



Overview of the CASA Compact



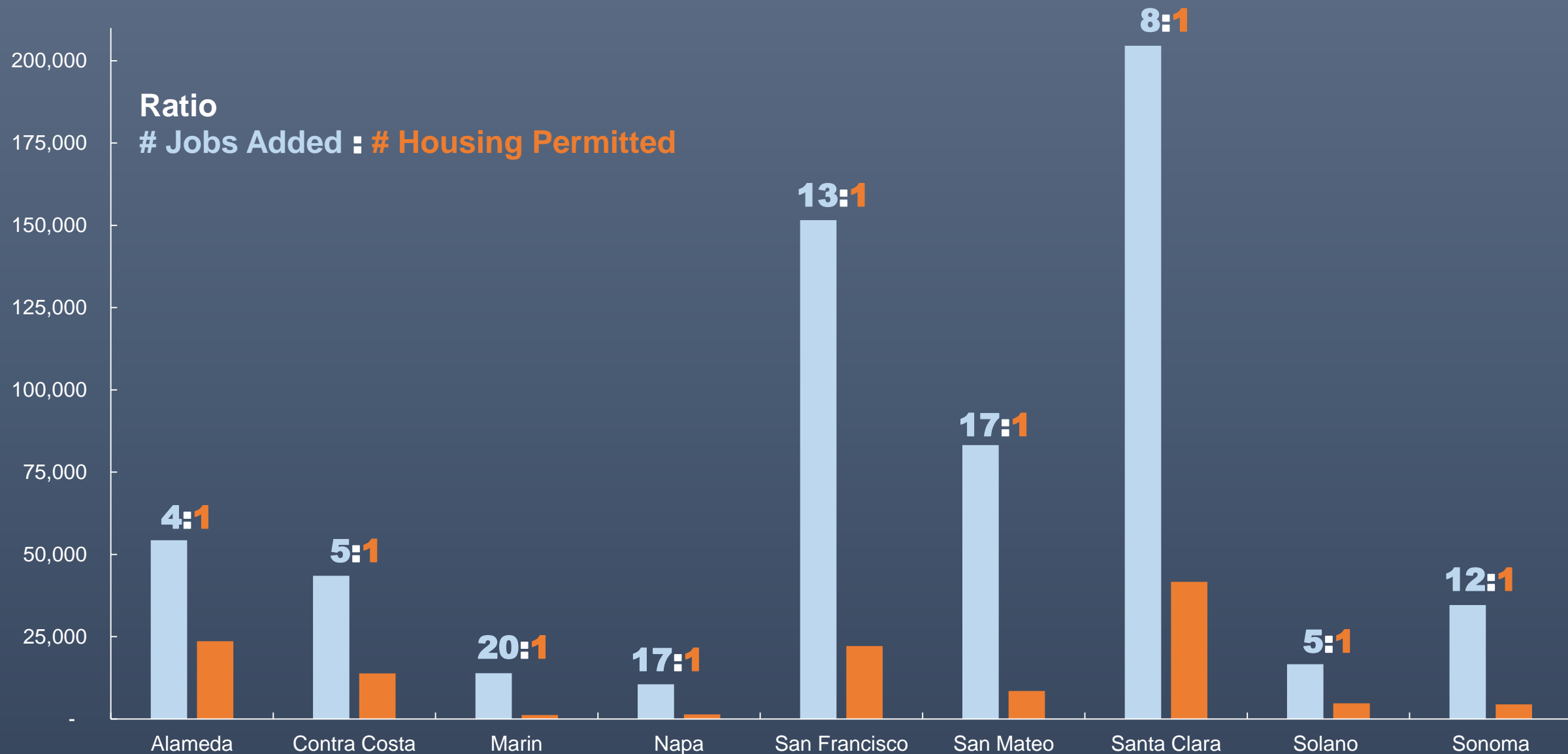
Alameda City Council
March 19, 2019

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 Three P's

Why Bay Area faces housing crisis:

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



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

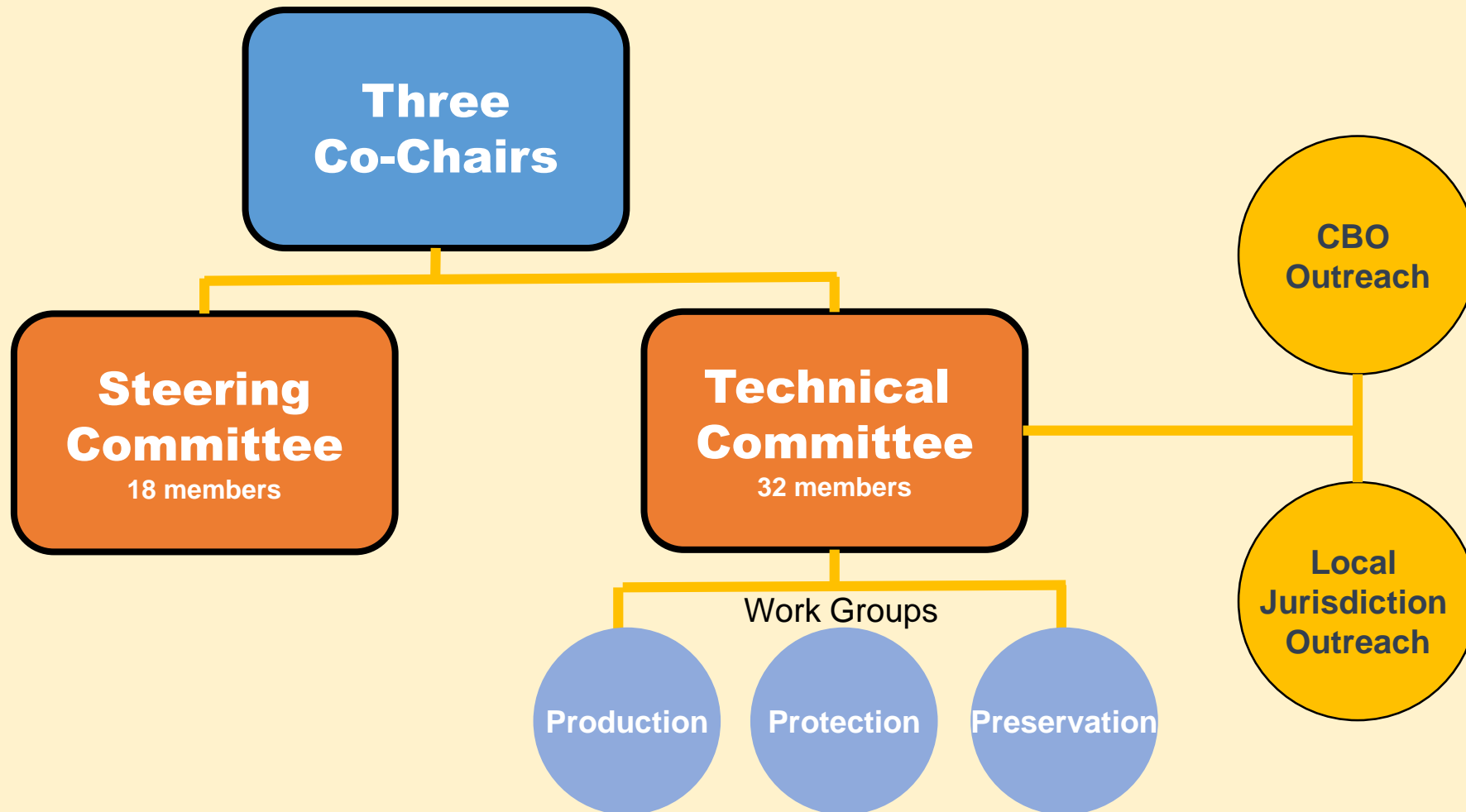


Steve Heminger
MTC/ABAG
Executive Director



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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

- **Protect tenants from arbitrary evictions** by requiring landlords cite specific "just causes" (fault and no-fault) for evictions, e.g. failure to pay rent, violating lease).

If jurisdictions already have ordinances related to any of the CASA elements, these would not be preempted by the Compact.



ELEMENT #2: RENT CAP

- Establish Bay Area-wide emergency rent cap that limits annual rent increases to reasonable amount to decrease number of households at risk of displacement and 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 rental assistance** for those with an urgent, temporary financial gap.



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 region.
- Require ADU **impact fees** be charged on a per-sq. ft. basis



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.**
- For “sensitive communities” in or adjacent to a **major transit stop**, defer height increases above 36 ft. until jurisdiction develops community plan.



ELEMENT #6: GOOD GOVERNMENT REFORMS TO HOUSING APPROVAL PROCESS

- Establish 'good government' standards for entitlement and permitting:
 - Require local jurisdictions create in publicly accessible format all rules, codes and standards that apply to residential applications, including how 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” (20% of units at 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



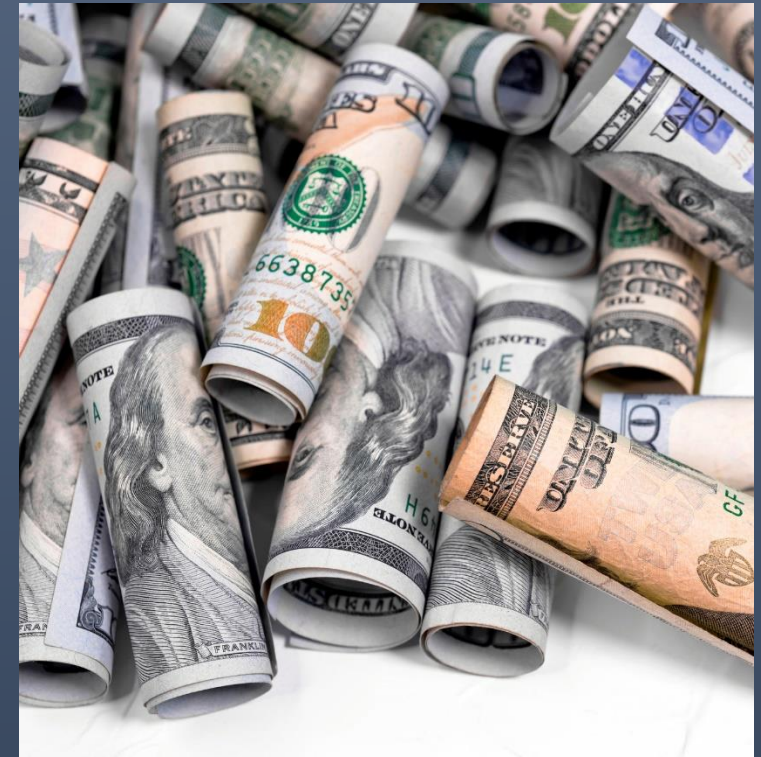
ELEMENT #8: UNLOCK PUBLIC LAND FOR HOUSING

- Promote increased utilization of surplus and underutilized public land for affordable housing through legislative and regulatory changes and regional coordination.



ELEMENT #9: FUNDING TO FINANCE THE COMPACT

- Raise \$1.5 billion/year in new revenue from a broad range of sources 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

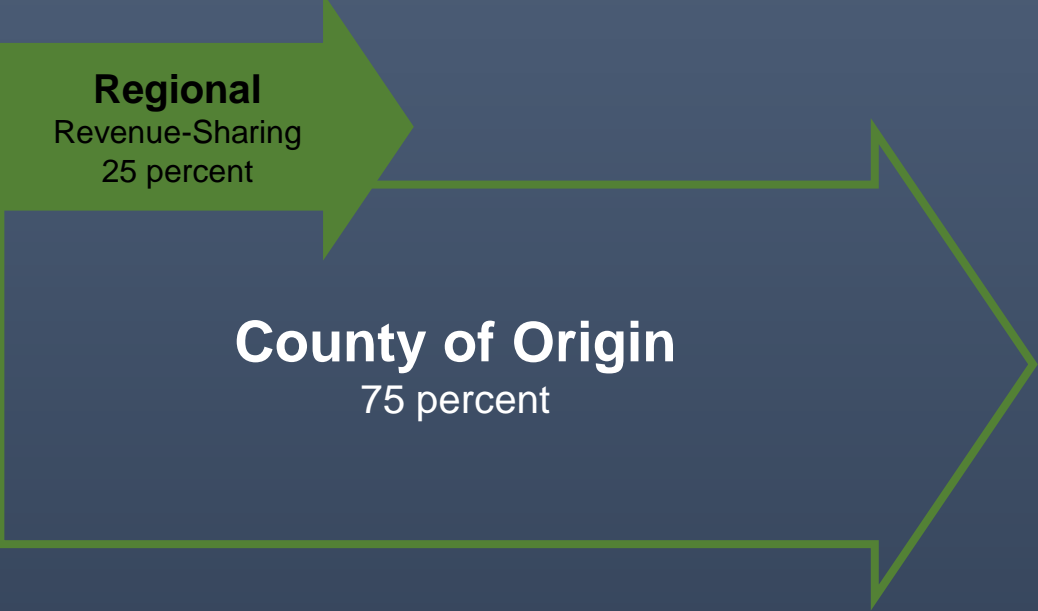
Grants and financing. Priority to projects in Transit-Priority Areas (TPAs) and High-Opportunity Areas (HOAs). Construction training programs. Land lease/acquisition/disposition program.

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 regional leadership entity to fund affordable housing; track and report progress; and provide incentives/tech assistance to cities/counties.
- It would not have direct land use/zoning authority or play a regulatory or enforcement role.
- Independent board from MTC, ABAG and key stakeholders
- Supported by MTC/ABAG consolidated staff

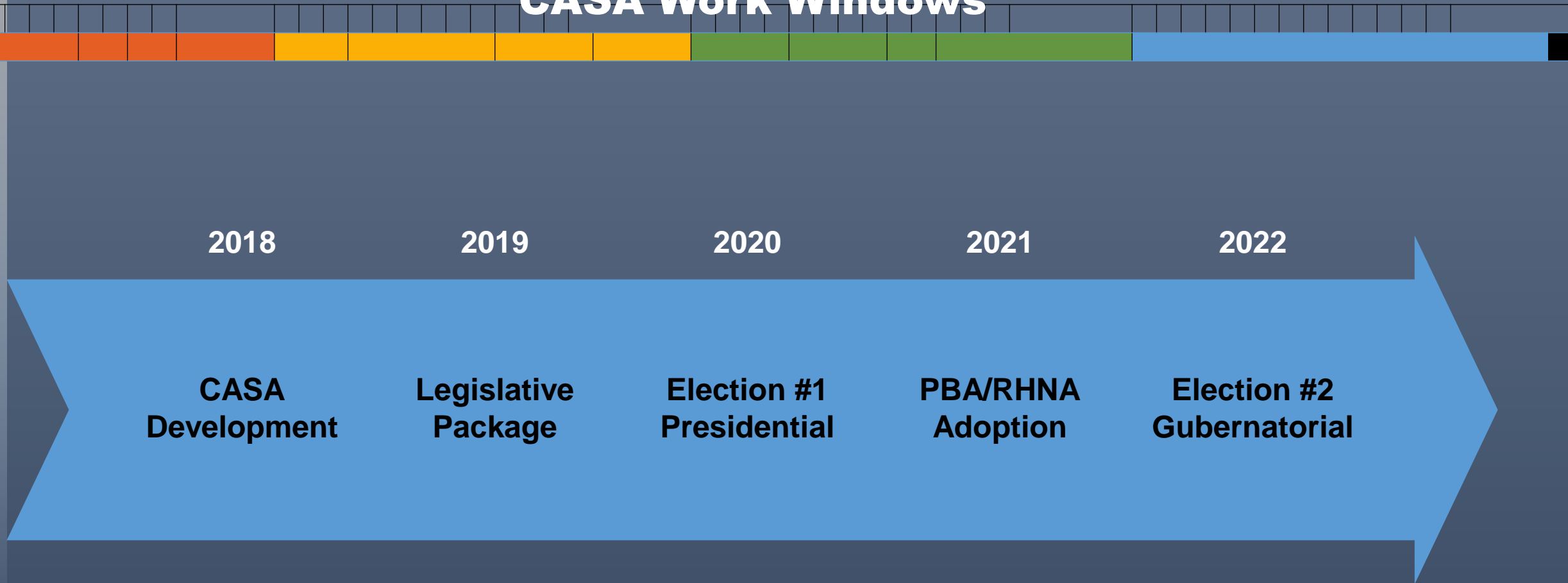


CALLS TO ACTION

- Redevelopment 2.0
- Lower Vote Threshold for Housing Funding Measures to 55%
- Address Fiscalization of Land Use (Prop 13 reforms)
- Homelessness
- Grow and Stabilize the Construction Labor Force



CASA Work Windows



NEXT STEPS/DISCUSSION

- 200+ housing bills were introduced in Sacramento.
- MTC & ABAG authorized Chair/President to sign Compact with caveats:
 - Don't support everything in Compact
 - Don't support specific revenue sources
 - Taking this action to stay at the table, engage with legislature on housing bills
 - MTC/ABAG committees will take up each bill and make a recommendation
 - Instructed staff to conduct more outreach to cities/counties for input on bills
 - ABAG established Ad Hoc Local Gov't Committee to advise ABAG/MTC on bills
- Cities/counties are engaging with League of Cities & legislators on bills.

