



Overview of the CASA Compact

CASA

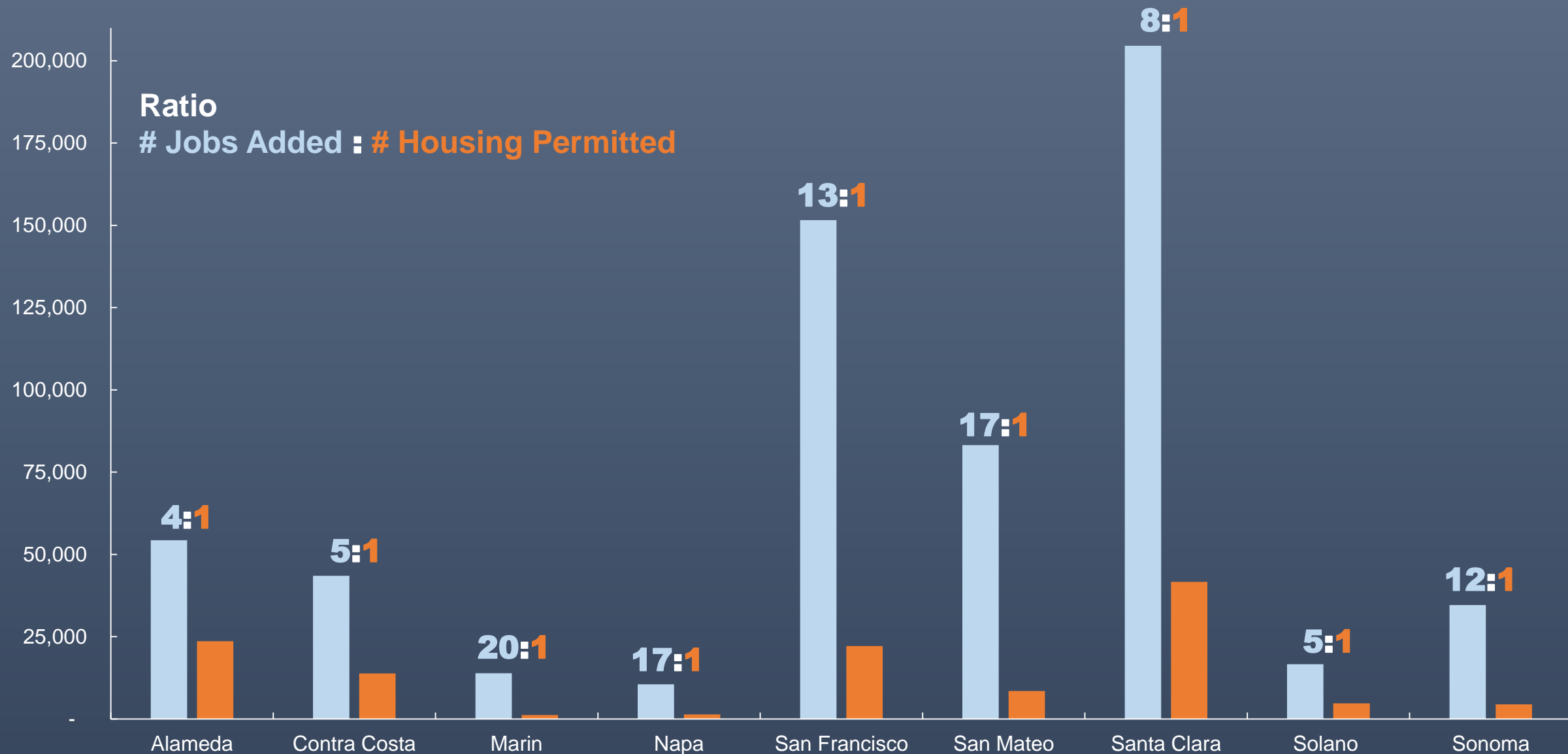
January 2019

WHAT IS CASA?



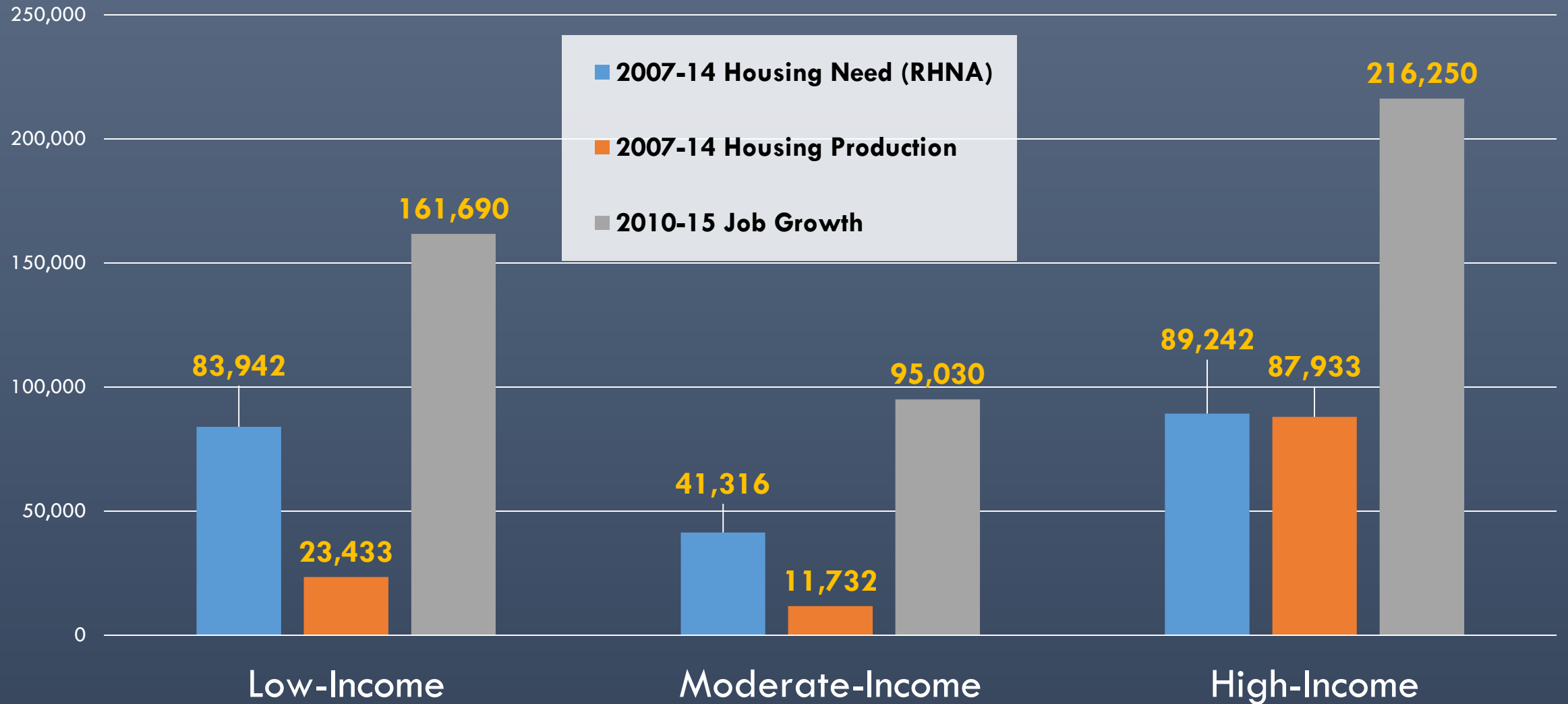
CASA is a panel of Bay Area leaders across various sectors convened by MTC and ABAG in 2017 to address the region's housing affordability crisis by identifying and unifying behind bold, game-changing ideas.

Job Growth Far Surpassed New Housing Between 2010 to 2016



ASSOCIATION OF BAY AREA GOVERNMENTS
METROPOLITAN TRANSPORTATION COMMISSION

The Region Has Not Built Enough Housing to Meet Demand



CASA PREAMBLE – 3 P'S

The Bay Area faces a housing crisis because we have failed at three tasks:

- Failed to **produce** enough housing for residents of all income levels
- Failed to **preserve** existing affordable housing
- Failed to **protect** current residents from displacement



CASA LEADERSHIP TEAM

Developer



Mike Covarrubias
TMG Partners

*Affordable
Housing Co.*



Leslye Corsiglia
Silicon Valley @
Home CEO

Philanthropy



Fred Blackwell
San Francisco
Foundation CEO

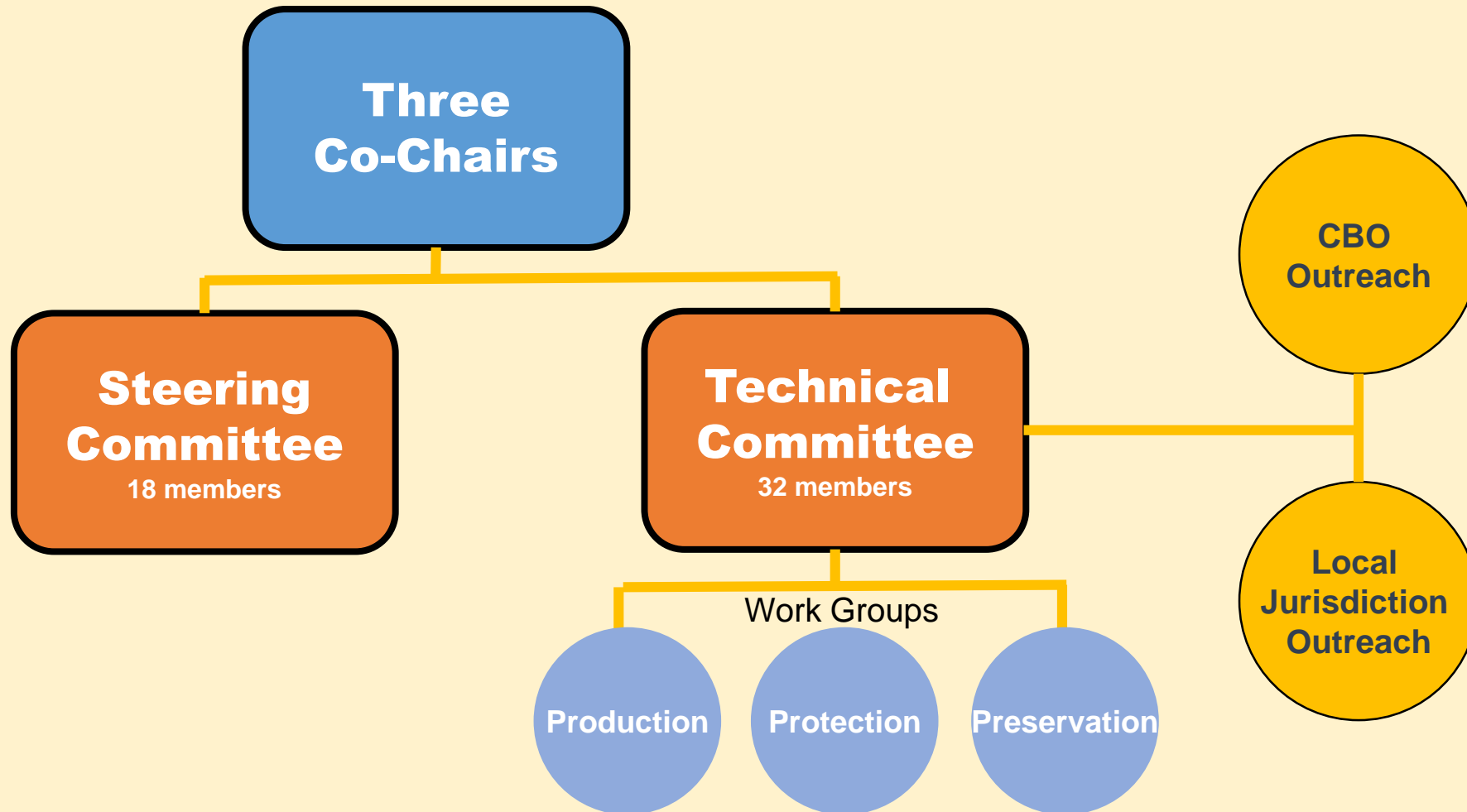
*Regional
Government*



Steve Heminger
MTC/ABAG
Executive Director



CASA COMMITTEE STRUCTURE



An Emergency Policy Package
to Confront the Housing Crisis
in the San Francisco Bay Area

December 2018



Components of Compact

- Elements 1, 2 & 3: Protection
- Element 4: Remove Barriers to ADUs
- Elements 5, 6 & 7: Production Initiatives
- Element 8: Surplus Public Land
- Element 9: Potential Funding Sources
- Element 10: Regional Housing Enterprise



The Committee to
House the Bay Area



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ELEMENT #1: JUST CAUSE EVICTION POLICY

- Ensure Bay Area tenants are protected from arbitrary evictions by adopting region-wide requirement landlords cite specific "just causes" (fault and no-fault) for evictions, e.g. failure to pay rent, violating lease.



ELEMENT #2: RENT CAP

- Establish Bay Area-wide emergency rent cap that limits annual rent increases to reasonable amount in order to decrease number of households at risk of displacement and to prevent homelessness.
- For emergency period (15 years), CPI+5% in any one year with certain exemptions and banking provision.



ELEMENT #3: RENT ASSISTANCE AND ACCESS TO LEGAL COUNSEL

- For low-income tenants facing eviction: access to free legal counsel and emergency rent assistance for tenants with an urgent, temporary financial gap.
- Regional Housing Enterprise (Element #10) would establish policy guidelines and provide funding for programs.



ELEMENT #4: REMOVE REGULATORY BARRIERS TO ACCESSORY DWELLING UNITS (ADUs)

- Extend current Bay Area best practices on Accessory Dwelling Units (ADUs) and Junior ADUs to all jurisdictions in the region.
- Allow an ADU and a Junior ADU on single family lots and multiple ADUs in existing multi-family buildings with ministerial approval.
- Require impact fees for ADUs and tiny homes be charged on a per-square foot basis and only on net new living area above 500 sq. ft.



ELEMENT #5: MINIMUM ZONING NEAR TRANSIT

- Establish minimum zoning for housing in neighborhoods with:
 - High quality bus service* – within 1/2 mile of stop, allow up to 36 ft.
 - Major transit stop* (rail and ferry stations) – within 1/4 mile, allow up to 55 ft.
- Make housing an eligible use on large, **commercially-zoned parcels near job centers and in areas served by high quality transit.**
- Retain local development standards such as setbacks, unit sizes and lot coverage if feasible with heights allowances above.
- For “sensitive communities” in or adjacent to a **major transit stop**, defer height increases above 36 ft. until jurisdiction develops community plan.



TRANSIT ACCESS AREAS

- Upzoning in Sensitive Community Areas (outlined in **red**) within 1/4-mile of Major Transit Stop (rail/ferry) is limited to 36' for up to five years.
- High quality bus service areas are shown in **orange** and limited to East Bay, San Jose and S.F.

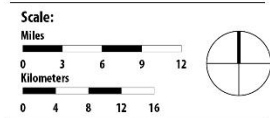


Transit Access Areas

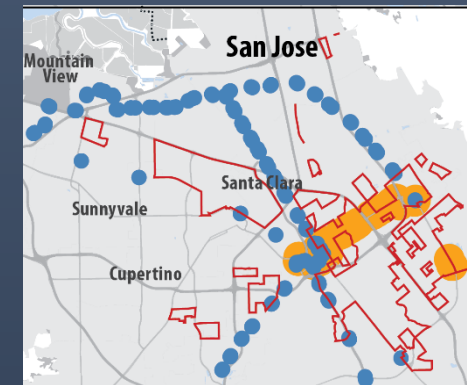
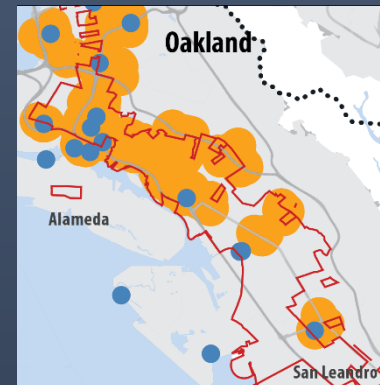
Transit Access Areas are currently defined as areas within 1/4 mile of a rail station or ferry terminal served by transit and areas within a 1/2-mile radius of a bus stop served by a bus with headways of 15 minutes or less during both the morning and evening peak periods (6 AM to 10 AM and 3 PM to 7 PM) and average weekend headways of no more than 30 minutes from 8 AM to 10 PM, inclusive, on Saturday and Sunday.

- Major Transit Stops - Rail and Ferry
- High-Quality Bus Service Areas
- Urban - Built Up Area
- Sensitive Community Areas

| | Population |
|-----------|-------------------|
| Oakland | Over 350,000 |
| Sunnyvale | 50,000 to 350,000 |
| Albany | Below 50,000 |



Source: MTC
Map Author: J.C. January 2019



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ELEMENT #6: GOOD GOVERNMENT REFORMS TO HOUSING APPROVAL PROCESS

- Establish 'good government' standards for entitlement and permitting of zoning-compliant residential projects, including but not limited to:
 - Require local jurisdictions to create and maintain in publicly accessible format all rules, codes and standards that apply residential applications, including how an application is deemed complete.
 - Rules, fees and historic designation are set at the date of a an application's completeness.
 - For zoning-compliant residential projects, no more than three de novo public hearings should be required.



ELEMENT #7: EXPEDITED APPROVALS AND FINANCIAL INCENTIVES FOR “MISSING MIDDLE”

- Accelerate approval of **zoning-compliant projects** that provide **on-site affordability for “missing middle”** (restrict $\geq 20\%$ units to 80-150% AMI), pay **prevailing wage** and use **apprentice labor**.
- Incentives offered to offset higher costs to developer:
 - 15 years of property tax increment abatement, modeled on NYC program, aimed at missing middle housing
 - Impact fees capped at a reasonable level
 - Density bonus of 35%
 - Parking minimums reduced to 50% of local requirement
 - Relief from strict liability standards for ownership



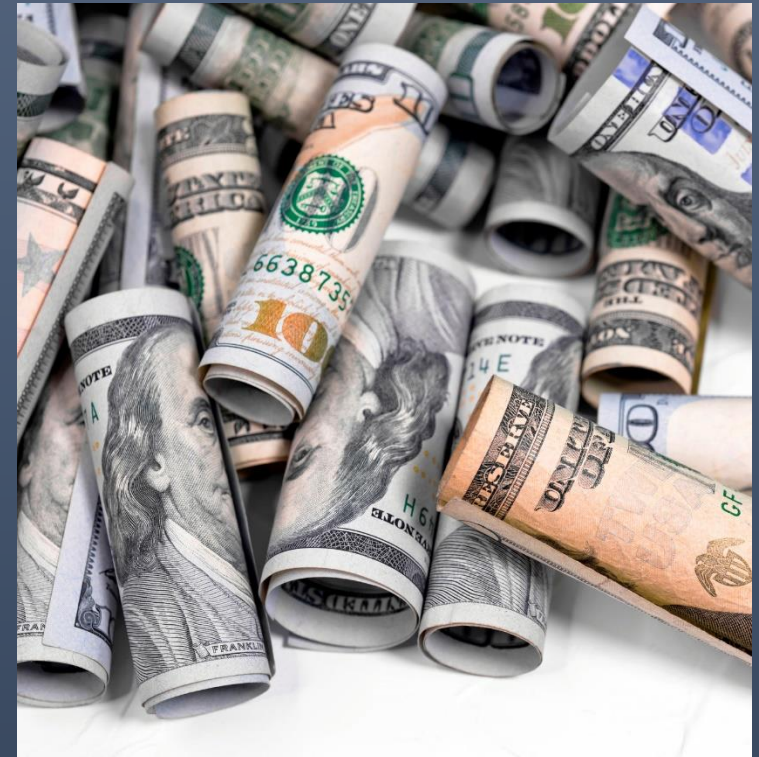
ELEMENT #8: UNLOCK PUBLIC LAND FOR HOUSING

- Promote increased utilization of public land for affordable housing through variety of legislative and regulatory changes, as well as the creation of new regional coordination and planning functions.



ELEMENT #9: FUNDING TO FINANCE THE COMPACT

- Raise \$1.5 billion/year in new revenue from a broad range of sources, including property owners, developers, employers, local governments and the taxpayers, to fund implementation of the CASA Compact.



Annual Funding Gap Estimate for CASA Initiatives: \$2.5 billion

Protection – Access to Legal Counsel, Emergency Rental Assistance

Avg. number of households protected/year 24,000

Annual Funding Gap for Protection \$50 million



Production – Lower-Income Subsidized Housing

Avg. funding gap \$150,000 / unit

Annual CASA target 14,000 units

Annual Funding Gap for Production \$2.1 billion

Preservation – Market-Rate and Subsidized Affordable Housing

Avg. funding gap \$100,000 / unit

Annual CASA target (over 8 years) 3,750 units

Annual Funding Gap for Preservation \$375 million



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Menu of Funding Sources to Implement the Compact

Potential New Sources of Revenue

Target: \$1.5 billion per year

Property Owners

\$100 million
1 percent
Vacant Homes Tax
on the assessed value
of vacant home

\$100 million
\$48 per year
Regionwide Parcel Tax

Philanthropy

Chan-Zuckerberg-
SF Foundation Initiative
Policy and
Infrastructure Funds

Developers

\$200 million
Variable Commercial
Linkage Fee
(\$5-\$20 per sq. ft.)
on new construction
with rate varied
depending on location
to incentivize infill
development

\$200 million
Flat Commercial
Linkage Fee
(\$10 per sq. ft)
on new construction

Employers

\$200 million
0.1%-0.75%
Gross Receipts Tax
variable rates based on
sector and firm size

\$200 million
\$40-120 per job
Head Tax
variable rates based on
number of employees,
jobs-housing ratio and
transit access

Local Governments

\$200 million
25 percent
Redevelopment
Revenue Set-Aside
for affordable housing
in TPAs (including
portion for schools and
special districts)

\$100 million
20 percent
Revenue Sharing
Contribution
from future property tax
growth

Taxpayers

\$400 million
1/4-cent
Regionwide Sales Tax

\$100 million
5-Yr. Term
General Obligation
Bonds
issued by a regional
housing enterprise,
renewed every five
years



Distribution of New Sources of Funding to Implement the Compact

Proposed Allocation of New Revenue Raised by CASA



Local Jurisdiction Incentives up to 10 percent

Partial payments to local jurisdictions to make up for lost revenue due to proposed cap on impact fees. Other incentives.

Tenant Protection Services up to 10 percent

Administered by a non-profit entity. Short-term rental assistance and access to legal counsel for low- and moderate-income households.

Affordable Housing Preservation up to 20 percent

Grants and financing for acquisition and rehab and “expiring” units. Priority to projects in low-income neighborhoods facing displacement.

Affordable Housing Production min. 60 percent

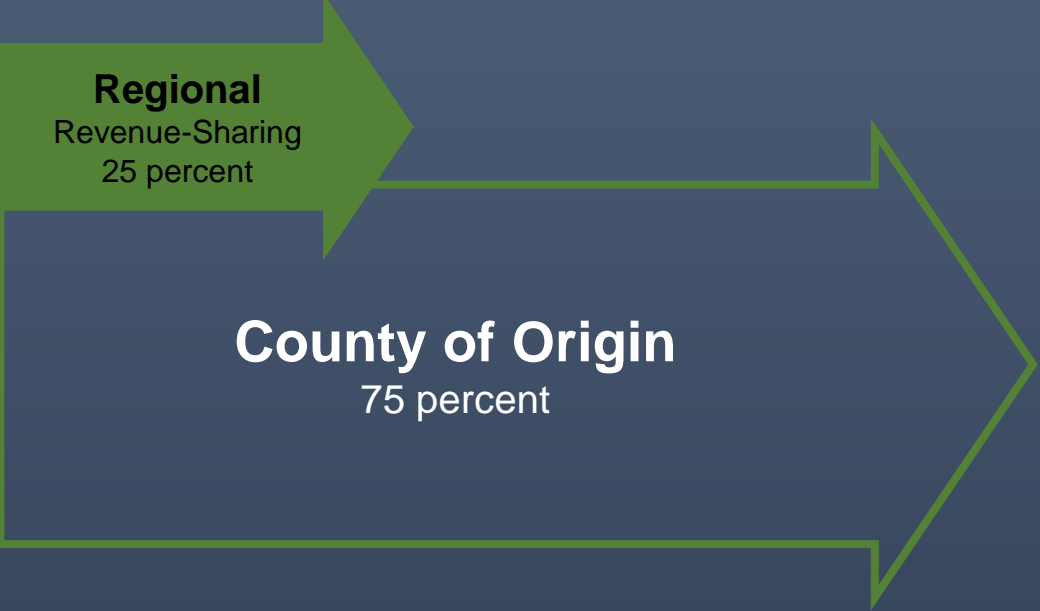
Grants and financing. Priority to projects in Transit-Priority Areas (TPAs) and High-Opportunity Areas (HOAs). Construction training programs. Land lease/acquisition/disposition program.

Distribution of New Sources of Funding to Implement the Compact

Return to Source Proposal

- 75 percent spent w/in county of origin
- 25 percent to regional program for revenue-sharing
- Subject to performance/policy outcomes

| | |
|---------------------------------|-----|
| Local Jurisdiction Incentives | 10% |
| Tenant Protection Services | 10% |
| Affordable Housing Preservation | 20% |
| Affordable Housing Production | 60% |



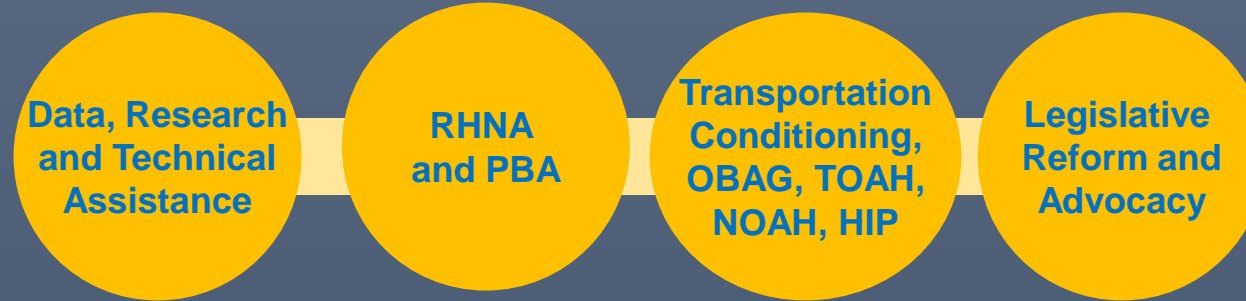
ELEMENT #10: REGIONAL HOUSING ENTERPRISE

- Establish a regional leadership entity to fund affordable housing and all elements of the CASA Compact, track and report progress, and provide incentives and technical assistance to local government.
- It would not have direct land use/zoning authority or play a regulatory/enforcement role.

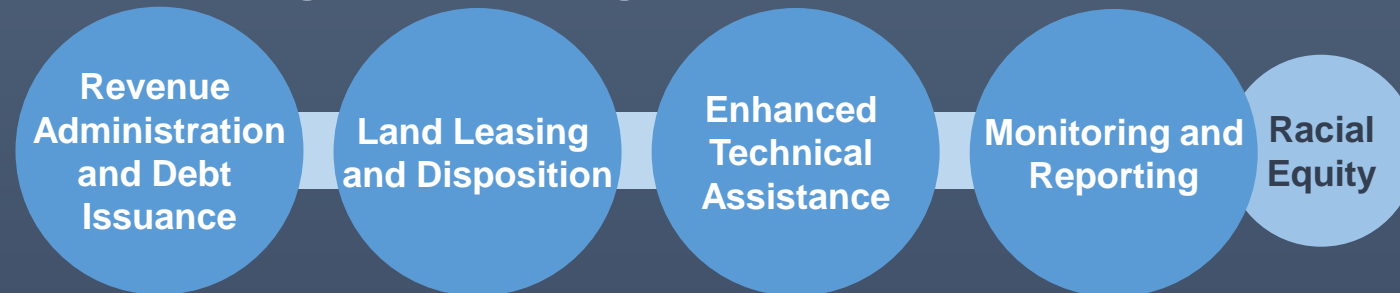


Regional Housing Enterprise

MTC/ABAG Current Roles and Responsibilities



Regional Housing Enterprise Roles



Regional Housing Enterprise Governance

- **Independent board** w/ representation from MTC, ABAG and key stakeholders
- Supported by **MTC/ABAG consolidated staff** (with additions in specialized areas such as debt issuance, land leasing, etc.)

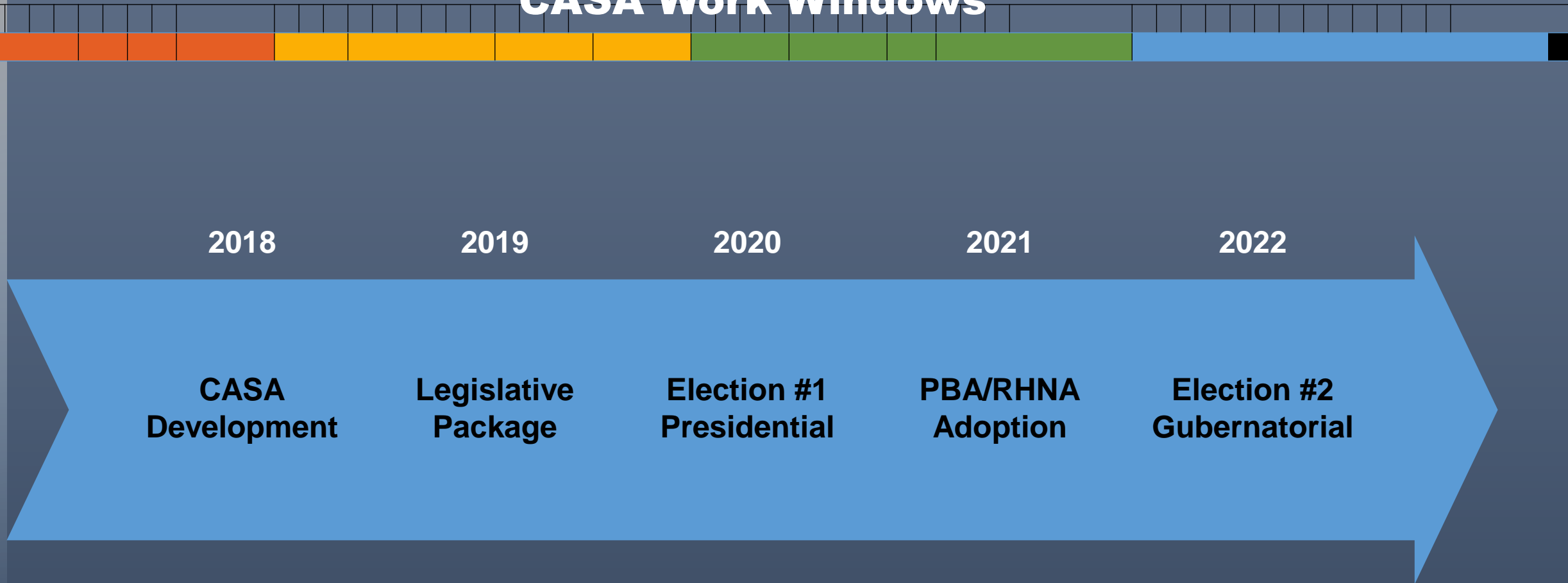


CALLS TO ACTION

- Redevelopment 2.0
- Lower Vote Threshold for Housing Funding Measures to 55%
- Address Fiscalization of Land Use (e-commerce and property tax allocation reforms)
- Homelessness
- Grow and Stabilize the Construction Labor Force



CASA Work Windows



QUESTIONS/DISCUSSION

- What does the Compact get right?
- Are there concepts critical to solving the housing crisis that are missing?
- What revenue options do you prefer?
- What concerns do you have?

