

A proposed multibillion-dollar regional bond signals a shift in how Bay Area affordable housing is funded

As funds from Santa Clara County's Measure A dwindle, a new solution emerges



SAN CLARA, CALIF. – NOV. 2: The Bella Vista Inn, located on the 3500 block of El Camino Real in Santa Clara, Calif., is one of two Homekey sites that Santa Clara County supervisors approved on, Tuesday, Nov. 2, 2021. (Karl Mondon/Bay Area News Group)

By [GRACE HASE](#) | gghase@bayareanewsgroup.com | Bay Area News Group

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A renewed push to tackle the Bay Area's housing crisis at a regional level is underway, and it could be the solution for cities and counties tapped out of local funds for affordable housing.

The Bay Area Housing Finance Authority, or BAHFA, was created in 2019 to address the area's housing shortage. It's a first-of-its-kind financing authority in California that has coalesced as advocates and state leaders move to take a more regional approach to combat the state's housing-affordability problems.

A recent report from BAHFA and Enterprise Community Partners found that there's a \$7.6 billion gap in public financing that needs to be filled in order to unlock nearly 33,000 new homes in the Bay Area.

The organization is currently helping oversee a potential housing bond for the November 2024 election that could bring in \$10 billion to \$20 billion for affordable housing in the Bay Area, depending on the amount key players decide to pursue.

That could mean as much as \$2.1 billion for San Jose and \$2.4 billion for the rest of Santa Clara County. In the East Bay, that could mean \$765 million for Oakland and as much as \$2 billion for the rest of Alameda County. While a funding mechanism for a housing bond has not been set, it would likely involve some sort of tax hike.

Berkeley Mayor Jesse Arreguín, who is the president of the Association of Bay Area Governments, another group involved in the bond process, argued that a regional measure should be considered because the lack of affordable housing is a regional problem. The measure would help cities that have been unsuccessful in passing their own bonds and could unlock more money than any individual jurisdiction could alone.

"This is really critical to addressing a lot of challenges in our region: housing affordability, ending homelessness, combatting climate change," Arreguín said. "I think it's a really exciting and unprecedented opportunity for this region to address our housing shortage and to demonstrate leadership to the state around how we can address our housing crisis."

But this is not the first time the Bay Area has tried to take a regional approach in tackling what's become a ballooning crisis.

In 2017, Bay Area leaders joined together to form the CASA Compact to strategize new policy ideas such as capping rent increases, erecting taller buildings around transit, and passing new tax increases to fund housing. At the time, however, CASA received [fierce pushback](#) from cities such as Cupertino, Pleasanton and Los Altos. And polls showed tepid response at the time from many voters in the region toward a tax increase for housing.

Today, leaders hope there is more willingness to pay to improve the region's quality of life. In Santa Clara County, a regional bond measure could be a new direction for affordable housing efforts as funds from a county measure passed in 2016, Measure A, start to dwindle.

At its inception, the measure was billed by advocates as a funding model that could set an example for counties across the country. Six years later, the \$950 million affordable housing bond is almost gone.

But its successes show how powerful a regional measure might be.

Measure A aimed to aid the construction or preservation of approximately 4,800 affordable homes — including housing for the county’s most vulnerable populations. It was funded by a property tax increase.

Having funded 3,933 units so far, the 10-year bond looks as if it will deliver on that promise. There is \$141.7 million left in the fund, which must be allocated by the end of this year in order for the county to meet its goal by 2026, according to Consuelo Hernandez, the director of the county’s office of supportive housing.

Jennifer Loving, the CEO of the nonprofit Destination: Home, which works to end homelessness in Silicon Valley, called Measure A “the most important policy fund to address homelessness and the root causes of homelessness that Santa Clara County has ever had.” While the \$950 million was never expected to solve homelessness in the county, she said it’s been “catalytic.”

Hernandez said one of the measure’s biggest successes has been the county’s ability to leverage other money from the state or federal government. For every \$1 spent by the county, \$4.27 has been used from other funding streams.

One example of that is Gov. Gavin Newsom’s Project Homekey — a pandemic initiative that assisted local governments looking to renovate hotels or vacant apartments for unhoused residents.

“We’re being creative with the resources that are coming from the state and the federal government,” Hernandez said. “We’re really keeping our eye on those goals and any repayment of our loans that are coming in, we’re recasting that to support new housing.”

Whatever does come next for funding affordable housing, be it a local or regional measure, Loving said it needs to “follow that same philosophy” to ensure that housing for extremely low-income residents gets built.

This type of housing, which is for those who make 30% or less of the area median income — \$50,550 for a family of four in Santa Clara County — is some of the most difficult to build due to the complexity of financing. In California, 22% of rental households are considered extremely low income, but there is a shortage of 998,510 affordable homes for those renters, according to the National Low Income Housing Coalition.

“For a jurisdiction to say the majority of this money is going to go to the people that are most vulnerable and frankly that we keep talking about all the time about needing to do something, Santa Clara County did that,” Loving said. “They put a lion’s share of this money and brought other money home to address and ensure thousands of people can get off our streets. We would be looking to the same thing with any future measure.”