Overview of the CASA Compact
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**: 83,942 (need) - 23,433 (production) = 60,509 unmet need
- **Moderate-Income**: 95,030 (need) - 11,732 (production) = 83,298 unmet need
- **High-Income**: 89,242 (need) - 87,933 (production) = 1,309 unmet need

- **2007-14 Housing Need (RHNA)**
- **2007-14 Housing Production**
- **2010-15 Job Growth**
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

Outreach

Local Jurisdiction Outreach

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 ½ mile of stop, allow up to 36 ft.
  
  *Major transit stop* (rail and ferry stations) – within ¼ 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 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.
ELEMEN T #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.
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

**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

**Property Owners**
- $100 million
- **1 percent**
  Vacant Homes Tax
  on the assessed value of vacant home

**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

**Employers**
- $200 million
  **0.1%-0.75% Gross Receipts Tax**
  variable rates based on sector and firm size

**Local Governments**
- $200 million
  **25 percent Redevelopment Revenue Set-Aside**
  for affordable housing in TPAs
  (including portion for schools and special districts)

**Taxpayers**
- $400 million
  **1/4-cent Regionwide Sales Tax**

**Philanthropy**
- Chan-Zuckerberg-SF Foundation Initiative
- Policy and Infrastructure Funds

**Property Owners**
- $100 million
  **$48 per year Regionwide Parcel Tax**

**Developers**
- $200 million
  **Flat Commercial Linkage Fee**
  ($10 per sq. ft)
  on new construction

**Employers**
- $200 million
  **$40-120 per job Head Tax**
  variable rates based on number of employees,
  jobs-housing ratio and transit access

**Local Governments**
- $100 million
  **20 percent Revenue Sharing Contribution**
  from future property tax growth

**Taxpayers**
- $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

<table>
<thead>
<tr>
<th>Category</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Local Jurisdiction Incentives</strong></td>
<td>up to 10%</td>
</tr>
<tr>
<td>Partial payments to local jurisdictions to make up for lost revenue due to proposed cap on impact fees. Other incentives.</td>
<td></td>
</tr>
<tr>
<td><strong>Tenant Protection Services</strong></td>
<td>up to 10%</td>
</tr>
<tr>
<td>Administered by a non-profit entity. Short-term rental assistance and access to legal counsel for low- and moderate-income households.</td>
<td></td>
</tr>
<tr>
<td><strong>Affordable Housing Preservation</strong></td>
<td>up to 20%</td>
</tr>
<tr>
<td>Grants and financing for acquisition and rehab and “expiring” units. Priority to projects in low-income neighborhoods facing displacement.</td>
<td></td>
</tr>
<tr>
<td><strong>Affordable Housing Production</strong></td>
<td>min. 60%</td>
</tr>
<tr>
<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>
<td></td>
</tr>
</tbody>
</table>
### 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

<table>
<thead>
<tr>
<th>Local Jurisdiction Incentives</th>
<th>10%</th>
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<td>Affordable Housing Production</td>
<td>60%</td>
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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 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

<table>
<thead>
<tr>
<th>Year</th>
<th>Event</th>
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<tbody>
<tr>
<td>2018</td>
<td>CASA Development</td>
</tr>
<tr>
<td>2019</td>
<td>Legislative Package</td>
</tr>
<tr>
<td>2020</td>
<td>Election #1 Presidential</td>
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<tr>
<td>2021</td>
<td>PBA/RHNA Adoption</td>
</tr>
<tr>
<td>2022</td>
<td>Election #2 Gubernatorial</td>
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</tbody>
</table>
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?