of strong and complementary policies is a necessary factor to stabilize the affordable SMMF housing stock and the residents that depend on them. The success of these policies may be influenced by a jurisdiction's complementary or contradictory network of policies, implementation and enforcement mechanisms, dedicated resources, and capacity of actors. Policies can be categorized to achieve the four objectives below. Read the policy inventory to learn more about specific policies that can help achieve these outcomes. A forthcoming Advocacy Guide brief will discuss best practices to pass preservation-minded policies and programs.

- Protect existing renters from destabilization and displacement
- Transfer the unsubsidized SMMF affordable rental stock to mission aligned actors who can preserve the affordability of these properties
- Preserve the existing SMMF stock by discouraging demolition or conversion to more expensive housing types and uses
- Support stability and operations among independent landlords and mission aligned nonprofit and for-profit organizations

Affordable housing preservation is a 3-legged stool



Meet Our Guest Speakers



Amiel Leano Atanacio

SENIOR PROGRAM OFFICER, ENTERPRISE

Amiel is a Sr Program Officer with the State and Local Policy Team where he supports the implementation of Enterprise NorCal's research and policy agenda. He works closely with partners to advance policy solutions related to the 3Ps at the local, regional, and state level and brings a wide range of experience in policy research, data analysis, and community engagement. Prior to Enterprise, he was involved in community stabilization initiatives with the San Francisco Planning Department and has a background in tenant education and foreclosure prevention.



Jeffrey Roth

LEGISLATIVE DIRECTOR, CA STATE SENATE, OFFICE OF SENATOR ANNA M. CABALLERO

Jeffrey Roth serves as Legislative Director for Senator Anna M. Caballero. A Sacramento native, he first started in the Capitol as a volunteer intern in the office of Senator Ben Hueso. Jeffrey then joined the team of Assemblywoman Blanca Rubio as a Legislative Aide prior to accepting the role of Legislative Director within the office of Senator Caballero. Jeffrey's primary focus is on housing issues, but also advises the Senator on issues related to the budget, business and professions, insurance, and arts and culture.



Somaya Abdelgany

PRESERVATION PROGRAM COORDINATOR, BAY AREA HOUSING FINANCE AUTHORITY

Somaya Abdelgany is the Preservation Program Coordinator for the Bay Area Housing Finance Authority. She leads the development of pilot programs that aim to preserve affordability of the existing unsubsidized housing stock and protect current residents from displacement in the process. These programs present the opportunity to make immediate impact towards the vision of a more equitable Bay Area. Somaya brings 8 years of experience in affordable housing development, technical assistance, and public program implementation to this work.



Frank Martinez

POLICY DIRECTOR, SOUTHERN CALIFORNIA ASSOCIATION OF NONPROFIT HOUSING

Frank Martinez is SCANPH's Policy Director. He believes that we have an obligation to build affordable housing for everyone who needs it in Southern CA, and he advocates for land use and funding policies to get us there. He works with partners throughout the state and decision makers within SCANPH's five county region to expand affordable housing for the most vulnerable people in Southern California. SCANPH was an active leader in the 2022 passage of Measure ULA, which will provide a significant source of local funding for affordable housing in the City of Los Angeles.

Local Funding – Measure ULA (Los Angeles)

Passed in November 2022, in effect April 1, 2023

- Measure ULA imposes additional transfer taxes on all real estate transactions over \$5 million to fund affordable housing and provide resources to tenants at risk of homelessness
- The amount generated will likely vary from year to year, with a projected range between \$600 million and \$1 billion annually
- 10% of funds allocated towards Acquisition and Rehabilitation of Affordable Housing
- About 22.5% of funds allocated towards Alternative Models for Permanent Affordable Housing, (maximum increase up to 25% of funds)
 - *"Funds may be used for the acquisition, rehabilitation, adaptive reuse, lease, preservation and operation of supportive and/or affordable or mixed rental/ homeowner projects of any size.."*
- Dedicated capacity building funding for Community Land Trusts and other organizations that serve and have representative leadership from Disadvantaged Communities and facilitate tenant ownership

Local Funding – Measure U (Oakland)

Passed in November 2022

- Also known as the 2022 Affordable Housing Infrastructure Bond, Measure U will fund the construction and acquisition/rehabilitation of 2,200-2,400 affordable housing units over the next four to six years.
 - \$350 million of funds are allocated towards Affordable Housing Production or Preservation
 - City of Oakland is actively developing more detailed expenditure plan
 - Currently in its stakeholder engagement phase

Foreclosure Intervention and Housing Preservation Program (FIHPP)

Created through State Budget in 2021 (AB 140) | [Fact Sheet](#)

- **FIHPP provides \$500 million in loans and grants to nonprofits purchasing and rehabilitating buildings at foreclosure auction, in the foreclosure process, or at risk of foreclosure. The program will run through June 30, 2026.**
- Eligible Properties :
 - Residential buildings between 1 and 25 units
 - Building owner needs to be in foreclosure with a recorded notice of default or at risk of foreclosure
- Eligible Borrowers/Recipients:
 - Nonprofit organizations
 - LLC subsidiaries of Community Land Trusts
 - Tenants, including resident-controlled corporations
- HCD expects FIHPP funds to be available to eligible sponsors in early 2024. Please check [here](#) for updates.
- HCD will contract with a technical assistance provider team to support Fund Managers and Eligible Sponsors in implementing FIHPP. Program guidelines located [here](#).

AB 84 (Ward): Welfare Tax Exemption

[Bill Text](#) | [Fact Sheet](#) | Sponsor: California Housing Partnership, California State Controller

- Reduces the cost of constructing affordable homes by ensuring that non-profit affordable rental housing can access the existing welfare property tax exemption from the date the property is restricted for affordable housing (not when construction commences) and without floating unnecessary tax payments while the application is under review
 - Presumes that deed restricted affordable housing qualifies for the exemption and requires the county assessor to conditionally grant an exemption within 30 days, subject to retroactive tax payments if the owner or any units are ultimately deemed ineligible.
 - Helps increase supply of affordable housing across CA by reducing this tax barrier and therefore reducing cost of constructing and preserving affordable homes
 - Expands the 140% AMI rule to cover all deed restricted affordable housing (not just LIHTC) and eliminates the 2028 sunset
 - Scheduled for a hearing at the Assembly Committee on Revenue & Taxation on May 1st

AB 919 (Kalra): Stable Homes Act

Held as a two-year bill by the author | [Bill Text](#) | [Fact Sheet](#) | [How TOPA/COPA Works](#)

- AB 919 would establish a statewide tenant opportunity to purchase/community opportunity to purchase policy (TOPA/COPA), providing existing tenants or qualified entities the right of first offer should a property owner chooses to sell their property
- In no case would this bill require an owner to sell their property or restrict the price at which they can sell it.
- Properties acquired by tenants or eligible entities under this bill will be preserved as affordable with built-in protections for existing and future tenants.

Ready to Sell?

- Owner gives first offer to purchase to existing tenants & qualified entities*.
- Owner can reject an offer, but tenants and qualified entities have the right to match or surpass a competing offer **within 10 days** before selling to a non-qualified-entity.

Ready to Buy?

Notify





1. Once notified of intent to sell, tenants and qualified entities have **10 days to express interest** to the owner.

2. If tenants express interest in buying, the owner shares a **disclosure package** about the property.

Negotiate

3. Tenants and qualified entities have **20 days** to review the disclosure package and confirm interest to buy with the owner.

4. Purchaser and owner agree upon the sales price and financing timeline, or use process defined in the bill:

1 unit		Secure financing within 30 days , or a promissory note within 45 days
2-4 units	 	Secure financing within 90 days , or a promissory note within 120 days
5+ units		Secure financing within 120 days , or a promissory note within 160 days

SB 225 (Caballero): Community Anti-Displacement & Preservation Program (CAPP)

Currently in the Senate Committee on Appropriations | [Bill Text](#) | [Fact Sheet](#)

- CAPP will provide financing for the acquisition of rental housing (5+ units) and preserving it as permanently affordable. CAPP fills a state funding gap where there are not currently resources to support this type and scale of acquisition preservation.
 - Provide short-term acquisition capital & long-term subsidy through a single, streamlined program with the option to leverage LIHTC in the future and allow funds to revolve
- \$500 million budget request as an initial investment to fund the program, estimated to acquire and preserve at least 3,600 units
- Eligible borrowers:
 - Nonprofits whose “primary activity is the development and preservation of affordable housing” and their associated LPs or LLCs
 - Community land trusts and limited equity co-ops
 - Public entities
- Includes a provision for technical assistance to grow local capacity of mission-driven organizations like community development corporations, community land trusts, & BIPOC-led groups who often face barriers to resources



Bay Area Housing Finance Authority (BAHFA) Preservation Program Design



ASSOCIATION OF BAY AREA GOVERNMENTS
METROPOLITAN TRANSPORTATION COMMISSION

BAHFA's Mandate

- BAHFA was created by state legislation in 2019 to address systemic challenges in affordable housing and housing stability across the 3Ps – **Production, Preservation, and Protections**.
- BAHFA can **raise revenue for housing through ballot measures** such as general obligation bonds or parcel taxes.
- BAHFA works in **collaboration with Bay Area cities and counties** and 80% of revenue generated through ballot measure returns to the county of origin.

Equity Framework Objectives

1. Preserve **expiring-use affordable housing** to prevent displacement
2. Preserve existing **unsubsidized housing** and convert to permanently affordable housing
3. Target preservation investments for **most impacted residents**
4. Create opportunities for **community-owned housing**

1

Resource Constraints: Welfare Tax Exemption Preservation Program

Responding to a Call

- BAHFA launched in earnest in 2022 with a \$20M grant from the state to **hire staff and develop pilot programs**
- Eden Housing reached out in Spring 2022 about the acquisition of De Anza Terrace, a 24-unit **unsubsidized property** in Ashland
- Eden needed to qualify for the Welfare Tax Exemption to make the project work financially, which requires a **deed restriction and \$5,000 grant from a public agency**
- Alameda County staff had limited capacity to provide the needed public sector support, so BAHFA created the **Welfare Tax Exemption Preservation Program (WTEPP)**



WTEPP: Key Program Elements

- BAHFA will only take on a project if the **local jurisdiction is supportive** but lacks capacity
- Restricted units must be affordable to households earning no more than **80% of the Area Median Income (AMI)**
- Must provide a **discount to market of at least 10%**
- If there is a **rent control ordinance**, owner must continue to comply
- If there is no rent control ordinance, rent increases are capped at the lesser of the **AMI increase or 4%**
- If low-income tenants are **rent-burdened** at acquisition, owner must reduce their rents as cash flow allows annually

2

Limited Funding: REAP 2.0 Housing Preservation Pilot

Seizing an Opportunity

- In Summer 2022, HCD released the Notice of Funding Availability for its second round of **Regional Early Action Planning (REAP 2.0) grants**, allocating \$102.8 million to MTC for planning and implementation projects at the intersection of climate, housing, and equity
- **Plan Bay Area 2050** identified preservation of existing affordable housing as a key strategy to expand housing security and pathways to home ownership for working families
- MTC/BAHFA seized the opportunity to earmark **\$15 million for a Housing Preservation Pilot** that would allow the agencies to begin to fulfill their commitment to take lead on preservation

Researching Precedents and Comparables

- Researched **standard terms** and talked to **local experts** (both administrators and borrowers) about what has worked well and what could be improved
- **Existing** preservation capital programs:
 - San Francisco Small Sites Program
 - Oakland Acquisition and Conversion to Affordable Housing Program
 - Berkeley Small Sites Program
 - Bay Area Preservation Pilot
- **Emerging** preservation capital programs:
 - Foreclosure Intervention Housing Preservation Program
 - San Jose Preservation Fund
 - Redwood City Preservation Fund

Stakeholder Outreach

- Conducted **interviews with 14 potential borrowers**, including affordable housing developers, community land trusts (CLTs), community-based organizations
- Met with **8 Community Development Financing Institutions (CDFIs) and private lenders** to ensure ability to leverage
- Presented preliminary program design at **5 cross-sector convenings** attended by local jurisdictions, advocacy organizations, service providers, community development corporations, affordable housing developers, and CLTs
- Solicited **detailed feedback on draft guidelines** via email from 25+ stakeholders and received comments from 14 for consideration

REAP 2.0: Key Program Drivers

- Precedents research and developer/CLT experiences drove **financing terms**
 1. Support vulnerable tenants
 2. Bolster organizational capacity
 3. Ensure financial sustainability for the project
- Three state objectives drove **project eligibility and prioritization**
 1. Accelerate infill development that facilitates housing supply, choice, and affordability
 2. Affirmatively further fair housing
 3. Reduce vehicle miles traveled (VMT)

REAP 2.0: Key Program Drivers

- Equity goals drove **borrower eligibility**
 - Applicant only needs one comparable project to apply
 - \$3M set-aside for community-controlled projects
- Balancing **scale and project diversity** drove subsidy cap
 - Maximum subsidy of \$250K/unit
 - Program-wide goal of funding at least 3 projects at various scales

3

Funding at Scale: Regional Funding Measure

Potential 2024 Measures

1

An advocate-led **statewide constitutional amendment** to enable affordable housing general obligation bonds be approved by a majority of voters instead of the current two thirds requirement

This also would allow bond proceeds to be used to protect tenants at affordable housing sites through rental assistance reserves, tenant services, and more.

2

A **BAHFA General Obligation Bond** to raise **\$10-\$20 billion** – which could provide between 35,000 and 80,000 new homes across the nine-county region.

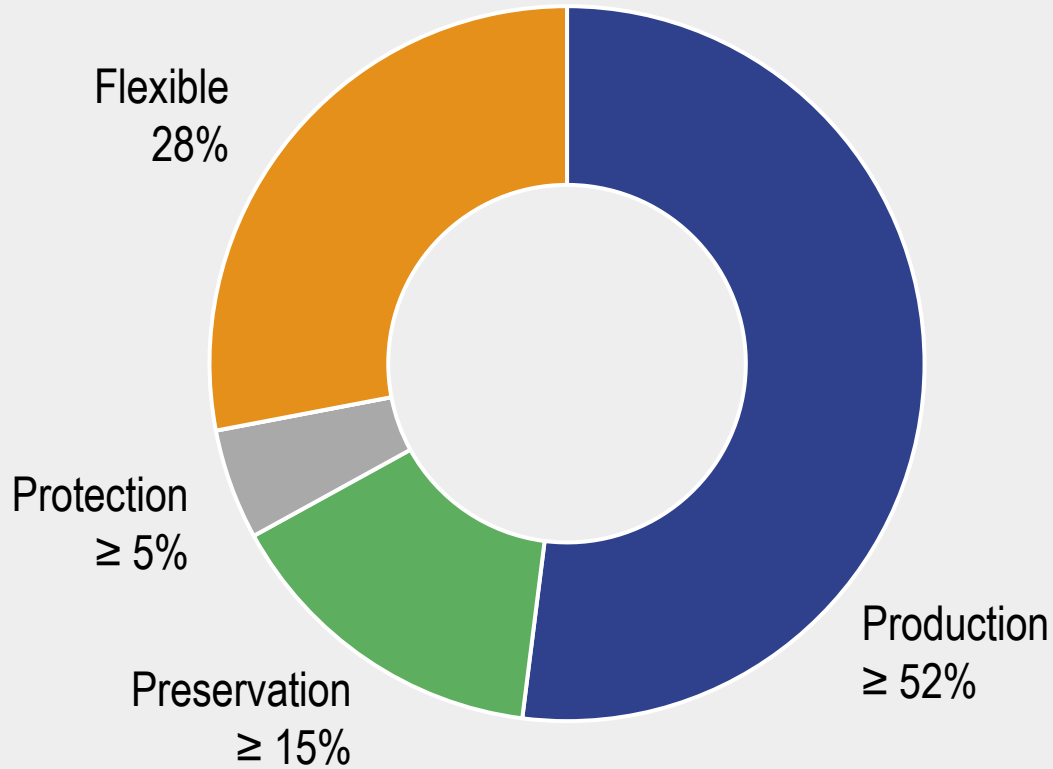
Significant funding to every community



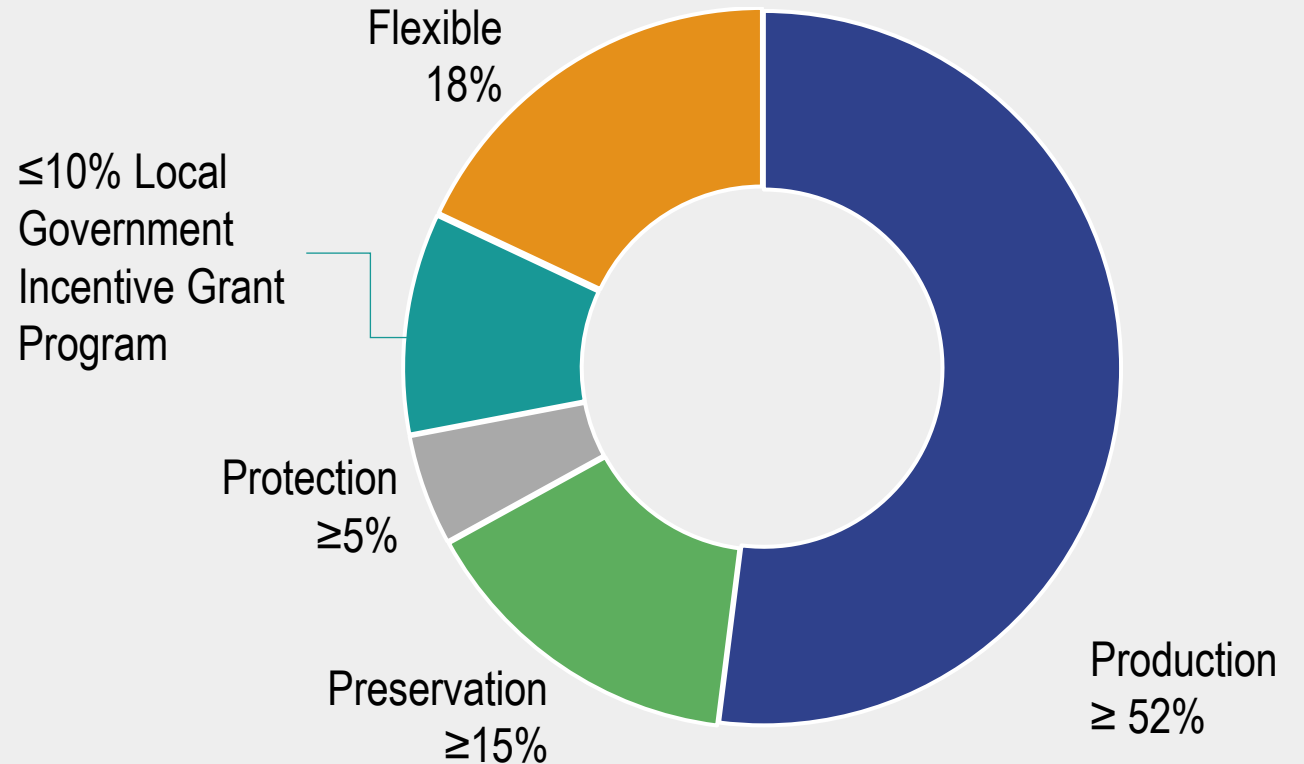
County & Direct City Allocations	\$10B GO Bond	\$20B GO Bond
Alameda County (excluding Oakland)	\$984 M	\$2.0 B
Oakland	\$383 M	\$765 M
Contra Costa County	\$925 M	\$1.9 B
Marin County	\$352 M	\$704 M
Napa County (excluding City of Napa)	\$100 M	\$200 M
City of Napa	\$79 M	\$158 M
San Francisco	\$1.2 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 May be Spent

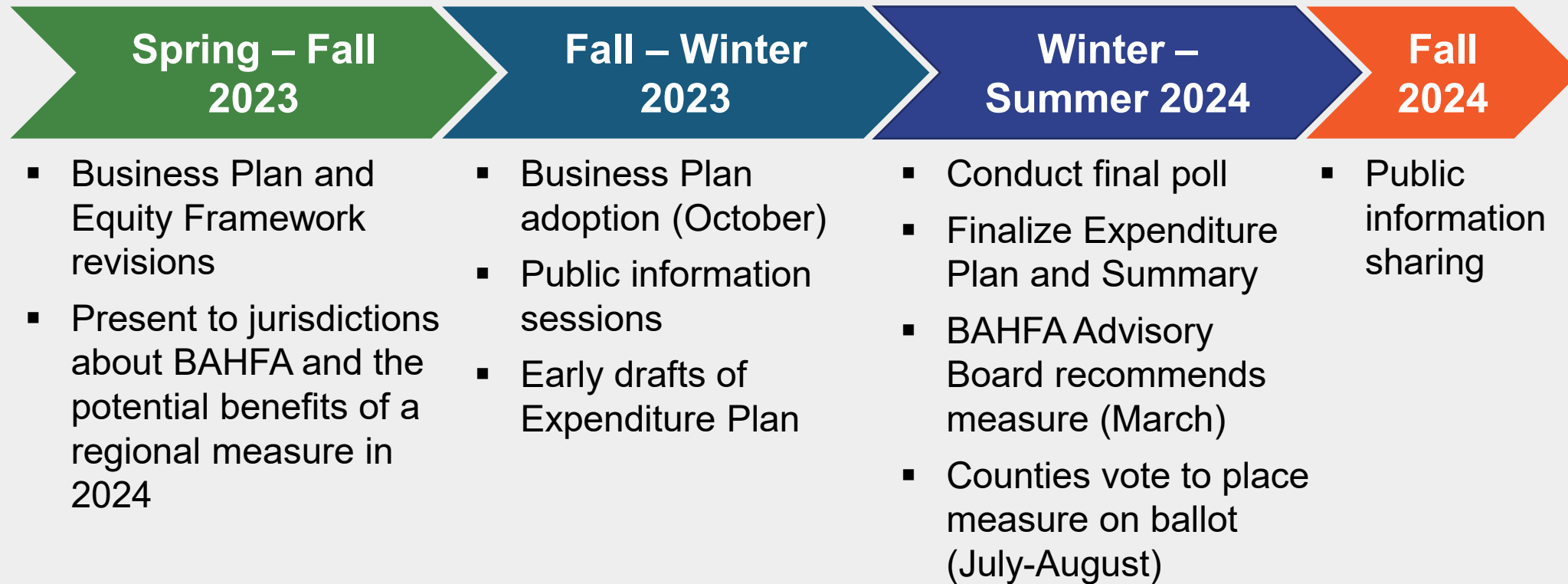
County and City: $\geq 80\%$



Regional Program $\leq 20\%$



Timeline for 2024 Regional Housing Ballot Measure – ABAG, BAHFA and MTC



Thank You

sabdelgany@bayareametro.gov



ASSOCIATION OF BAY AREA GOVERNMENTS
METROPOLITAN TRANSPORTATION COMMISSION

Join us for our next session on May 18th!

Property and Asset Management

[Register here](#)

Our Guest Speakers

- Stanley Celius, New York Joint Ownership Entity (JOE)
- Harold Nassau, NeighborWorks America
- Kevin Leichner, Eden Housing

What to Expect This Session

- Participants will develop a greater understanding of small to medium multifamily (SMMF) **property management models** for scattered site properties
- Participants will learn about **asset management practices** that set their SMMF properties and portfolio up for long-term sustainability
- Participants will hear about **shared property and asset management models** from other regions that can **overcome operating challenges and achieve scale** for SMMF properties

Thank you

Contact Us:

Sara Haas

Senior Director, Enterprise Preservation Next
shaas@enterprisecommunity.org

Jessie Wang

Fellow, Enterprise Preservation Next
jewang@enterprisecommunity.org

Amiel Leano Atanacio

Sr. Program Officer, Enterprise Northern California
aaatanacio@enterprisecommunity.org

Ruby Harris

Senior Director of Capital Solutions and Partnerships,
Enterprise Southern California
rharris@enterprisecommunity.org

Caroline McCormack

Director of Preservation, Enterprise Northern California
cmccormack@enterprisecommunity.org

Resources:

[Preservation Next California Academy Sessions](#): Registrations, recordings, and materials
[Preservation Next Small to Medium Multifamily Toolkit](#)
[Enterprise Preservation Resources](#)