

THE OAKLANDSIDE

HOUSING & HOMELESSNESS

Billions for affordable housing? Voters may get chance to weigh in

A regional bond measure could fund affordable development in Oakland, Berkeley, and beyond at a size and scale never seen before.

by Natalie Orenstein || August 21, 2023



A potential 2024 housing bond could raise funds for tens of thousands of new affordable housing units across the Bay Area. Credit: Amir Aziz

Last year, Oakland voters approved a \$850 million infrastructure bond measure, including the largest single allocation for affordable housing in the city's history: \$350 million.

But a measure likely headed to Bay Area ballots next year could raise money for affordable housing at a scale never seen before in the region.

Efforts are underway for an affordable housing bond for the entire nine-county Bay Area in 2024 that could provide \$10 to \$20 billion.

“Siloning housing resources and development county-by-county hasn't really solved the problem,” said Kate Hartley, director of the Bay Area Housing Finance Authority. The Bay Area has an inherently regional dynamic, she said, with many residents working and socializing in one county but living in another.

But between and within individual counties, there are a range of appetites and abilities to build affordable housing.

The idea behind the proposed regional bond is that “all of us will be working together at the same time,” Hartley said. “That's never happened before—and with a huge amount of resources relative to what we typically have.”

The Bay Area Housing Finance Authority, or BAHFA, was created by the state legislature in 2019 to address affordable housing needs on a regional level—the first such entity in California. BAHFA's board is the same as the Metropolitan Transportation Commission's but the Association of Bay Area Governments also helps make decisions for BAHFA. MTC and ABAG directed BAHFA to plan for the 2024 bond measure.

Mayor Sheng Thao represents Oakland on the BAHFA board, and former Mayor Libby Schaaf serves alongside her as the federal Department of Housing and Urban Development representative. Alameda County Supervisor Nate Miley, who represents part of Oakland, is also on the board, potentially giving the city considerable sway over the regional board's decisions.

“The mayor has committed to taking a leadership role to ensure this measure is passed,” said Pati Navalta, a spokesperson for Thao.

If BAHFA approves the housing bond measure next year, it will go straight onto voters' ballots in the nine

Bay Area counties for the November 2024 election.

The bond would be repaid through an increase in property taxes, at a rate of roughly \$10 per \$100,000 of assessed value, if it's a \$10 billion bond. So a homeowner of a house assessed at \$500,000 may be taxed at \$50 or \$100 annually, depending on the size of the bond.

Each county would receive a share of the bond money equivalent to what their residents paid in taxes—a “return to source,” Hartley said. BAHFA would keep 20% of the revenue to distribute as it pleases. More than half of the revenue would need to be spent on new construction of affordable housing, with some reserved for the preservation of existing homes.

Oakland would get its own large chunk of affordable housing funds

In addition to the county allocations, the largest Bay Area cities—Oakland included—would get their own special allotments. If voters approve a \$10 billion bond, Oakland would receive roughly \$383 million. Alameda County would get around \$984 million, some of which could also end up being spent in Oakland.

“This amount of money would be unprecedented—it's billions with a ‘B,’” said Angelina Cornejo, campaign strategy coordinator with East Bay Housing Organizations, which is leading the bond measure campaign in Alameda County along with the St. Mary's Center.

Despite the regional nature of the proposal, “each county has its own mini-campaign within the broader one,” enabling conversations around the unique needs in each corner of the Bay Area, said Cornejo. “We want people to weigh in.”

BAHFA is hosting a virtual workshop Thursday, where viewers can provide input.

Some public officials and activists already seem to be counting on revenue from the bond. The measure gets mentioned often at meetings about the local housing crisis, as the explanation for how the city or county will solve vexing housing problems or fund an ambitious idea.

But the measure would come before a hugely diverse Bay Area, where even neighboring cities differ on how to fund affordable housing and whether to raise

property taxes. During the same 2022 election when Oakland passed its infrastructure bond, Berkeley rejected a similar measure. In cities that did recently pass bonds, lots of property-owning voters might not want to sign up to pay even more in taxes.

And the regional measure would need strong support to pass: general obligation bonds require approval from at least two-thirds of voters. An effort to amend the state constitution, lowering that threshold to 55% for affordable housing bonds, is afoot, but it's not guaranteed to pass.

New affordable housing construction is notoriously expensive, with some analyses placing the cost of building a single unit at \$1 million. Even an enormous amount of money like \$20 billion wouldn't create the number of units the Bay Area is supposed to plan for in the coming years.

The state has told the region it should create 180,000 housing units in the coming eight years, and Oakland is on the hook for over 26,000 of those. BAHFA projects that a \$20 billion bond could yield 119,000 units at most.

Ellen Wu, chair of the oversight committee for Measure U, Oakland's 2022 infrastructure bond, said passing a regional measure would stretch the impact of the local revenue much farther.

“The additional funds from a regional housing bond will allow us to have an exponential impact on providing homes for the unhoused and affordable housing for working families,” she said.

Whether the measure passes or not, BAHFA aims to become a “self-sustaining regional finance agency” in the coming years, said Hartley, issuing below-market-rate loans for affordable housing construction, and reinvesting the interest it earns on more housing projects.

<https://oaklandside.org/2023/08/21/bay-area-regional-housing-bond-2024/>