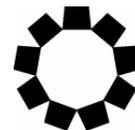


ASSOCIATION OF BAY AREA GOVERNMENTS

Representing City and County Governments of the San Francisco Bay Area



ABAG

Date: March 10, 2016
To: ABAG Executive Board
From: Duane Bay
Assistant Director, Planning and Research
Subject: **Draft Housing Action Agenda**

Background

One of the most significant impediments to achieving Plan Bay Area's sustainability and equity goals is the lack of housing affordability, and simply the lack of housing. The shortfall of new homes relative to demand over the past several decades has contributed to high housing costs. The chronic lack of affordable housing options has become most acute in areas of the region with the greatest access to jobs and amenities, but is now experienced by renters and buyers almost everywhere. Accelerated by a booming tech economy, the attractiveness of the Bay Area housing market to foreign capital, and the emergence of the disruptive short-term rental sector, the pervasive and sustained rise in housing costs also translates to displacement of both lower income and middle class households from home neighborhoods and job centers.

What is to be done? Conferences, summits, and hearings have been held at every level—local, county, subregional, regional, and state. The recent forum *Calling the Bay Area Home: Tackling the Housing Affordability and Displacement Challenge* (<http://mtc.ca.gov/tags/calling-bay-area-home>) is a good example. Stakeholders have issued papers. For example, ABAG's *People, Places and Prosperity* and *Displacement in the Bay Area*. The outline of a consensus for action has emerged: we need to build more housing, primarily in already-built areas, especially in Priority Development Areas; we need to promote and enable more "housing affordability" using strategies that fit the variety of local contexts; we need to assure economic inclusion in new developments and resident protection from displacement.

But specifically what is to be done? Various well-informed policy makers and practitioners have proffered over 100 specific "housing solutions," each addressing some critical part of the challenge, and all included in the background material from the recent *Calling the Bay Area Home* forum. From these, staff has sifted those particular housing solutions best matched to ABAG's strongest capacities: research, consensus building, policy leadership, and technical assistance for implementation. As another tool to filter for tasks most appropriate for ABAG initiative, staff employed the following set of principles, which ABAG had suggested for consideration at the Housing Forum as a basis for finding common ground among regional stakeholders.

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- Every community can do something, and should; and all of it should count.
- Proposed projects that conform to local, regional and state policy should get permits and get built.
- Communities that want to protect residents from displacement or raise funds to preserve housing that's already affordable, or create more, should be enabled to do so.
- Making "Safer Homes in Stronger Communities"—by upgrading vulnerable older structures to conserve resources, survive floods and earthquakes and remain affordable—makes sense.
- Together, we need to make a compelling case for what we know—that a too-tight housing supply and too-high housing costs directly impact community safety, health, education, economic prosperity and GHG—to anyone and everyone who can help invent, install and invest in workable, high-consensus housing solutions region-wide.
- Pooling our resources, with return-to-source protections, makes sense.

Based on these and other inputs, including previous discussions at the Executive Board and Regional Planning Committee over several years, staff is proposing an ABAG Housing Action Agenda, the major tasks of which are outlined in the section immediately following. The outline of major tasks also frames a more detailed breakout of strategies and implementation projects, included as Attachment 8.1. This section is followed by a highlight of three key activity areas that are instrumental to advancing the agenda—formation of a regional housing trust fund; facilitating affordability through housing renovation; and facilitating best practices through research and technical assistance.

Major Tasks

1. Build new homes: help conforming projects get permits and get built.

The region's chronic inability to produce enough new homes to meet the demand has contributed to high housing costs, and has been compounded by the continuing diminution of funding for development of homes that are affordable to moderate-, low-, and very low-income households. Although it is not the only answer to the Bay Area's housing affordability challenge, building new homes, both market and affordable, is critical. We must make it easier to build new housing when it aligns with local land use plans, provide new funding sources to increase housing affordability, and expand the tools that jurisdictions can use to build mixed-income neighborhoods and raise funds for affordability solutions.

2. Unlock and preserve affordability inherent in existing homes.

Almost all of the housing that will be in the Bay Area in 2040 is here today. Some existing homes provide affordability and place-security for homeowners with long-held mortgages. Others, typically older apartment buildings, feature lower market rents or, in some cities, rent stability. We need to preserve homes that are affordable, and unlock affordability potential in our existing housing stock.

Preserving existing housing of all kinds just makes sense. Each year a few thousand deed-restricted rental units are at risk of reverting to market as their affordability contracts and subsidies expire. Thousands of units of housing are removed from our existing supply by conversion to short-term rentals. Many or most mobile home parks, comprising about 60,000 homes, are at risk of closure and redevelopment.

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Housing renovations, rehabs, and retrofits can preserve affordability while providing many other benefits. Modern seismic code upgrades can save lives and will reduce the Bay Area's current risk of 250,000 instantly displaced households in a major quake. Energy and water retrofits can halve current consumption. Accessory dwelling units (ADUs) can accommodate homeowners' changing family size and activities of daily living while also giving or retaining ADU residents' access to neighborhoods with jobs, services, and amenities. Public funding can accelerate renovations that make residents safer and communities stronger.

3. Empower jurisdictions to act to assure their residents' place-security.

Across the region renters face unprecedented price pressures. Adding new homes will relieve some pressure, except where it accelerates displacement because of rapidly escalating land values. Building more units with long-term affordability will relieve some pressure, but the waiting lists are long and new units cannot be targeted to a neighborhood's existing residents. Acquisition/rehab/conversion of older affordable apartment houses to long-term affordability will give those residents rent stability and place security when they move back in, but these projects take time and money. ADUs will help, especially in high-rent neighborhoods. But helping today's renters today is harder. State law limits local discretion to adopt rent stabilization, just cause eviction, and condominium conversion ordinances.

To enable jurisdictions to act to assure their residents' place-security, we need to: increase the region's housing supply at all income levels, especially affordable homes through new construction, including ADUs; develop funding to preserve existing homes; and support jurisdictions that choose to adopt policies to protect existing residents from economic displacement.

Key Activity Areas

The *Draft ABAG Housing Solution Strategies and Implementation Projects* (Attachment 8.1) presents strategies and associated implementation projects to advance the major tasks outlined above. Most of the implementation projects under consideration employ multiple strategies and serve multiple high-level goals. Based on input from ABAG Executive Board, Regional Planning Committee and stakeholders staff has identified three key activity areas, highlighted below, that will be instrumental in making progress toward substantial and lasting housing solutions: a) formation of a regional housing trust fund; b) facilitating affordability through housing renovation; and c) facilitating best practices through research, education, convening, technical assistance and resource development.

- a) **Regional Housing Trust Fund.** We cannot meet the housing challenges that threaten our regional well-being without a dramatic increase in public funding. Achieving our high-level housing goals will require additional funding for efforts such as increasing affordable housing production; acquisition, rehabilitation, conversion of older rental housing to long-term affordability; integrated residential retrofits that secure seismic safety, water and energy conservation and long-term affordability; mobilehome park preservation or Acquisition/Rehabilitation/Conversion (ARC); conversion to resident coop or non-profit ownership; silent-second shared-appreciation homebuyer assistance loans for work-proximity housing and housing in PDAs; and landbanking of sites identified in Housing Elements which are suitable for affordable housing development.

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Recent trends indicate we cannot rely on federal or state sources for additional funding for affordable housing. Therefore, we must have substantial new local and regional sources. In response to interest from ABAG Board members, staff will explore the creation of a regional housing trust fund as a way to expand the resources available for affordable housing while complementing and maximizing the effectiveness of existing local housing funds.

Developing a regional funding source will require cultivation of a broad-based regional political constituency for affordable housing. Constituency development will require regional institutional leadership and capacity—a role that ABAG is well positioned to play, given its relationship with local governments and housing stakeholders throughout the region.

ABAG's strengths in research, stakeholder negotiation, technical assistance and advocacy at the state level will also be critical for the organizational and program development of a regional housing trust fund. Attachment 8.2 is a brief paper that identifies key issues, including potential funding sources, uses, and overall structure and proposes next steps toward formation of a regional housing trust fund.

- b) ***Affordability through housing renovation.*** To unlock and preserve affordability inherent in existing homes through renovation, we will advance enabling legislation to remove barriers and gain RHNA credit for ARC and ADUs, and we will work to develop substantial funding through a regional housing trust fund with subfunds for ARC and integrated seismic/conservation retrofits. We will also start by interviewing the experienced practitioners who currently operate the several dozen existing city or county housing renovation programs in the Bay Area to understand at a deep and pragmatic level what combination of technical assistance and funding program guidelines would leverage and accelerate their work. We will look for ways to expedite replication in jurisdictions that are currently less well served.

- c) ***ABAG's Collaboration Platform.*** Solid data, sharp tools and timely technical assistance from ABAG are instrumental to advancing the major housing tasks. ABAG works with cities, counties, MTC, and other partner agencies; in PDAs and corridors; through the Regional Planning Committee, the Bay Area Planning Directors Association, on Plan Bay Area implementation. The housing and economic data that ABAG collects and shares (e.g., the annual housing production reports by affordability level, RHNA sites inventory, and *State of the Region*) provide local governments and other stakeholders with the information they need to make solid policy decisions. ABAG builds on this information by convening peer cohorts for best-practice implementation (e.g., East Bay Corridor Initiative, Local Hazard Mitigation Plan updates) and providing technical assistance (e.g., to catalyze multi-jurisdiction RHNA subregions and impact fee nexus studies, to develop seismic safety ordinances, to develop financing sources for multi-benefit housing retrofits). Finally, ABAG participates in policy leadership (e.g., advocating for RHNA revisions through the state Housing Element Advisory Committee, inserting the *priority development area* and *corridor* concepts into Strategic Growth Council's funding allocation guidelines).

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Discussion

Staff solicits feedback on the proposed housing action agenda and Regional Housing Trust Fund proposal.

Question: Do the “principles presented above (on page one) reflect a core perspective that can be a useful in filtering and shaping how ABAG engages with member agencies, partner agencies and stakeholders to find common ground solutions to housing inaffordability and place insecurity?

Question: Do the key enabling projects presented above, in the words of President Pierce, “show potential for **significant positive impact** on the current Bay Area housing situation, and **leverage ABAG’s unique capacity to lead collaborative innovation**”?

Question: Are there other concerns or information that Executive Board members would like staff to take into account in setting priorities and formulating the 2016-2017 housing workplan?

Attachments:

Attachment 8.1, ABAG Housing Solution Strategies and Implementation Projects

Attachment 8.2, Draft Proposal for Formation of Regional Housing Trust Fund



ABAG Housing Solution Strategies and Implementation Projects

The matrix below presents a set of housing solution strategies to pursue the three high-level housing solution goals. Each strategy is linked to one or more implementation projects. Staff is in the process of developing a 2016 Housing Action Plan that will advance a set of implementation projects at a pace that will depend on resources, constraints, and priorities. Most of the implementation projects under consideration exemplify multiple strategies and serve multiple high-level goals.

1. Build new homes: help conforming projects get permits and get built.

To address this challenge, we must make it easier to build new housing when it aligns with local plans, provide new funding sources to increase housing affordability, and expand the tools that jurisdictions can use to build mixed-income neighborhoods, and raise funds for affordability solutions. Strategies can be combined. For example, a sub-fund of a Regional Housing Trust Fund, supplied directly from Cap & Trade funds, could give highest priority to projects in PDAs with adopted Specific Plans, by-right housing entitlement, displacement mitigation, plus high housing densities and low VMT per capita relative to the regional averages.

Solution Strategies

Implementation Projects

- Incentivize and enable communities to **adopt local Specific Plans in PDAs**, and policies and procedures to **make full use of entitlement streamlining legislation and best-practice.**
- **Support acceleration of development in some of our most ready, most region-benefiting PDAs** by identifying new dedicated funding sources that would be targeted to these critical areas to enable housing, and the infrastructure necessary to support it.
- **Promote development of mixed-income neighborhoods in PDAs** with financing for new affordable rental and for-sale homes, and by incentivizing inclusionary requirements where there is adequate market strength.
- **Re-establish local authority to address effects of local land use decisions** by removing State-imposed limits on local ordinances that can help build mixed-income neighborhoods and raise funds for affordability solutions.

Entitlement Streamlining

*Regionally Prioritized PDAs
Regional Housing Trust Fund w/ Dedicated Sources*

*Regionally Prioritized PDAs
“Palmer fix” for Inclusionary Rental Dev’t*

*RHNA Reform to recognize local solutions
“Palmer fix” for Inclusionary Rental Dev’t
Lower Voter Threshold for Housing Funds
Prop 13 Reform
Ellis Act Reform*

2. Unlock and preserve affordability inherent in existing homes.

Together, numerous complementary strategies—home repair, ADUs, affordability contract extensions, mobilehome park preservation, multi-benefit retrofits, acquisition/rehab/conversion (ARC)—can improve access to neighborhoods with jobs, services, good schools and other amenities; make homes safer and more resource efficient while expanding affordability; and better fit occupants’ changing needs and family size.

Local jurisdictions and the region can achieve multiple benefits by considering these objectives holistically. For example, one jurisdiction, with no water hook-up capacity to spare, allowed a non-profit housing developer to transfer water savings from a renovation project to permits for a new building. Another jurisdiction used in-lieu fees from a nearby market-rate development to pay for a non-profit’s “rescue” of a seismically unsafe, lower-rent apartment house that was also water and energy inefficient.

Solution Strategies

Implementation Projects

- | | |
|--|---|
| <ul style="list-style-type: none"> • Recapitalize the Bay Area’s many effective loan programs that help middle-income homebuyers compete effectively for pre-owned homes in established neighborhoods. | <p><i>RHNA Reform to recognize local solutions
Regional Housing Trust Fund
Shared-Appreciation Homebuyer Loan Subfund</i></p> |
| <ul style="list-style-type: none"> • Help willing jurisdictions and homeowners understand the benefits of, and remove impediments to, creating more accessory dwelling units (ADUs), which enable living arrangements that support aging in place; accommodate family members who cannot yet, or can no longer, compete in the open market; and grant access to established neighborhoods for smaller/lower-income households of all ages. | <p><i>RHNA Reform to recognize local solutions
Regional Housing Trust Fund
Facilitate ADUs/DADUs/JADUs</i></p> |
| <ul style="list-style-type: none"> • Renew long-term affordability contracts to prevent the loss of existing deed-restricted affordable units. | <p><i>Regional Housing Trust Fund
At-Risk Affordable Housing Refinance Sub-Fund</i></p> |
| <ul style="list-style-type: none"> • Remove barriers to effective, higher-volume acquisition/rehab/conversion (ARC) programs. | <p><i>RHNA Reform to recognize local solutions
Improve Tax-Credit Efficiency for ARC
Regional Housing Trust Fund
Regional Housing Trust Fund ARC Sub-Fund</i></p> |
| <ul style="list-style-type: none"> • Aggressively pursue an integrated seismic, water, and energy conservation initiative, as part of ARC program acceleration. | <p><i>Seismic/Conservation Retrofit Best-Practice)
Regional Housing Trust Fund
Seismic/Conservation Retrofit Sub-Fund</i></p> |
| <ul style="list-style-type: none"> • Support equitable regulation of short-term rentals that diminish rental housing supply. | <p><i>Short-term Rental Best-Practice</i></p> |
| <ul style="list-style-type: none"> • Facilitate preservation of mobilehome parks, by identifying best practices and developing dedicated funding. | <p><i>Preserving Mobilehome Parks Best-Practice
Regional Housing Trust Fund
Mobilehome Park Preservation Sub-Fund</i></p> |

3. Empower jurisdictions to act to assure place security for residents

To address these challenges requires strategies to increase the housing supply at all income levels, especially affordable homes through construction of new units and approval of ADUs; preserve existing housing, particularly affordable homes, and local adoption of policies to protect existing residents from displacement as a result of economic pressures.

Solution Strategies

- Re-establish local jurisdictions’ authority to address effects of local land use decisions by removing State-imposed limits on local ordinances that can protect residents from displacement, build mixed-income neighborhoods, and raise funds for affordability solutions.
- Legislation to remove barriers to ARC: technical adjustments to current regulations to enable full utilization of relatively plentiful over-the-counter (4%) tax-credits that, when combined with bond financing, are key to ARC projects; full RHNA credit for ARC; a reduction of the 2/3 voter threshold for affordable housing bond financing and special taxes.
- Help willing jurisdictions and homeowners understand the benefits of, and remove impediments to, creating more accessory dwelling units.
- Develop a pool of regional funding to sustain ADU and ARC programs, regularly replenished by reliable dedicated revenue sources, with allocation preference to jurisdictions that have resident protections in place.

Implementation Projects

“Palmer fix” for Inclusionary Rental Dev’t
Costa-Hawkins Reform
Prop 13 Reform
Ellis Act Reform

RHNA Reform to recognize local solutions
Improve Tax-Credit Efficiency for ARC
Regional Housing Trust Fund
Regional Housing Trust Fund ARC Sub-Fund
Lower Voter Threshold for Housing Funds

Legislation to Facilitate ADUs/DADUs/JADUs
Tech. Asst. to Facilitate ADUs/DADUs/JADUs

Regional Housing Trust Fund
At-Risk Affordable Housing Refinance Sub-Fund



This proposal is conceptual, meant to introduce the concept and stimulate discussion.

Draft Proposal for Formation of a Regional Housing Trust Fund

The Bay Area cannot meet the housing challenges that threaten our regional wellbeing without a dramatic increase in dedicated public funding for affordable housing. As State and Federal funding sources have largely dried up, new local and regional funding sources have become crucial in filling in the void. The creation of a flexible regional source of funding could help expand the resources available for affordable housing while complementing and maximize the effectiveness of existing local housing funds.

Developing a regional funding source will require cultivation of a broad-based regional political constituency for preserving and developing housing that is affordable. Constituency development will require regional institutional leadership and capacity—a role that ABAG is well positioned to play, given its relationship with local governments and housing stakeholders throughout the region. ABAG’s strengths in research, stakeholder negotiation, technical assistance and advocacy at the state level will also be critical for the organizational and program development of a regional housing trust fund.

What is a housing trust fund?

By classic definition, housing trust funds (HTFs) have a sustained dedicated source of funds, specific dedicated uses of funds, and public oversight appropriate to a defined geographic service area. By this definition, there are at least 76 HTFs in the Bay Area, run by cities, counties, Joint Powers Authorities (JPAs) or public/private non-profits.¹ These HTFs administer housing grants and loans that use existing funds and funding streams, and many of them also work to develop program innovations to attract new funding sources. The Bay Area also benefits from the good work of several well-known region-wide funds (e.g., TOAH) and Community Development Financial Institutions (CDFIs) that are effective but are not technically housing trust funds, because they are either private or they do not have a sustained funding source.

Currently the Bay Area has no regional housing trust fund. To avoid duplicating existing efforts or competing with local funding sources, there must be a viable, sustainable niche for a regional housing trust fund (RHTF) that can **raise substantial new capital** for grants and loans to address critical housing challenges, and do so in ways that leverage the work of our many excellent HTFs and CDFIs. The purpose of this brief paper is to outline salient issues related to formation of an RHTF—from uses to sources to mechanism—and propose next steps.

How might a RHTF use its funds?

The following uses and characteristics are believed to be high-impact and insufficiently addressed by existing funding sources:

Proposed Uses

- Acquisition / rehabilitation / conversion (ARC) of older rental housing to long-term affordability
- Mobilehome park preservation or ARC to resident co-op or non-profit ownership
- Integrated retrofits that secure seismic safety, water and energy conservation, and long-term affordability
- Silent-second, shared-appreciation homebuyer assistance loans for work-proximity and in PDAs²
- Accessory Dwelling Unit (ADU) catalyst³
- Landbanking housing sites identified in Housing Elements

Proposed Use Characteristics

- Make grants and very-long-term pay-as-you-can loans, rather than or in addition to the short-term or medium-term loans available through most private CDFI programs
- Use regional housing trust funds to collateralize loan guarantees for private CDFI loans for affordable housing and related public works, which would reduce risk-indexed interest rates and reduce delays due to complex underwriting
- Use local adoption of regional best-practice policies for displacement protection and mixed-income inclusion as filter criteria or preference criteria for loan/grant making.
- Make funding available to communities throughout the region, but focus on PDAs or subsets of PDAs such as corridors or Regionally Prioritized PDAs with high housing density, transit proximity, green infrastructure, hazard mitigation, mixed-income development, and resident protections
- Purchase outstanding performing loans from existing local and subregional HTFs so they could immediately relend the money for RHTF program priorities

What funding sources might a RHTF use?

A substantial dedicated public revenue source is essential to anchor an RHTF. The relevant order of magnitude is hundreds of millions of dollars per year.⁴ Among the most promising sources are the following:

- Petition the Strategic Growth Council to devolve a portion of unallocated Cap & Trade funds to regional councils of governments (COGs) or metropolitan planning organizations (MPOs) to allocate to projects in PDAs that qualify as “Regionally Prioritized PDAs” because they will make a major improvement to the regional jobs/housing fit and are in low-VMT (vehicle miles traveled) areas.
- Support or develop a ballot measures for a regional development impact fee or document recording fee, if necessary beginning with State legislation to simplify the process.

- Support or develop State legislation to devolve a portion of State sales tax subventions (above a previous high-water mark) to regional government to be allocated for housing and housing infrastructure projects according to a plan adopted by the COG and ratified by a majority of jurisdictions representing a majority of population. Grant exemption to any jurisdiction that meets thresholds for housing production, affordable housing provision and housing/jobs balance.⁵ An exempt jurisdiction could keep its full status quo 1% sales tax subvention and opt out of receiving any of the pooled regional funds.
- Once established, the RHTF would be a natural depository (with return to source provisions) for smaller jurisdictions' impact fees or inclusionary in lieu fees that lie fallow pending the next local project.
- The RHTF could serve as intermediary to pilot sanctioned subregional RHNA swaps of housing for dollars or water allocation, or to recognize (perhaps with matching funds or allocation preference) in-kind contributions made by jurisdictions to affordable housing developments such as waiving or deferring fees, or ground-leasing public land.
- Funders' promoting particular uses could partner to set up subfunds, for example, a subfund for seismic and conservation retrofits in communities of concern in East Bay Corridor Initiative communities.

How might a RHTF be structured and administered?

Presumably, an integrated regional governmental entity would have the charter, credibility, support and resources necessary to launch and sustain a regional housing trust fund. Therefore, governance would be vested in the merged entity itself, or an appointed board subcommittee or an affiliated board.

It would also make sense for certain centralized functions to be performed by staff of the governing entity, or by a singular administrative entity under contract, while contracting out other functions to qualified existing local and subregional program operators, experienced public and private (CDFI) originators of loans and grants, who would perform front-line grant and loan administration. Working through qualified existing program operators would avoid creating new bureaucracy to perform necessary program administrative functions. Additionally, it is these very program operators with whom local grantees or loan recipients must work on a regular basis to get funding and permits, and with whom funders, planners, service vendors, and local elected officials have established working relationships.

Centralized functions

- Policy and participation leadership
- Executive management
- Staffing the governing entity to establish high-level policy and strategy
- Fund development through voter information, grant writing, capital campaigns

- Fiscal management of funds and subfunds, reporting, transactional accounting to make block grants or buy loans; and
- Oversight of qualified local and subregional program operators performing front-line grant and loan administration under contract.

Grant and Loan Administration

- Administer state and federal environmental protection and labor law regulations
- Evaluate specific project proposals
- Underwrite and originate loans
- Oversee projects (progress inspection, cash release management)
- Manage loan portfolio (collections, annual inspections, ad hoc refinance requests)

Next Steps

Project Initiation

- Secure approval to continue conceptual development
- Seek funding for a feasibility study and conceptual development
- Charter a subcommittee of the Regional Planning Committee as a sounding board
- Coordinate with appropriate MTC staff and committees
- Assign a project lead tasked to bring back a workplan to the ABAG Executive Board

Presumably, the workplan, once developed, would include at least the following steps:

- Refine prospective uses by conducting a rapid scan of existing programs that offer comparable “products” to proposed RHTF priorities, then conduct in-person meetings with representative program operators and loan/grant recipients in order to identify gaps and leverage points with precision.
- Prepare preliminary analysis of the technical feasibility and potential scale of prospective sources.
- Building on previous steps, conduct a political feasibility analysis through a combination of polling, legislator interviews, and stakeholder outreach.

¹ Examples of entities in the Bay Area that meet the classic housing trust fund definition are: Local Housing Trust Funds qualified to receive State Prop 1C LHFTP funds (7), or CDBG Revolving Loan Funds for housing rehabilitation (25), or restricted funds holding local impact fees or in lieu fees (64), or post-RDA Successor Housing Agency trust funds (74).

² For example, a trust fund loans a qualified homebuyer 10% of purchase price; homeowner makes no monthly payments; at time of resale, the trust fund gets 10% of any appreciation (selling price minus purchase price). Homebuyer qualification is based on income and credit worthiness. Property qualification is based on proximity to homebuyer's workplace and/or a priority development area. The regional housing trust fund could originate these loans, but in a more streamlined approach, the loan would be made by a city or county program, then the regional housing trust fund would revolving their funds by purchasing the outstanding loan so that the local program could fund more loans to assist more homebuyers.

³ Homeowners who are unable to pay for the planning, permitting and construction of an attached or detached accessory dwelling unit (ADU or DADU) from personal funds or a general line of credit collateralized by their home equity typically have difficulty getting a project loan from traditional commercial sources. Public sources, such as city or county home rehabilitation loan programs have the requisite experience to help homeowners through a renovation process, and have excellent leverage to promote or require seismic, water, energy measures co-benefits, but may have very limited funds. A regional fund could expand these city/county programs by revolving their funds, that is, purchasing outstanding loans for completed ADU or DADU project so that funds could be relent to build the next ADU/DADU.

⁴ Here are several points of reference as to scale. Raising adequate funds to match, dollar for dollar, all locally-originated gap funding (not pass-throughs of state or federal money) would require about \$100 million annually. Raising funds equivalent to the amounts formerly flowing into redevelopment agencies' housing trust funds would require about \$250 million annually. Taking into account existing local, state and federal funding streams, as well as typical funding mix proportions among these sources, \$100 million to \$250,000 million of new funding through a regional housing trust fund would translate to creating 1,000 to 3,000 additional permanently affordable homes each year. This would make a substantial contribution toward the Plan Bay Area Regional Housing Needs Allocation target of 14,000 annually, and appears even more substantial when compared to the approximately 5,000 per year average during the 2007 to 2014 planning cycle.