Overview of the CASA Compact

February 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

Ratio
# Jobs Added : # Housing Permitted

- Alameda: 4:1
- Contra Costa: 5:1
- Marin: 20:1
- Napa: 17:1
- San Francisco: 13:1
- San Mateo: 17:1
- Santa Clara: 8:1
- Solano: 5:1
- Sonoma: 12:1
The Region Has Not Built Enough Housing to Meet Demand

- **Low-Income**
  - 2007-14 Housing Need (RHNA): 83,942
  - 2007-14 Housing Production: 23,433
  - 2010-15 Job Growth: 161,690

- **Moderate-Income**
  - 2007-14 Housing Need (RHNA): 41,316
  - 2007-14 Housing Production: 11,732
  - 2010-15 Job Growth: 95,030

- **High-Income**
  - 2007-14 Housing Need (RHNA): 89,242
  - 2007-14 Housing Production: 87,933
  - 2010-15 Job Growth: 216,250
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

Three Co-Chairs

Steering Committee
18 members

Technical Committee
32 members

Work Groups
Production Protection Preservation

CBO Outreach
Local Jurisdiction Outreach
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 \( \frac{1}{2} \) mile of stop, allow up to 36 ft.
  
  - **Major transit stop** (rail and ferry stations) – within \( \frac{1}{4} \) 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.
• Upzoning in Sensitive Community Areas (outlined in red) within ¼-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.
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 to residential applications, including how an application is deemed complete.
  - Rules, fees and historic designation are set at the date of 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 >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.
ELEMEN T #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

**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

**Protection – Access to Legal Counsel, Emergency Rental Assistance**
- Avg. number of households protected/year: 24,000
- Annual Funding Gap for Protection: $50 million
### Menu of Funding Sources to Implement the Compact

#### Potential New Sources of Revenue

**Target: $1.5 billion per year**

<table>
<thead>
<tr>
<th><strong>Property Owners</strong></th>
<th><strong>Developers</strong></th>
<th><strong>Employers</strong></th>
<th><strong>Local Governments</strong></th>
<th><strong>Taxpayers</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>$100 million</td>
<td>$200 million</td>
<td>$200 million</td>
<td>$200 million</td>
<td>$400 million</td>
</tr>
<tr>
<td>1 percent</td>
<td>0.1%-0.75%</td>
<td>25 percent</td>
<td>25 percent</td>
<td>1/4-cent</td>
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<tr>
<td>Vacant Homes Tax</td>
<td>Gross Receipts Tax</td>
<td>Redevelopment Revenue Set-Aside</td>
<td>Regionwide Sales Tax</td>
<td></td>
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<tr>
<td>on the assessed value of vacant home</td>
<td>variable rates based on sector and firm size</td>
<td>for affordable housing in TPAs (including portion for schools and special districts)</td>
<td></td>
<td></td>
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<td>$100 million</td>
<td>$200 million</td>
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<td>$100 million</td>
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<tr>
<td>$48 per year</td>
<td>$40-120 per job</td>
<td>$40-120 per job</td>
<td>20 percent</td>
<td>5-Yr. Term General Obligation Bonds</td>
</tr>
<tr>
<td>Regionwide Parcel Tax</td>
<td>Head Tax</td>
<td>Head Tax</td>
<td>Revenue Sharing Contribution</td>
<td>issued by a regional housing enterprise, renewed every five years</td>
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**Philanthropy**

- Chan-Zuckerberg-SF Foundation Initiative
- Policy and Infrastructure Funds
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<th><strong>Local Jurisdiction Incentives</strong></th>
<th>up to 10 percent</th>
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<td>Partial payments to local jurisdictions to make up for lost revenue due to proposed cap on impact fees. Other incentives.</td>
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<th><strong>Tenant Protection Services</strong></th>
<th>up to 10 percent</th>
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<td>Administered by a non-profit entity. Short-term rental assistance and access to legal counsel for low- and moderate-income households.</td>
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<th><strong>Affordable Housing Preservation</strong></th>
<th>up to 20 percent</th>
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<td>Grants and financing for acquisition and rehab and “expiring” units. Priority to projects in low-income neighborhoods facing displacement.</td>
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<th><strong>Affordable Housing Production</strong></th>
<th>min. 60 percent</th>
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<td>Grants and financing. Priority to projects in Transit-Priority Areas (TPAs) and High-Opportunity Areas (HOAs). Construction training programs. Land lease/acquisition/disposition program.</td>
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Distribution of New Sources of Funding to Implement the Compact

Return to Source Proposal

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

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Regional Revenue-Sharing 25 percent

County of Origin 75 percent
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

- **Data, Research and Technical Assistance**
- **RHNA and PBA**
- **Transportation Conditioning, OBAG, TOAH, NOAH, HIP**
- **Legislative Reform and Advocacy**

Regional Housing Enterprise Roles

- **Revenue Administration and Debt Issuance**
- **Land Leasing and Disposition**
- **Enhanced Technical Assistance**
- **Monitoring and Reporting**
- **Racial Equity**

Regional HousingEnterprise Governance

- **Independent board** with 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

2018
CASA Development

2019
Legislative Package

2020
Election #1 Presidential

2021
PBA/RHNA Adoption

2022
Election #2 Gubernatorial
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?