

# Update on Efforts to Tackle the Housing Crisis

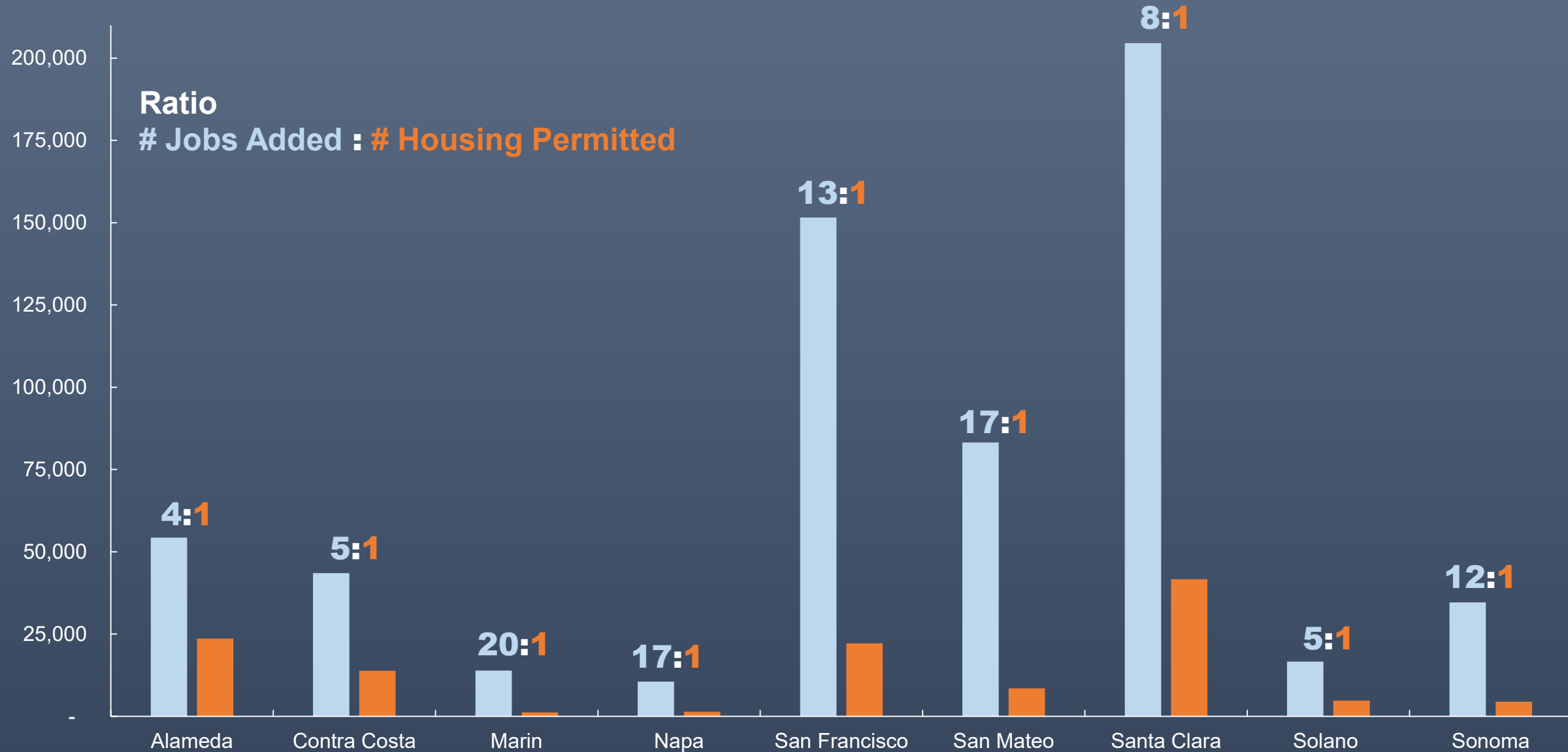
March 2019



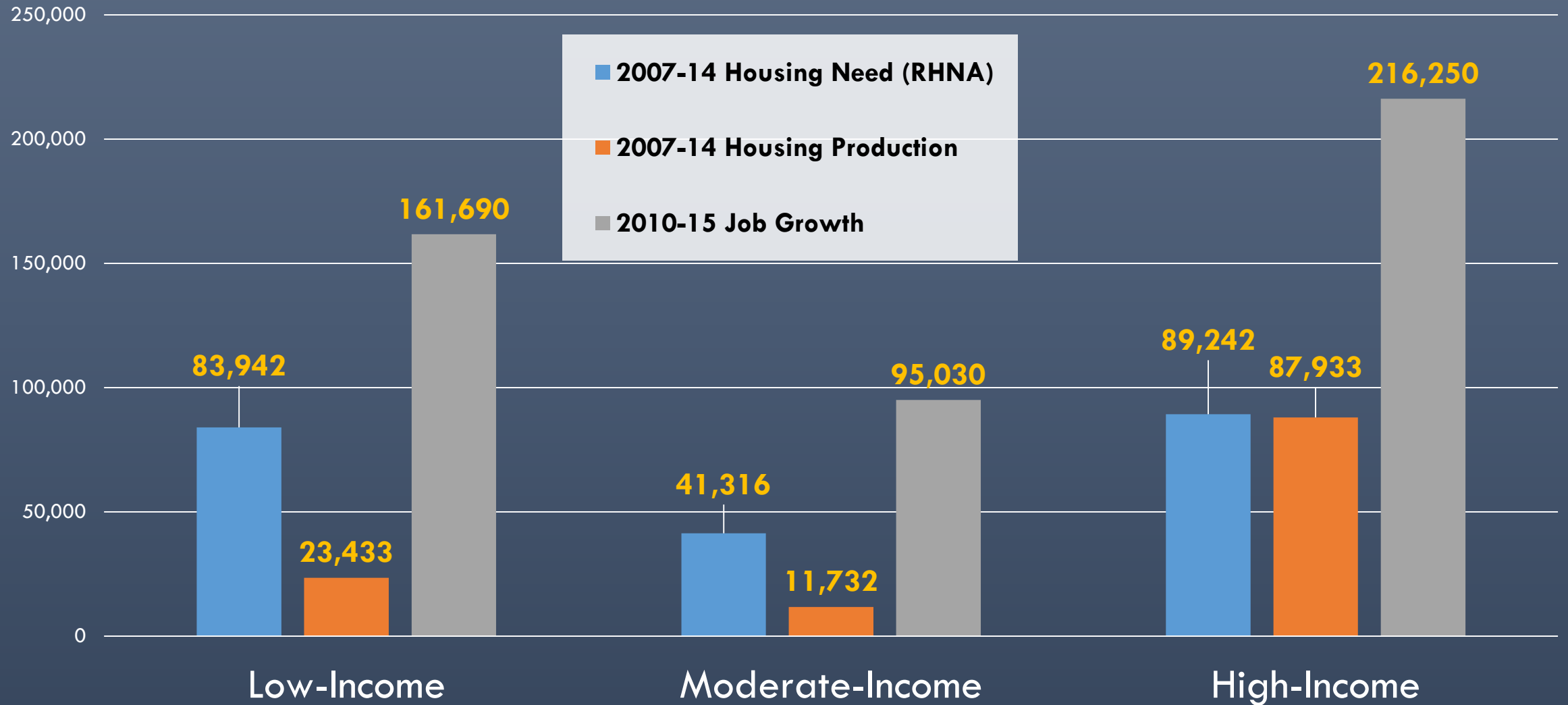
ASSOCIATION OF BAY AREA GOVERNMENTS  
METROPOLITAN TRANSPORTATION COMMISSION



# Job Growth Far Surpassed New Housing Between 2010 to 2016



# The Region Has Not Built Enough Housing to Meet Demand



# WHAT IS CASA?



**CASA was 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.**

# 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





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

December 2018



## Adopted by CASA Steering Committee in December 2019

- 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

For details visit

<https://mtc.ca.gov/casa>



# 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.
- Most municipalities with rent control set it at regional CPI or at most, 5%.





## ELEMENT #3: RENT ASSISTANCE AND ACCESS TO LEGAL COUNSEL

- For tenants facing eviction: access to free legal counsel
- For low-income tenants, access to emergency rent assistance for tenants with an urgent, temporary financial gap
- Funding would supplement existing local programs and program would be supported by a regional housing funding measure



# 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 to 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.
- Retain local development standards such as setbacks, unit sizes and lot coverage if feasible with height allowances above.
- For “sensitive communities,” defer upzoning until jurisdiction develops community plan.



# TRANSIT ACCESS AREAS

- Upzoning in Sensitive Community Areas 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**

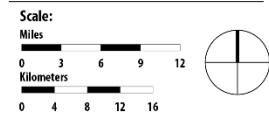


## Transit Access Areas

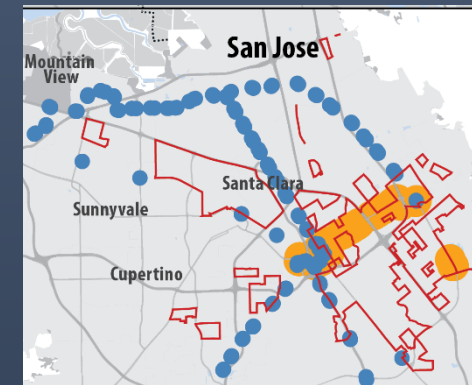
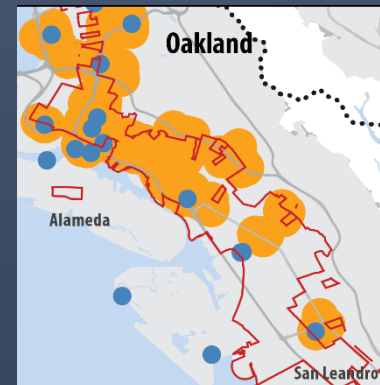
Transit Access Areas are currently defined as areas within 1/4 mile of a rail station or ferry terminal served by transit and areas within a 1/2-mile radius of a bus stop served by a bus with headways of 15 minutes or less during both the morning and evening peak periods (6 AM to 10 AM and 3 PM to 7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



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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
  - Standards for impact fees
  - Rules, fees and historic designation are set at the date of a an application's completeness.
  - Standards for downzoning and moratoria



# 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.
- For zoning-compliant residential projects, CEQA exemption and no more than three de novo public hearings should be required.
- Incentives offered to offset higher costs to developer





# 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.





# 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

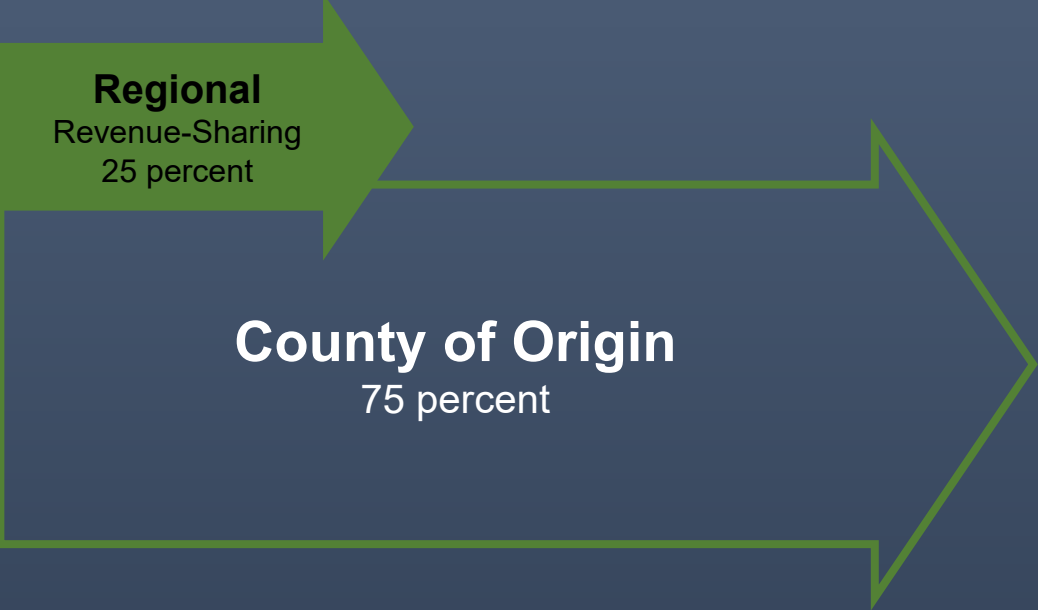
Grants and financing. Priority to projects in Transit-Priority Areas (TPAs) and High-Opportunity Areas (HOAs). Construction training programs. Land lease/acquisition/disposition program.

# 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.



# CASA IS COMPLETE.

## WHAT ARE WE DOING NOW?

- We are forming a Housing Legislation Working Group comprised of two city representatives from each of the nine counties, plus one county to provide input on housing legislation that can inform ABAG/MTC advocacy efforts.
- We will be analyzing bills and bringing forward recommendations to ABAG/MTC over the next few months based on input from Task Force and other stakeholders.



# 2019 LEGISLATIVE UPDATE

- Housing is Issue #1 this year, led by Governor Newsom who has proposed \$750 million in funding for local and regional agencies to plan for housing and pay for infrastructure.
- There are currently over 200 housing bills that have been introduced that address a wide range of issues, spanning across the 3Ps.
- Many, but not all, are authored by Bay Area legislators.
- Most are statewide in scope and do not have a sunset date.





# SHORT LIST OF 2019 HOUSING BILLS

## Protection

AB 36 (Bloom)	Loosens Costa-Hawkins to allow rent control for single family & newer multi-family
AB 1481 (Bonta) – spot bill	Just cause eviction
AB 1482 (Chiu) – spot bill	Anti-rent gouging
SB 18 (Skinner)	Tenant access to counsel and emergency rent assistance

## Production

AB 68, AB 69 (Ting)	Accessory Dwelling Units – streamlining and small home building code
AB 1483, AB 1484 (Grayson)	Transparency on fees/restrictions on changing fees
AB 1486 (Ting),	Surplus land for housing
SB 4 (McGuire)	CEQA exemption for transit-oriented projects; modest upzoning near transit
SB 13 (Wieckowski)	ADUs. Prohibits occupancy requirement of primary residence and replacement parking requirements for conversion of garage or carport to ADU. Limits ADU fees.
SB 50 (Wiener)	Upzoning near transit stations, high-quality bus, and job-rich areas
SB 330 (Skinner)	Declares housing emergency to 2030; prohibits downzoning in some areas
Sb 621 (Glazer)	CEQA Streamlining for Affordable Housing Projects

# 2019 HOUSING BILLS, CONTINUED

Preservation/Funding	
ACA 1 (Aguiar-Curry)	Lowers vote threshold for local housing measures to 55%
AB 11 (Chiu)	Redevelopment 2.0
AB 1487 (Chiu)	Housing Alliance for Bay Area – regional housing entity + funding measures
SB 5 (Beall)	Allows ERAF funds to be invested in affordable housing & infrastructure
SB 128 (Beall)	Allows issuance of TIF bonds without voter approval
Governor's Trailer Bill	\$750 million in one-time funding; \$250 million for planning; \$500 incentive funding
AB 1568 (McCarty)	Withholding of transportation funds for housing production



# ACCESSORY DWELLING UNIT (ADU) REFORMS

## AB 68 (Ting)

- Requires an ADU of at least 800 square feet and 16 feet in height to be allowed in all jurisdictions.
- Reduces allowable time to issue a permit from 120 days to 60 days.
- Provide that if a local agency has not adopted an ordinance consistent with its provisions, local agency must approve permits for a “junior ADU” ministerially

## AB 69 (Ting)

- Requires Small Home Building Standards to be established for ADUs and homes smaller than 800 square feet.
- Authorizes HCD to notify the Attorney General if a local ADU ordinance violates state law.
- Authorizes a local agency to amend its ordinance to comply with state law or adopt findings for why it does not violate it.



# SB 50 (WIENER): UPZONING NEAR TRANSIT AND JOB-RICH AREAS

- On any parcel approved for housing use in transit-rich or jobs-rich areas, grant incentives that allow:
  - Up to 3 incentives under the state density bonus law (e.g. allow mixed-use, waiver from development standards such as setbacks)
  - A waiver from density controls and parking minimums over 0.5 (parcels near a major transit stop have all minimums waived)
  - Up to at least 45 feet tall and 2.5 FAR if the parcel is within 1/2-mile radius but outside a 1/4-mile of a major transit stop
  - Up to at least 55 feet tall and 3.25 FAR if the parcel is within 1/4-mile radius of a major transit stop



# SB 50: WHAT IS A JOBS-RICH AREA?

## March 11<sup>th</sup> version of the bill:

- “Job-rich areas” shall be identified by HCD and OPR as “high opportunity and jobs rich” based on whether:
  - 1) Associated with positive educational and economic outcomes for households of all income levels living in the tract;
  - 2) New housing would enable residents to live in or near a job-rich area or would reduce commute distances compared to existing levels.
- HCD to develop and update map of jobs-rich areas every five years.



# SB 50 AFFORDABILITY REQUIREMENTS

- Applicable only to projects with more than 10 units
- All projects would be allowed to pay in-lieu fees;
- Projects over 20 units could provide on-site inclusionary housing, at rates graduated to project size; and
- Affordable projects built using in-lieu fees would be located either:
  - Within 1/2-mile if land and funding available; or
  - Elsewhere within the jurisdiction to further fair housing.





# SB 50 ANTI-DISPLACEMENT PROTECTIONS

- Up-zoned parcels would be subject to demolition control if tenant-occupied in the last 7 years
- Up-zoning would be deferred in “Sensitive Communities” for 5 years while community develops a plan to encourage multifamily development at a range of income levels and protect residents from displacement
- Sensitive Communities are defined in the same manner as depicted in CASA Compact: Intersection of MTC’s Communities of Concern (PBA 2040) and BCDC’s *Adapting to Rising Tides* vulnerable communities.



# SB 4 (MCGUIRE): HOUSING STREAMLINING

- Establishes a “neighborhood multifamily project” as a two-unit project in a nonurban setting and a four-plex in an urban setting that meets basic zoning requirements on July 1, 2019.
- Defines an “eligible TOD project” as a project located within 1/2-mile of an **existing** or **planned** transit station that meets various height, parking, zoning and affordability requirements.
- Allows an eligible TOD project a height increase up to 15 feet above the existing highest allowable height for mixed use or residential use.
- Bars minimum parking requirement for TOD project in jurisdiction >100,000 within 1/4-mile from an existing or planned transit station.
- Minimum density of 30 units/acre in “metro areas” and 20 units per acre in suburban jurisdictions.



# SB 4 (MCGUIRE) – CONT'D

- Defines “eligible parcel” for an “eligible TOD project” to be a parcel in a city or county that has unmet regional housing needs and has produced fewer housing units than jobs.
- Requires parcel to be designated to allow residential use and an infill site
- Limits NMP projects to parcels on vacant land and subjects them to all zoning requirements such as height, setbacks and lot coverage, other than those in conflict with bill.
- Exempts qualifying projects from CEQA

