



# Overview of the CASA Compact

**CASA**

February 2019

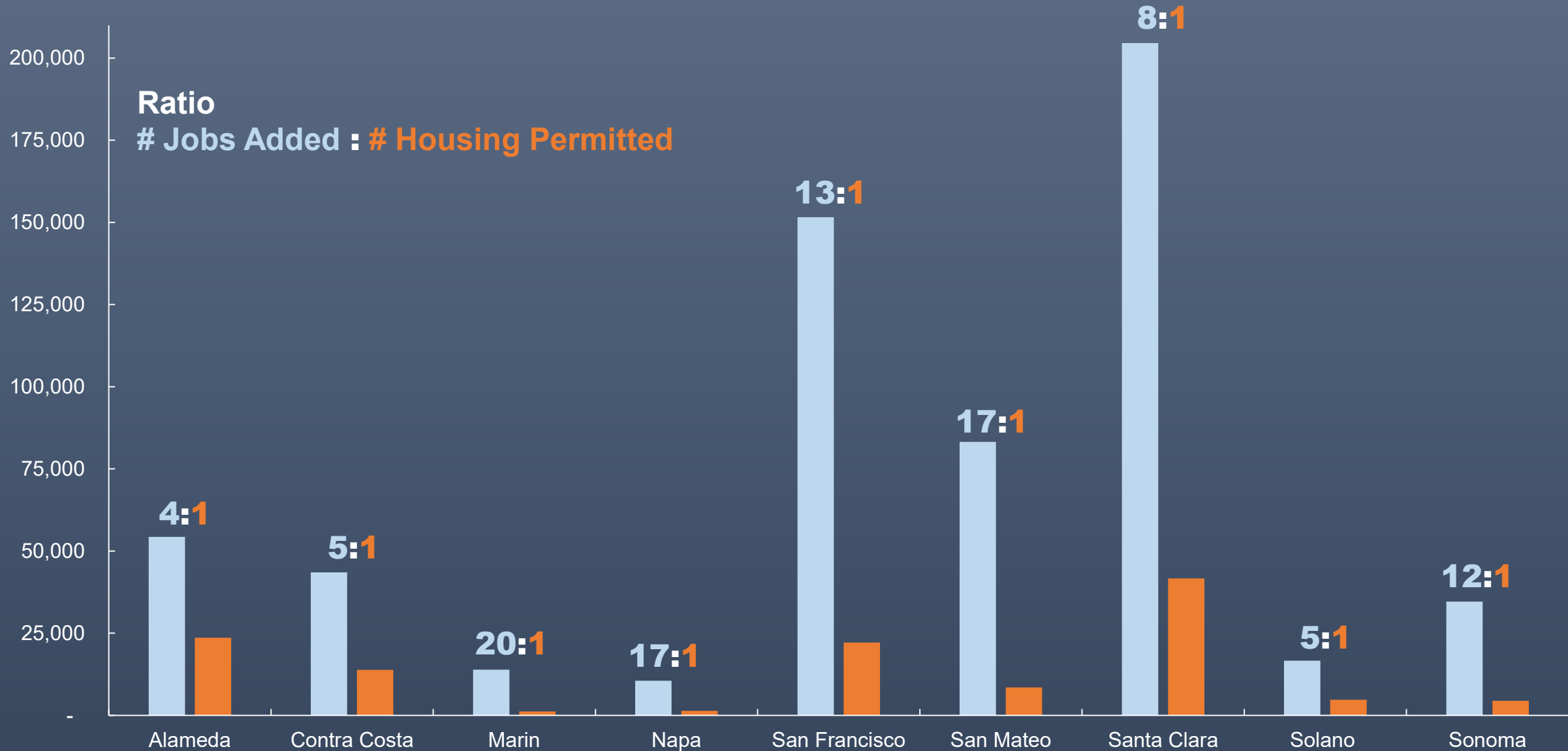
# WHAT IS CASA?



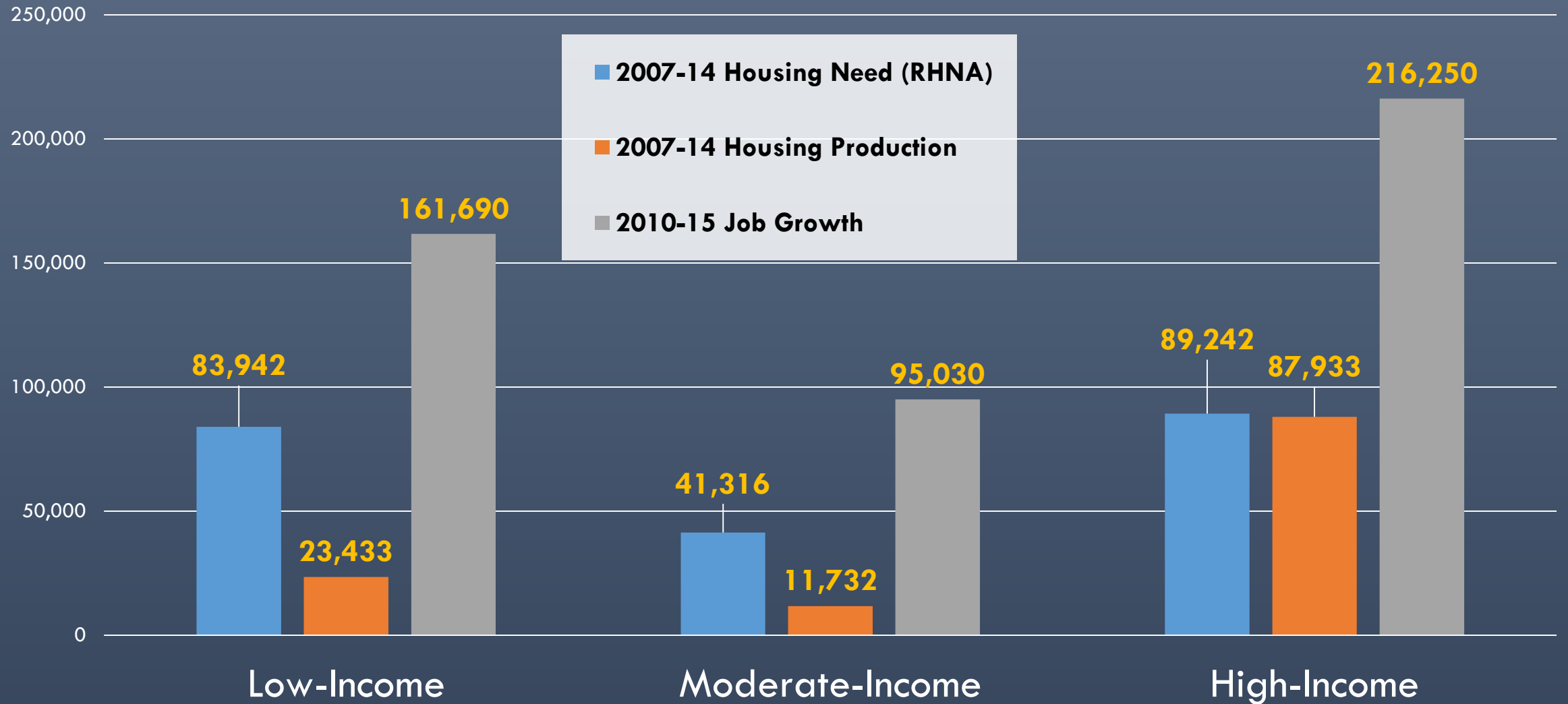
COMMITTEE TO HOUSE  
THE BAY AREA

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



# The Region Has Not Built Enough Housing to Meet Demand



# CASA PREAMBLE – 3 P'S

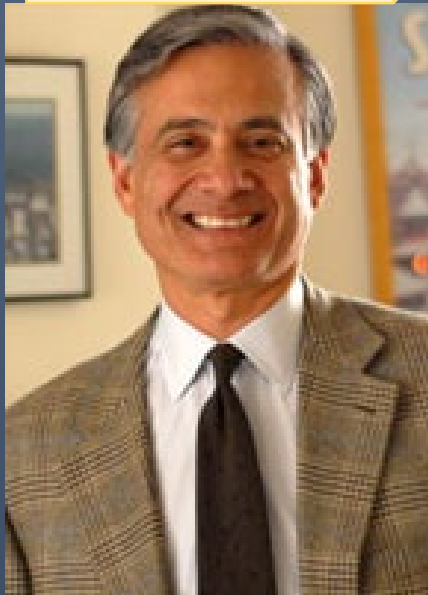
The Bay Area faces a housing crisis because we have failed at three tasks:

- 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

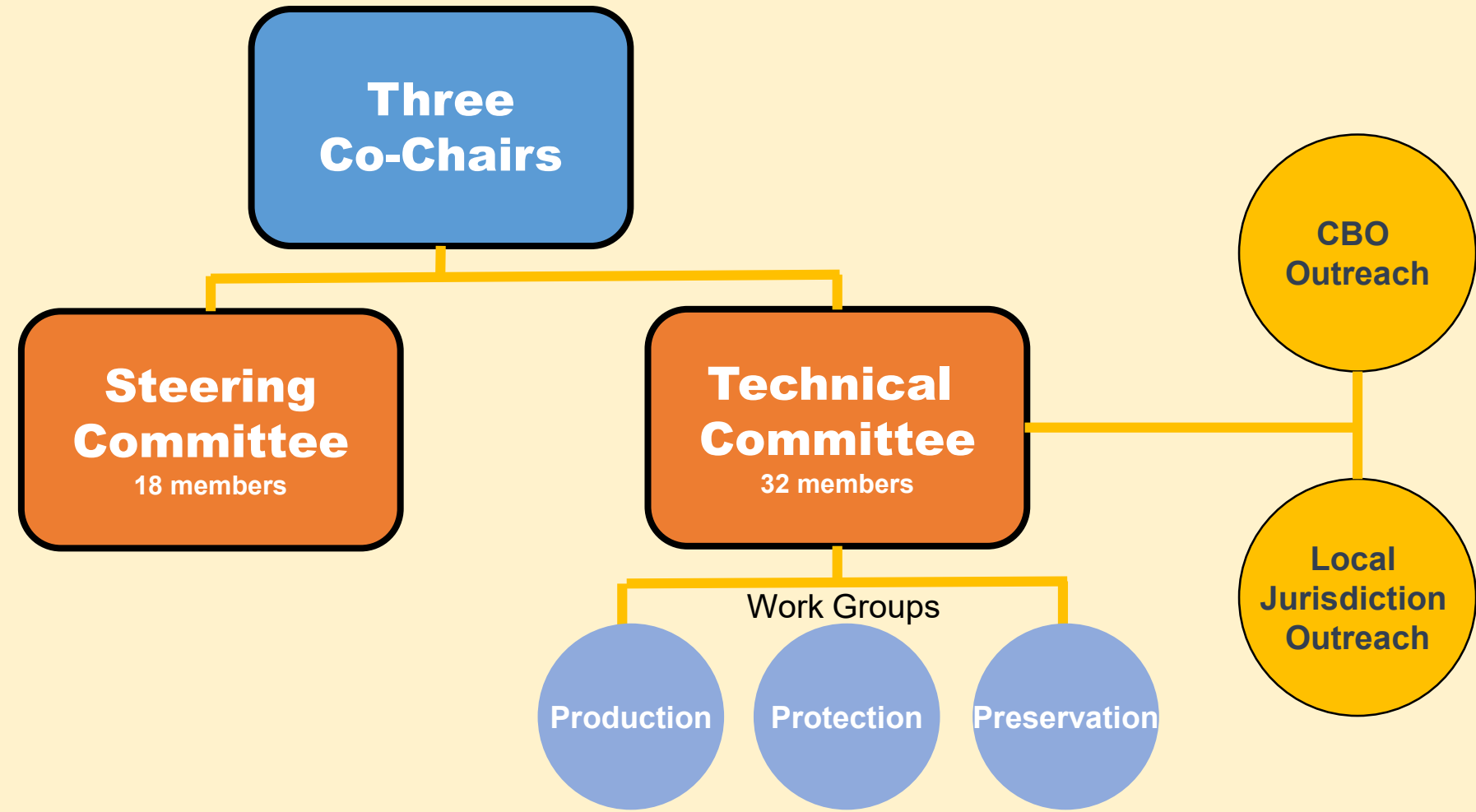
*Regional  
Government*



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



# 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.

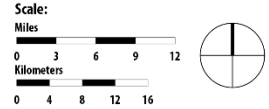


## Transit Access Areas

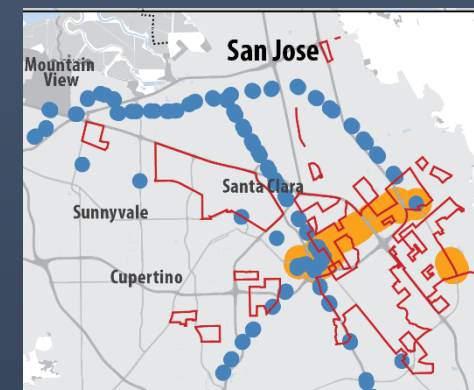
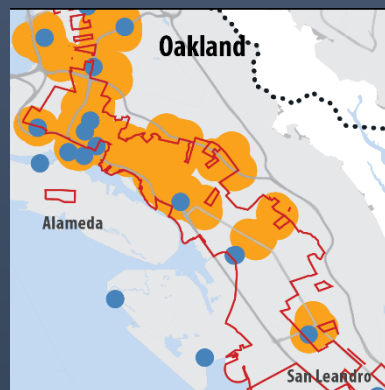
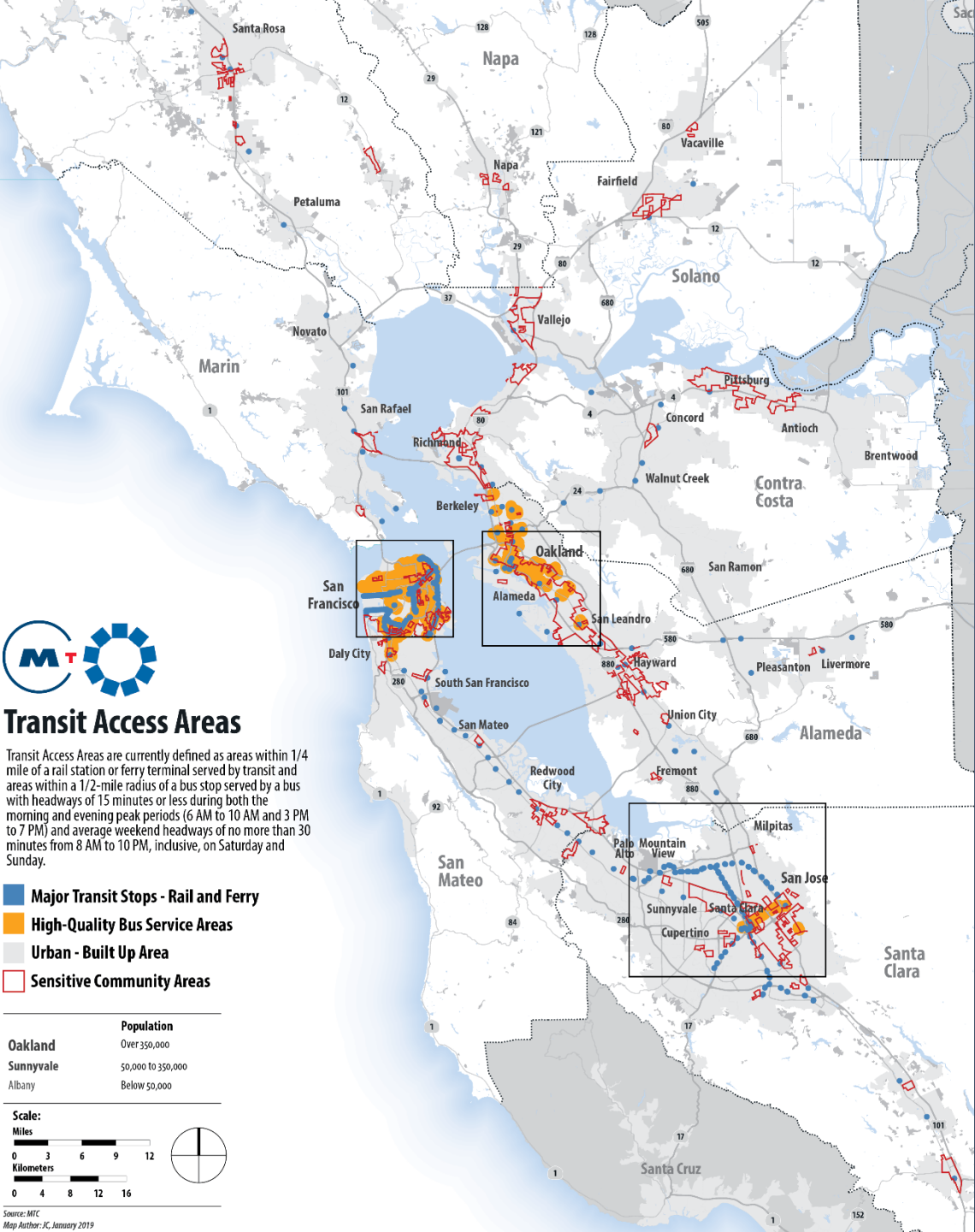
Transit Access Areas are currently defined as areas within 1/4 mile of a rail station or ferry terminal served by transit and areas within a 1/2-mile radius of a bus stop served by a bus with headways of 15 minutes or less during both the morning and evening peak periods (6 AM to 10 AM and 3 PM to 7 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: JC, January 2019



ASSOCIATION OF BAY AREA GOVERNMENTS  
METROPOLITAN TRANSPORTATION COMMISSION

# 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**



# 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.

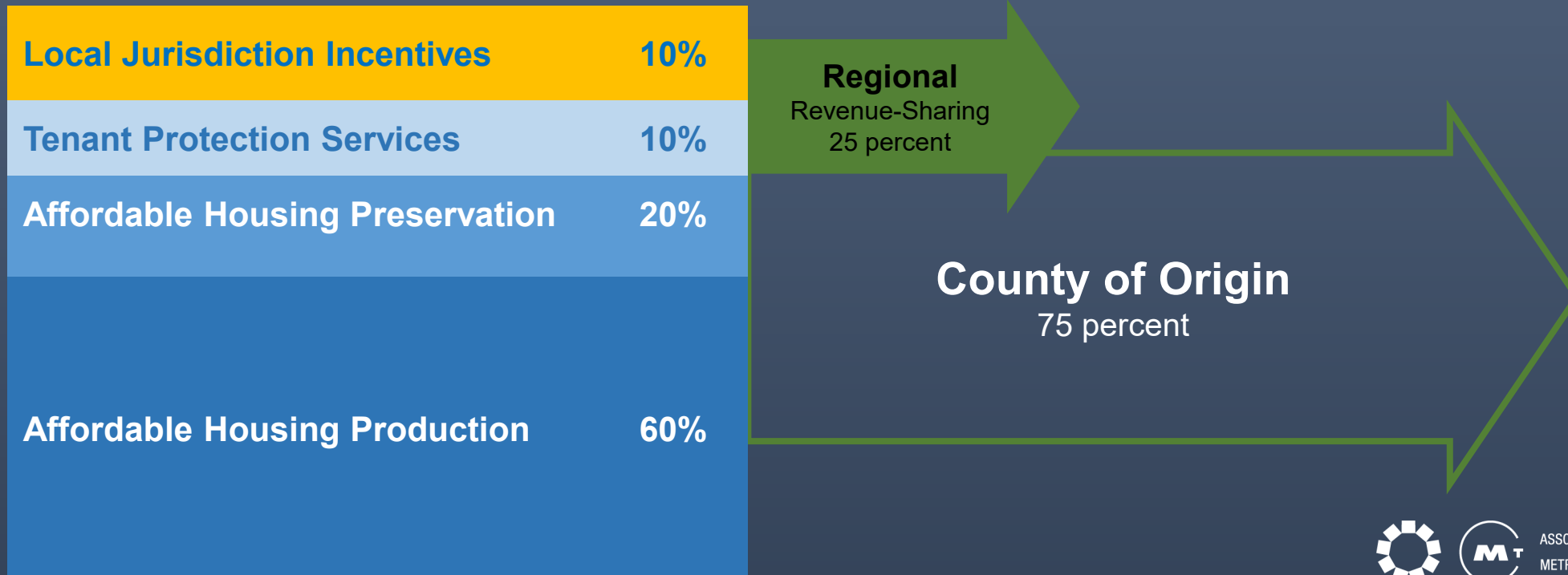
### **Affordable Housing Production** min. 60 percent

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**



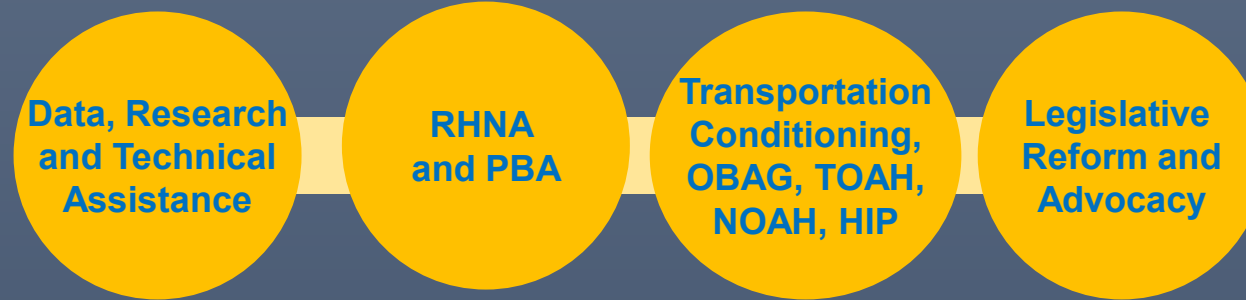
# ELEMENT #10: REGIONAL HOUSING ENTERPRISE

- 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.

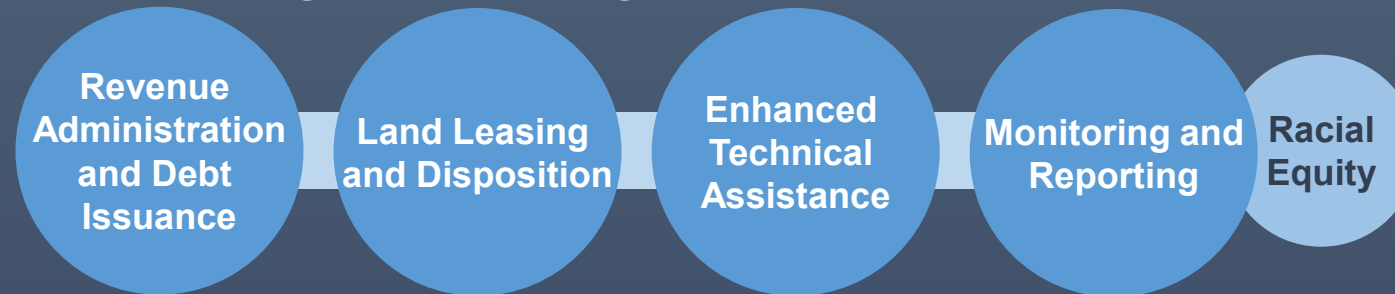


# Regional Housing Enterprise

## 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.)



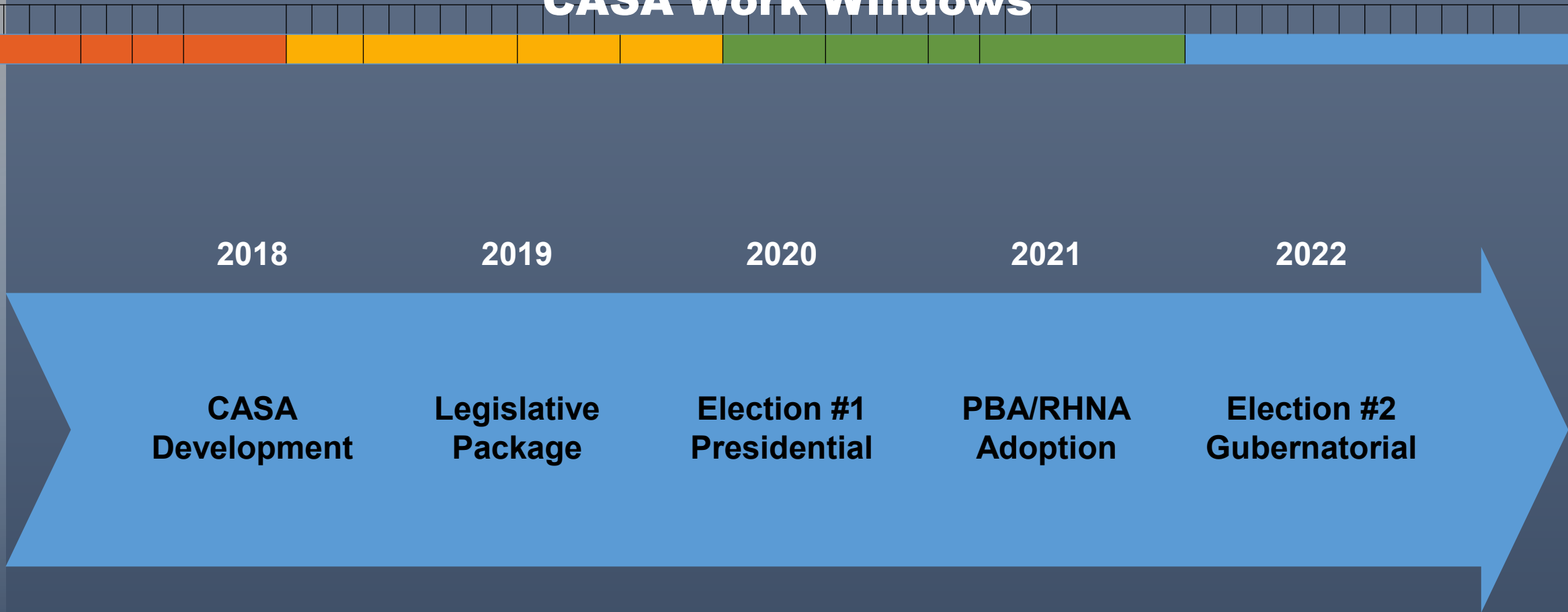


# CALLS TO ACTION

- 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?

