



# Overview of the CASA Compact

CASA

February 2019



# WHAT IS CASA?



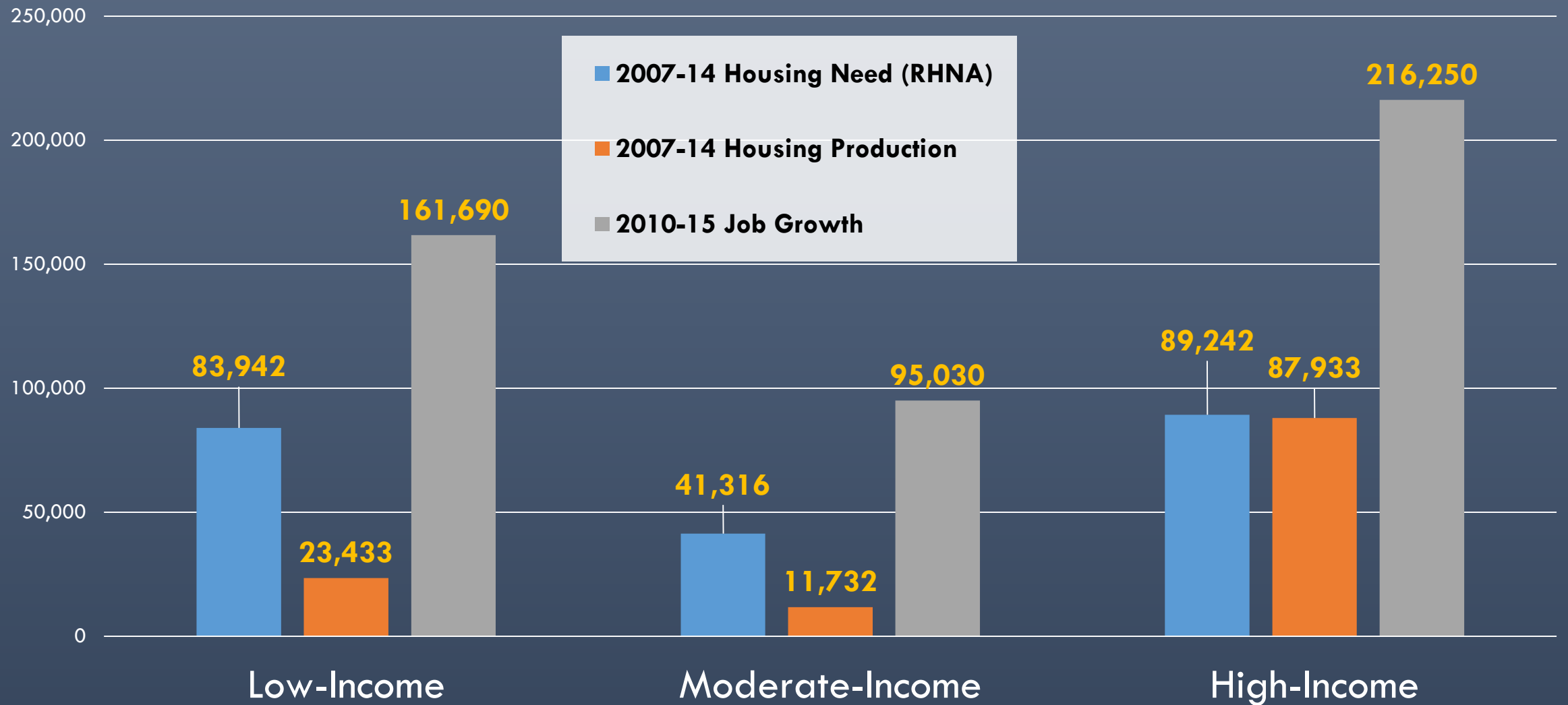
COMMITTEE TO HOUSE  
THE BAY AREA

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

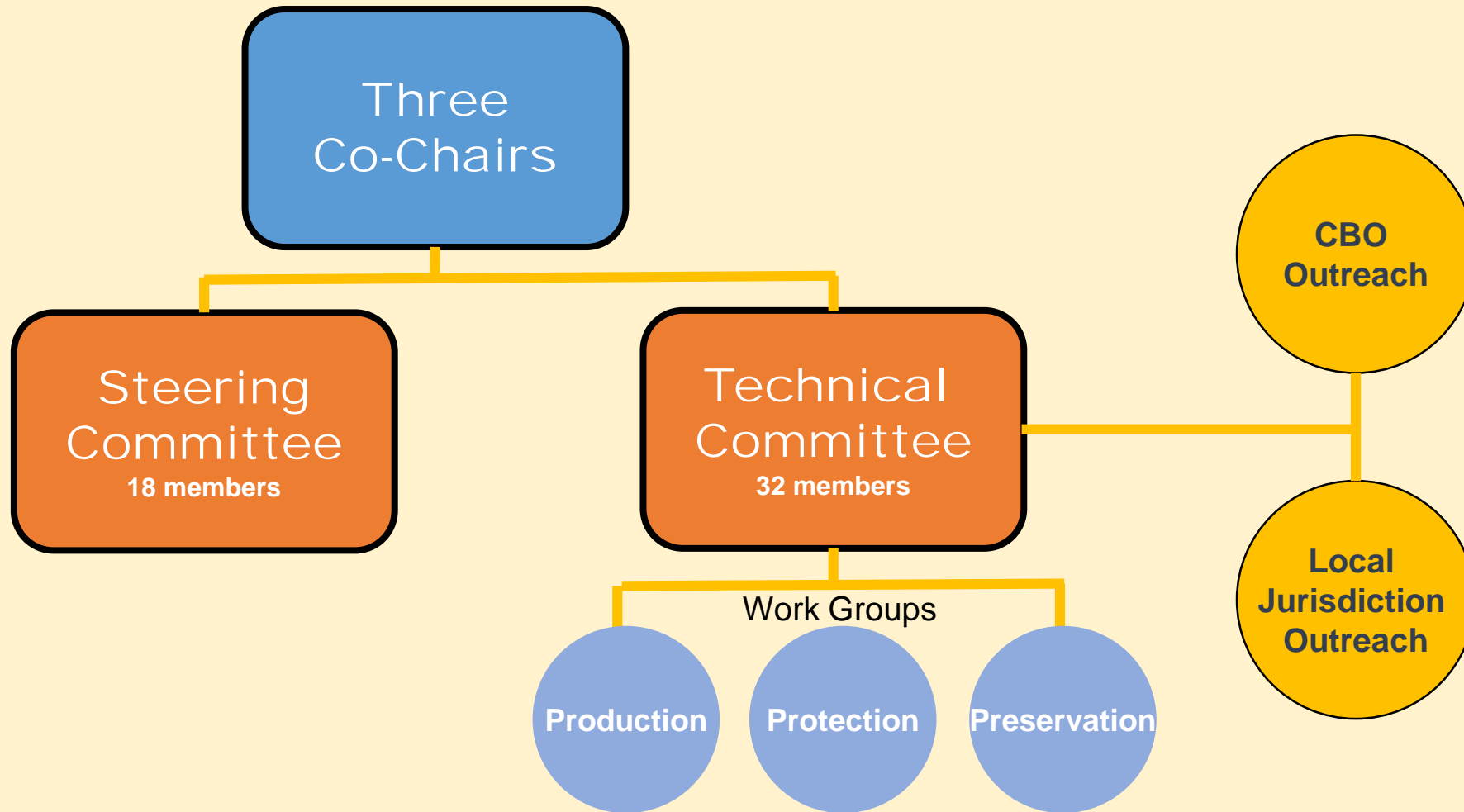
*Regional  
Government*



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.

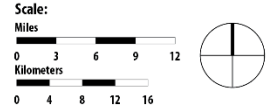


## Transit Access Areas

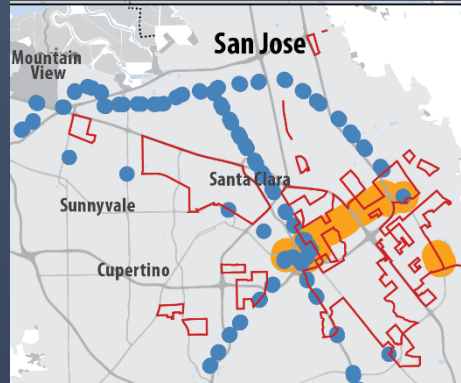
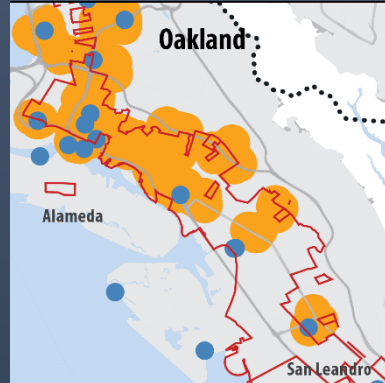
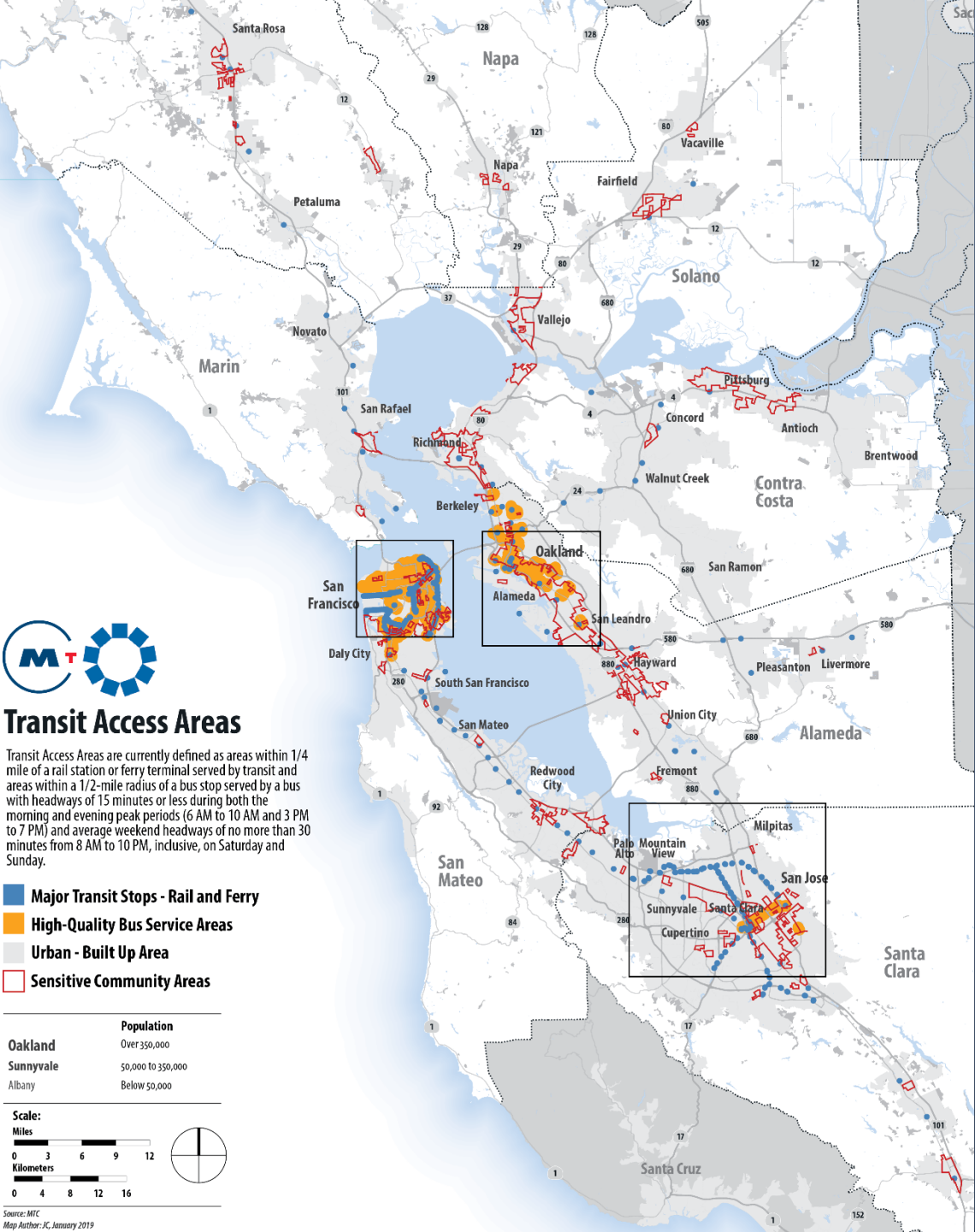
Transit Access Areas are currently defined as areas within 1/4 mile of a rail station or ferry terminal served by transit and areas within a 1/2-mile radius of a bus stop served by a bus with headways of 15 minutes or less during both the morning and evening peak periods (6 AM to 10 AM and 3 PM to 7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

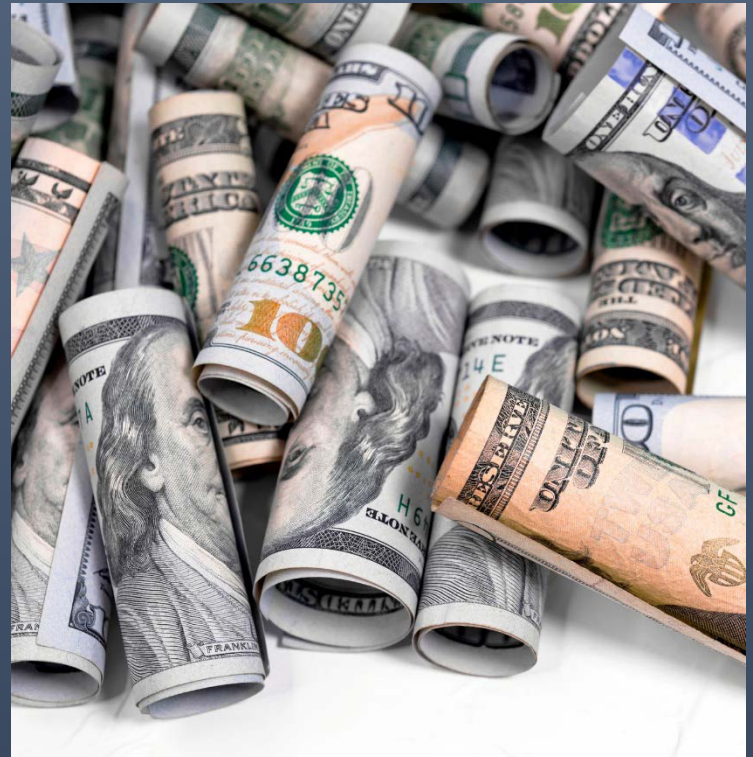
- Promote increased utilization of public land for affordable housing through variety of legislative and regulatory changes, as well as the creation of new regional coordination and planning functions.





# 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.

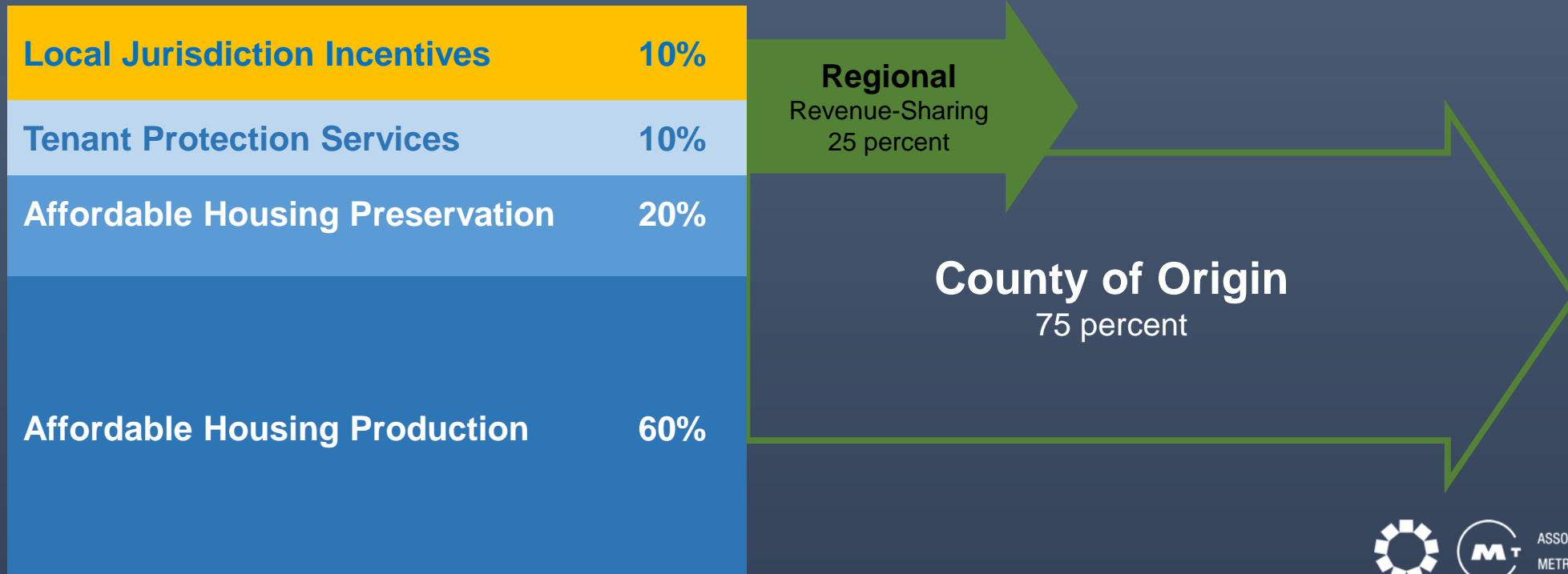
Affordable Housing Preservation up to 20 percent  
Grants and financing for acquisition and rehab and “expiring” units. Priority to projects in low-income neighborhoods facing displacement.

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

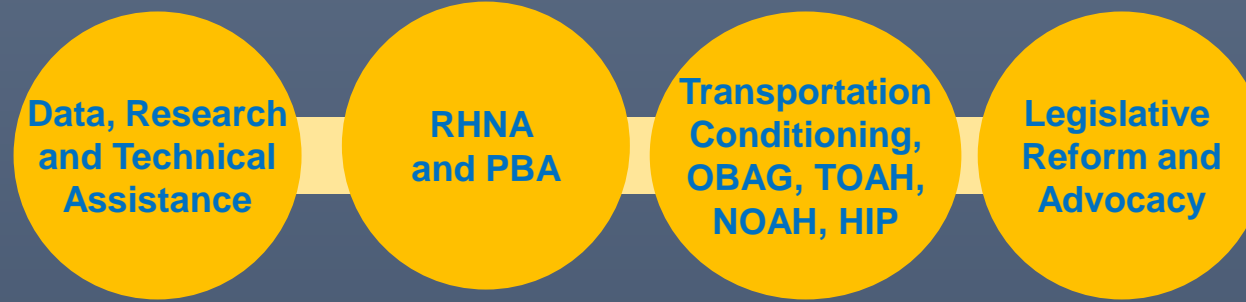
- Establish a regional leadership entity to fund affordable housing and all elements of the CASA Compact, track and report progress, and provide incentives and technical assistance to local government.
- It would not have direct land use/zoning authority or play a regulatory/enforcement role.



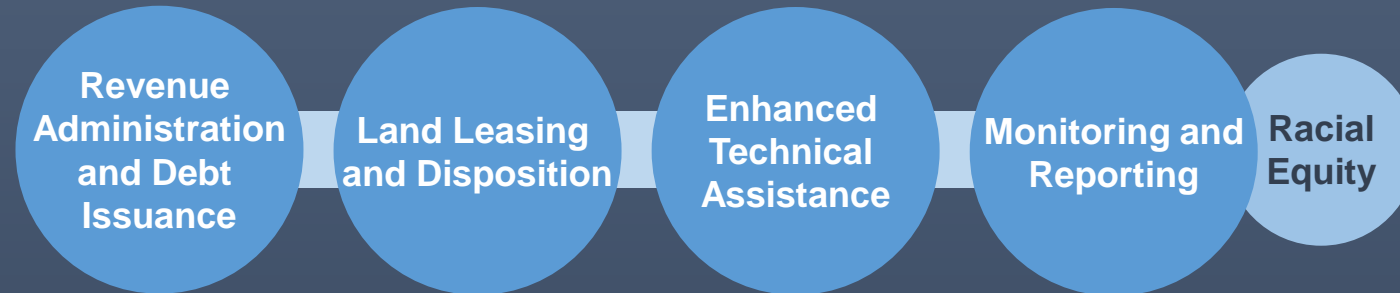


# Regional Housing Enterprise

## 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.)

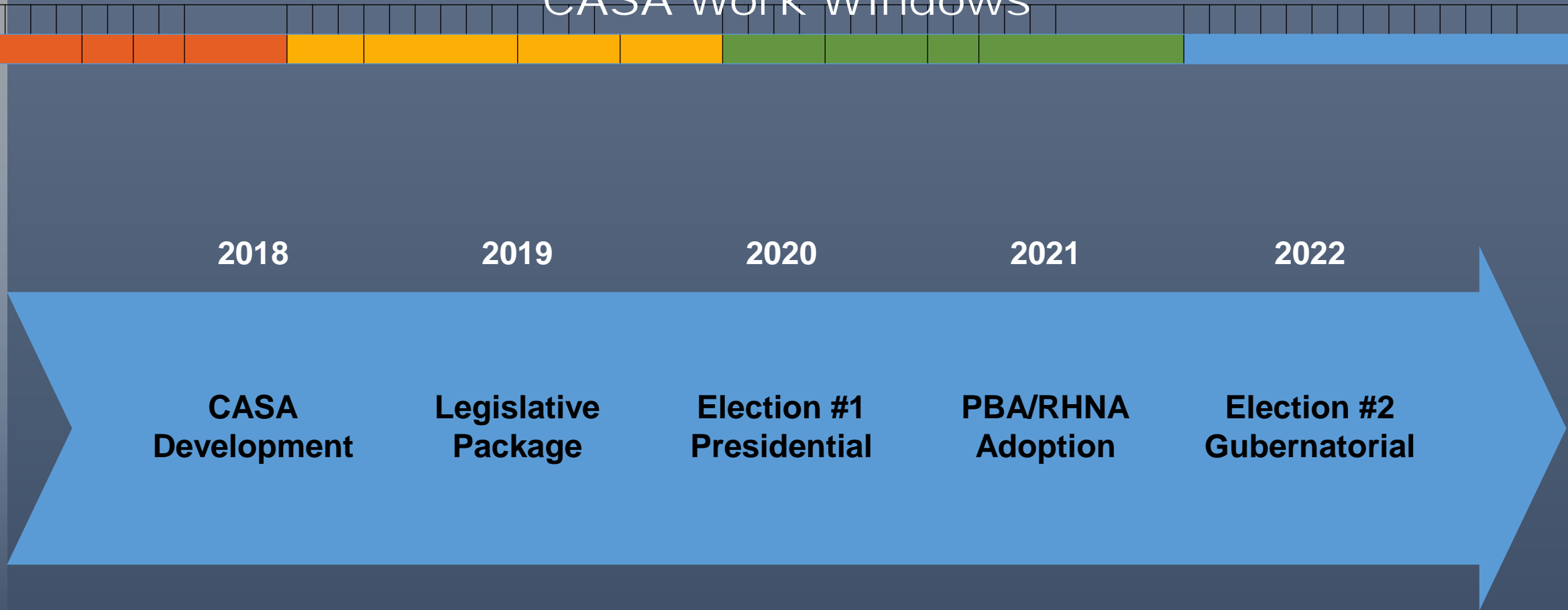


# CALLS TO ACTION

- 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?

