



375 Beale Street, Suite  
800  
San Francisco, CA 94105

## Meeting Agenda

### CASA Technical Committee

#### *CASA Co-Chairs:*

- *Fred Blackwell, Chief Executive Officer, The San Francisco Foundation*
- *Leslye Corsiglia, Executive Director, Silicon Valley at Home*
- *Michael Covarrubias, Chief Executive Officer, TMG Partners*

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Wednesday, June 20, 2018

11:00 AM

Yerba Buena - 1st Floor

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Note: This meeting will be webcast live on the Metropolitan Transportation Commission's website:  
<http://mtc.ca.gov/whats-happening/meetings>

For information regarding CASA Technical Committee meetings, contact Wally Charles at [wcharles@bayareametro.gov](mailto:wcharles@bayareametro.gov) or 415-820-7993. For more information about the CASA process, visit the website at <http://mtc.ca.gov/CASA>.

#### I. Welcome and Updates

##### *Co-Chairs*

- a. [18-0520](#) Race, Class and Geography Analysis and Overlay  
**Action:** Information
- b. [18-0521](#) Endorsement Requests for Upcoming Legislation / Ballot Measures  
**Action:** Information
- c. [18-0522](#) Action Plan Review Calendar  
**Attachments:** [Action Plan Review](#)

#### II. Action Plan Review

##### *Jennifer Martinez, Pedro Galvao and Dana Brechwald*

- a. [18-0523](#) Regional Rental Housing Data Collection Program  
**Action:** Information  
**Attachments:** [Regional Housing Data Collection Program](#)
- b. [18-0524](#) Regional Preservation Notification System  
**Action:** Information  
**Attachments:** [Regional Preservation Notification System](#)

- c. [18-0525](#) Preservation-Related Amendments to Housing Element Law  
*Action:* Information  
*Attachments:* [4. Preservation Related Amendments to Housing Element Law.pdf](#)
- d. [18-0526](#) No Net Loss Requirement and Tenant First Right of Return and Refusal  
*Action:* Information  
*Attachments:* [5. No Net Loss Right of Return.pdf](#)
- e. [18-0527](#) Expand Existing Regional Housing Funds to Create a Significant Regional Housing Preservation Program  
*Action:* Information  
*Attachments:* [6. Expand Existing Regional Housing Funds.pdf](#)
- f. [18-0528](#) Regional Housing Preservation Program Seismic Retrofit Add-On Fund  
*Action:* Information  
*Attachments:* [7. BAP Seismic Retrofit Fund.pdf](#)

### III. Public Comment

*Ken Kirkey*

### IV. Next Steps

*Jennifer LeSar*

**Public Comment:** The public is encouraged to comment on agenda items at Committee meetings by completing a request-to-speak card (available from staff) and passing it to the Committee secretary. Public comment may be limited by any of the procedures set forth in Section 3.09 of MTC's Procedures Manual (Resolution No. 1058, Revised) if, in the chair's judgment, it is necessary to maintain the orderly flow of business.

**Meeting Conduct:** If this meeting is willfully interrupted or disrupted by one or more persons rendering orderly conduct of the meeting unfeasible, the Chair may order the removal of individuals who are willfully disrupting the meeting. Such individuals may be arrested. If order cannot be restored by such removal, the members of the Committee may direct that the meeting room be cleared (except for representatives of the press or other news media not participating in the disturbance), and the session may continue.

**Record of Meeting:** Committee meetings are recorded. Copies of recordings are available at a nominal charge, or recordings may be listened to at MTC offices by appointment. Audiocasts are maintained on MTC's Web site ([mtc.ca.gov](http://mtc.ca.gov)) for public review for at least one year.

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Attachments are sent to Committee members, key staff and others as appropriate. Copies will be available at the meeting.

All items on the agenda are subject to action and/or change by the Committee. Actions recommended by staff are subject to change by the Committee.

**CASA Action Plan Calendar**

updated 6/12/2018

<b>CASA -- Action Plan Calendar</b>	<b>March</b>	<b>April</b>	<b>May</b>	<b>June</b>	<b>July</b>	<b>September</b>	<b>October</b>	<b>Nov/Dec</b>
<u>Meeting Dates</u> Technical Committee Steering Committee	Wed, March 28	Wed, April 18 Wed, April 25	Wed, May 16	Wed, June 20	Wed, July 18 Wed, July 25	Wed, Sept 19 Wed, Sept 26	Wed, Oct 17 Wed, Oct 24	TBD
<b>Themes</b>	* Tenant Protections  *Reducing Costs of Construction	* Tenant Interventions  * Missing Middle housing	* Affordable Production Part 1 (funding)  *Rezoning more sites for housing  *Inclusionary Zoning	* Preservation  * Data Collection and Monitoring	* Entitlement Reform  * Tax policy  * Affordable Production Policies  * Race, Class and Geography, part 1	* Additional funding and financing ideas  * Race, Class and Geography, part 2	* State legislative reform ideas	* Action Plan Synthesis and Evaluation
<b>KEY ELEMENTS OF CASA COMPACT</b> <b>Working Draft List</b>								
<b>Protection Working Group (Jennifer Martinez and Linda Mandolini)</b>								
1. Permanent anti-rent gouging rent cap w/ catch-up provision	X							
2. Stronger just cause eviction requirements	X							
3. Tenant Services and right to counsel		X		X				
4. Short-term rental and relocation assistance		X						
5. Rent stabilization incentives for landlords								
<b>Preservation Sub-Working Group</b>								
6. Regional tracking and notification system				X				
7. Flexible housing preservation fund				X	X			

**CASA Action Plan Calendar***updated 6/12/2018*

CASA -- Action Plan Calendar	March	April	May	June	July	September	October	Nov/Dec
8. Promote preservation of affordability at the local level. <i>Includes:</i> a. No net loss/right of return requirement b. Amend housing element law to improve preservation c. Capacity-building and education			1.2	a,b,c				
9. Tax on vacant and under-utilized units					X			
<b>Production WG (Denise Pinkston and Derecka Mehrens)</b>								
10. More types of housing in different neighborhoods. <i>Includes:</i> a) ADUs b) Regionwide Inclusionary zoning c) Commercial zoning overlay d) Mandatory min densities near transit e) Expand exemptions for public agencies f) Allow middle income units to count toward affordability requirements g) New RHNA category for middle income		a, f, g	b, c, d, e					
11. Reduce Net Cost of New Construction <i>Includes:</i> a) Limiting impact fees b) Green building reform c) Reduce strict liability requirements	a,b	c						

**CASA Action Plan Calendar***updated 6/12/2018*

CASA -- Action Plan Calendar	March	April	May	June	July	September	October	Nov/Dec
12. Entitlement Reform to Reduce Delay and Improve Compliance with State Law <i>Includes:</i> <i>a) Permit Streamlining TBD</i> <i>b) CEQA Reform – Co-Chairs/MTC</i> <i>c) RHNA Reform – Co-Chairs/MTC</i>					a	b,c	b, c	
13. Fiscal Incentives and requirements for local jurisdictions <i>Includes:</i> <i>a) Cap and Trade for Housing</i> <i>b) Commercial Linkage Fee (MTC)</i> <i>c) Regional infrastructure bank (MTC)</i> <i>d) Condition Transportation Funds (MTC)</i>			a			b, c	b, c	d
<b>Production WG – Affordable Housing Sub-WG</b>								
14. Affordable housing production fund <i>Includes:</i> <i>a) 2020 Regional ballot measure</i> <i>b) New regional funding mechanism eg TIF</i>			a			b	b	
15. Tailored policy and implementation toolkit for local jurisdictions					X			
16. Public and Surplus Land for Affordable Housing					X			
<b>End</b>								



## REGIONAL RENTAL HOUSING DATA COLLECTION PROGRAM

1.1	<b>Key Element of CASACompact</b>	#1 Permanent Anti-Gauging Rent Cap #2 Strong Just Cause Eviction Requirements #6 Regional Tracking and Notification System #8 More Preservation at the Local Level
1.2	<b>Brief Description</b> <i>1-3 sentence summary of action or policy</i>	<p>A Regional Rental Housing Data Collection Program would require landlords to (a) submit a copy via an online platform of any eviction notices they serve to tenants, and (b) fill out an online form for every rental unit on an annual basis. The form could collect the following information:</p> <ol style="list-style-type: none"> <li>1. Basic information about the unit, including the address; number of bedrooms; age of the unit; whether the unit is rent controlled, rent restricted, or rent assisted; and, if it is rent restricted, the date of expiration;</li> <li>2. The current rent amount;</li> <li>3. Other rent-related information (e.g., tenant move-in date and effective date of last rent increase); and</li> <li>4. Name and contact information for the owner of the unit and emergency contact information for the unit (if different—e.g., for the property manager).</li> </ol> <p>The system could be structured such that past information auto-populates in subsequent years and simply needs to be confirmed or changed where appropriate (e.g., the rental amount). Notices and forms would be submitted via an online platform to the relevant government entity or entities (e.g., a new housing department at Bay Area Metro and/or local jurisdictions). A mailing address and fax option would be provided for landlords who prefer to mail or fax the form.</p>
1.3	<b>Supports these CASA goals:</b>	<input checked="" type="checkbox"/> Protection <input checked="" type="checkbox"/> Preservation <input type="checkbox"/> Production
1.4	<b>Desired Effect</b> <i>What problem would this solve? Who would benefit? If applicable, identify any specific populations who will especially benefit.</i>	<p>This program would (1) actively protect tenants and help keep them in their homes by acting as a deterrent to unlawful evictions and rent increases, and (2) collect data that would allow the region to better identify issues and create tailored policy, programmatic, or other responses, such as allowing the region to identify market-rate and rent-restricted affordable housing units for preservation, among other possibilities.</p> <p><b>(1) Compliance and Deterrence</b>            By requiring the transparent conveyance of information to jurisdictions, a Regional Rental Housing Data Collection Program would (1) encourage landlords to comply with existing laws and prevent illegal evictions and rent increases, (2) deter extreme rent increases and mitigate rent increases overall, and (3) deter evictions. In doing so, a Regional Rental Housing Data Collection Program would not only collect data, it would actively help keep tenants in their homes. The Program would also enable researchers and the public to understand the location, the type of unit (single family, small buildings, new buildings, etc.) and the ownership attributes of those landlords who are responsible for extreme rent increases and evictions and those who are not.</p> <p><b>(2) Data Collection for Tailored Policy/Programmatic Responses</b>            Currently, few local jurisdictions in the Bay Area have data on the number of evictions and where those evictions are occurring; the amount of rent</p>



		<p>increases tenants receive and where those increases are occurring; the rent charged for new construction; and how many market-rate affordable housing units exist in the region and where those units are located, among other areas.</p> <p>A Regional Rental Housing Data Collection Program would provide real-time data about evictions and rents. This information would allow local jurisdictions and the region to better implement existing policies and programs and create new ones. For example, with a Regional Rental Housing Data Collection Program jurisdictions could identify neighborhoods or even blocks with extreme rent increases and rapid gentrification and craft policy responses. In addition, other jurisdictions have found that having data such as the property management information and number of tenants on hand is helpful in case of emergencies and natural disasters.</p> <p>The program would also provide the data needed to underpin many of the other CASA proposals. For example, it would provide the data needed to determine market strength by providing real-time rents at a granular level (by unit type, number of bedrooms, age of unit) for use in Inclusionary Zoning and other regional policy priorities.</p> <p><b><i>Identifying Affordable Housing Units for Preservation</i></b>  A Regional Rental Housing Data Collection Program would also allow jurisdictions to identify affordable housing units (market-rate and rent-restricted). Identifying rent-restricted and market-rate affordable housing units is the first step for preservation.</p> <p>Currently, our ability to preserve affordable housing units is limited because we do not have a complete database of these units. The California Housing Partnership Corporation (CHPC) collects data on rent-restricted affordable housing units in the Bay Area and is working with State HCD to expand this database to include all types of affordable units covered under the State's Preservation Notice Law, as amended by AB 1521 in 2017. However, there is no database of market-rate affordable housing units in the Bay Area with providers relying on Craigslist and other incomplete sources to identify units.</p> <p>A Regional Rental Housing Data Collection Program would allow the region to identify rent-restricted and market-rate affordable housing units for preservation. Paired with a <i>Regional Preservation Notification System</i> that notifies qualified purchasers when rent-restricted units are expiring and market-rate affordable housing units are for sale and a <i>Regional Housing Preservation Fund</i> that provides the funding needed to purchase these units, these three programs would enable the region to preserve thousands of affordable housing units. (See "Regional Preservation Notification System" policy brief and the "Expand Existing Regional Housing Funds To Create a Significant Regional Housing Preservation Program" policy brief.)</p>
1.5	<p><b>Key Questions and Points of Concern</b>  <i>What key questions or issues need to be resolved?</i></p> <p><i>What are the major sticking points and</i></p>	<p><u>Maintaining the Database:</u> Bay Area Metro and/or a new regional housing department would be responsible for creating and maintaining the Regional Rental Housing Data Collection Program and compiling data. Data should be easily exportable to database software so that it can be tracked and analyzed.</p> <p><u>Enforcement:</u> What are the enforcement mechanisms to ensure compliance and accuracy (e.g., a fine, presumption of invalidity) and who is the enforcement body (e.g., local jurisdictions)? The database should allow tenants</p>





	areas of negotiation?	to access data about their unit (e.g., reported rental amount, whether the unit is rent stabilized, etc.) to ensure transparency and deter unreported rent increases and evictions (see, e.g., Berkeley and Los Angeles for models).  <b>Privacy Protections:</b> A Regional Rental Housing Data Collection Program needs to include strong privacy protections and data confidentiality measures.
1.6	<b>Resources Needed</b> <i>What costs will be incurred and by whom? Note any funding sources that are readily available, if known.</i>	Low cost. CASA/Bay Area Metro could partner with technology companies to create a digital platform (e.g., Google or Facebook—both members of the CASA Steering Committee). The program could charge a minor fee per rental unit to cover program costs, or it could cover costs from another funding source.
1.7	<b>Scale of Impact</b> <i>(as measured by Plan Bay Area goal alignment)</i>	<b>Protect:</b> A Regional Rental Housing Data Collection Program would cover 1.2 million Bay Area tenant households and would deter evictions and rent increases. <b>Preserve:</b> By deterring unlawful rent increases and evictions, a Regional Rental Housing Data Collection Program would preserve existing affordable housing, such as rent-stabilized units and market-rate affordable housing. In addition, it would help identify units for preservation.
1.8	<b>Potential Vehicles for Implementation</b> <i>Check all that apply</i>	<b>X Legislation</b> <input type="checkbox"/> Regional Funding <input type="checkbox"/> Statewide Funding <input type="checkbox"/> Regulatory Reform <input type="checkbox"/> Education and Advocacy <input type="checkbox"/> Pilots & Spreading Best Practices <b>X Other: JPA, MTC funding conditions</b>  <i>Possible Vehicles Include the Following:</i> <ul style="list-style-type: none"> <li>• <b>Legislation:</b> Bay Area-wide (or statewide) legislation introduced by a Bay Area legislator.</li> <li>• <b>Local Legislation and/or JPA:</b> Local jurisdictions opt in to and create a Regional Rental Housing Data Collection Program through local legislation and/or a Joint Powers Agreement.</li> <li>• <b>Conditions:</b> Condition discretionary MTC funds on local adoption of a housing data collection program.</li> </ul>
1.9	<b>Time Frame</b> <i>Time needed for action to be approved and implemented.</i>	<i>Select one</i> <b>X Short-Term (0-2 years): To pass legislation (state or local), sign a JPA if relevant, and create the technological infrastructure.</b> <b>X Med-Term (3-5 years): To roll out the program, possibly in waves (e.g., certain jurisdictions in 2020, an expanded list of jurisdictions in 2021, etc.).</b> <input type="checkbox"/> Long-Term (6-10 years)
1.10	<b>Feasibility</b> <i>Select one and describe your rationale for why this level of feasibility is anticipated.</i>	<i>Select one</i> <input type="checkbox"/> Easy <b>X Medium</b> <input type="checkbox"/> Difficult  <b>Rationale:</b> A Regional Rental Housing Data Collection Program would require legislation, technical creation of a platform and forms, and landlord education.

REGIONAL PRESERVATION NOTIFICATION SYSTEM		
1.1	<b>Key Element of CASA Compact</b>	#6. Regional tracking and notification system
1.2	<b>Brief Description</b>	<p>To enable entities to effectively use funding for preservation, we need to be able to (1) <i>identify</i> rent-restricted units where the restriction is expiring, (2) <i>identify</i> unrestricted affordable housing units that are for sale, and (3) rapidly <i>notify</i> qualified purchasers who can use the funding to preserve the identified units.</p> <p>In support of these items, Bay Area Metro should work with California Housing Partnership Corporation (CHPC) and other relevant entities to create a <b>Regional Preservation Notification System</b> that does the following:</p> <ol style="list-style-type: none"> <li>1. Identifies and monitors (a) all rent-restricted affordable housing units and (b) all unrestricted housing units with affordable rents in the Bay Area (as identified through the Rental Housing Data Collection Program—see companion brief—and other means); and</li> <li>2. Notifies qualified purchaser entities (Qualified Entities as certified by state HCD under AB 1521 but possibly with a local preference for non-profit and local government entities) when (a) rent-restrictions are expiring and (b) when unrestricted housing units with affordable rents are put on the market, to enable entities to purchase and preserve these units as affordable.</li> </ol> <p><b><u>Action Items</u></b></p> <p>The following <i>four action items</i> are needed to create this Notification System:</p> <ol style="list-style-type: none"> <li>1. <u>Identifying and Monitoring Rent-Restricted Units</u>: CHPC currently collects information on rent-restricted affordable housing units in the Bay Area and is working with State HCD to expand this database to include all types of affordable units covered under the State's Preservation Notice Law, as amended by AB 1521 in 2017. To assist in and accelerate this process, CASA should propose (a) that Bay Area Metro ask local jurisdictions to share their information on locally rent-restricted units and (b) that Bay Area Metro adopt a funding condition to encourage local governments to share this information.</li> <li>2. <u>Identifying Market-Rate Affordable Units</u>: Create a Bay Area Rental Housing Data Collection Program (see companion brief).</li> <li>3. <u>Monitoring Market-Rate Affordable Units</u>: Pass a "Notice of Intent to Sell" law (statewide legislation or regionwide legislation passed by the state legislature) that requires owners of qualified market-rate affordable housing rental units (as identified through a Bay Area Rental Housing Data Collection Program) to notify Bay Area Metro and/or the relevant local jurisdiction of their intent to sell their property. (See, e.g., <a href="#">Seattle</a> for a model.)</li> </ol>

		4. <u>Notification</u> : Create a regionwide list of Qualified Entities who are notified and pre-approved for rapid financing.
1.3	<b>Supports these CASA goals:</b> <i>(check all that apply)</i>	<input checked="" type="checkbox"/> Protection <input checked="" type="checkbox"/> Preservation <input type="checkbox"/> Production
1.4	<b>Desired Effect</b> <i>What problem would this solve? Who would benefit? If applicable, identify any specific populations who will especially benefit.</i>	<p>A Regional Preservation Notification System would provide the infrastructure needed to allow entities to timely purchase and preserve rent-restricted and market-rate affordable housing units as affordable. The ultimate goal is to ensure the Bay Area does not lose any existing units of affordable housing, preventing the region's already large shortage of affordable rental homes from growing.</p> <p>For context, CHPC reports that 5,106 units in the Bay Area are at risk of losing their affordability in the next five years due to the expiration of a federal or state subsidy and/or rent restrictions. In addition, the Bay Area loses thousands of market-rate affordable units each year, displacing thousands of low- and moderate-income tenants. Identifying units for preservation and notifying qualified purchasers are the first two steps to help keep these units affordable and keep low- and moderate-income tenants in their homes.</p>
1.5	<b>Key Questions and Points of Concern</b> <i>What key questions or issues need to be resolved?</i>  <i>What are the major sticking points and areas of negotiation?</i>	<u>Funding</u> : To be most effective, a Regional Preservation Notification System should be paired with a regional source of funding for acquisition and rehabilitation of expiring rent-restricted and market-rate affordable housing units.
1.6	<b>Resources Needed</b> <i>What costs will be incurred and by whom? Note any funding sources that are readily available.</i>	A Regional Preservation Notification System would be low cost to create and operate.
1.7	<b>Scale of Impact</b> <i>(as measured by Plan Bay Area goal alignment)</i>	<p><b>Preserve</b>: A Regional Preservation Notification System would help preserve thousands of existing affordable homes each year (to tens of thousands if paired with a significant source of funding).</p> <p><b>Protect</b>: By preserving thousands of affordable homes each year, a Regional Preservation Notification System would help keep thousands of low-income tenants in their homes.</p>
1.8	<b>Potential Vehicles for Implementation</b> <i>Check all that apply</i>	<p><b>X Legislation</b></p> <ul style="list-style-type: none"> <li><input type="checkbox"/> Regional Funding</li> <li><input type="checkbox"/> Statewide Funding</li> <li><input type="checkbox"/> Regulatory Reform</li> <li><input type="checkbox"/> Education and Advocacy</li> <li><input type="checkbox"/> Pilots &amp; Spreading Best Practices</li> </ul>

		<p><b>X Other: Bay Area Metro action, local information sharing, MTC funding conditions</b></p> <p><i>Possible Vehicles Include the Following:</i></p> <ul style="list-style-type: none"> <li>• <u>Legislation</u>: Bay Area-wide (or statewide) legislation introduced by a Bay Area legislator to create a "Notice of Intent to Sell" requirement and a Regional Rental Housing Data Collection Program.</li> <li>• <u>Voluntary Local Action</u>: Bay Area Metro should ask local jurisdictions to opt in to information sharing on rent-restricted units.</li> <li>• <u>Conditions</u>: Condition discretionary MTC funds on local information sharing and compliance with AB 1521.*</li> </ul> <p>*Note: In October 2017 the Commission voted to direct MTC staff to examine all discretionary funding sources (estimated at around \$74 billion between now and 2040) and develop condition recommendations based on all 3 Ps by June 30, 2018, for Commission review.</p>
1.9	<p><b>Time Frame</b></p> <p><i>Time needed for action to be approved and implemented.</i></p>	<p><i>Select one</i></p> <p><b>X Short-Term (0-2 years): To pass any needed legislation and/or funding conditions, create the technological infrastructure, and create a list of qualified purchasers.</b></p> <p><b>X Med-Term (3-5 years): To roll out the notification system, especially as it relates to market-rate affordable housing units.</b></p> <p><input type="checkbox"/> Long-Term (6-10 years)</p>
1.10	<p><b>Feasibility</b></p> <p><i>Select one and describe your rationale for why this level of feasibility is anticipated.</i></p>	<p><i>Select one</i></p> <p><input type="checkbox"/> Easy</p> <p><b>X Medium</b></p> <p><b>X Difficult</b></p> <p><i>Rationale:</i> To be most effective, a Regional Preservation Notification System would require information sharing from local jurisdictions on rent-restricted units, a Regional Rental Housing Data Collection Program, a Notice of Intent to Sell requirement for market-rate affordable units, technical creation of a platform, and creation of a list of qualified purchasers. However, the creation of any Notification System (even if incomplete) would be helpful for the region.</p>

PRESERVATION-RELATED AMENDMENTS TO HOUSING ELEMENT LAW		
1.1	<b>Key Element of CASA Compact</b>	#8. More preservation at the local level
1.2	<b>Brief Description</b> <i>1-3 sentence summary of action or policy</i>	<p>The state legislature should make the following two amendments to existing Housing Element law to encourage jurisdictions to preserve affordable housing:</p> <p><b>1. Require Jurisdictions to Analyze Risk of Loss of Market-Rate Affordable Housing Units</b></p> <p>Under Government Code § 65583(a)(9), jurisdictions must analyze how many units of existing assisted (also known as “rent-restricted”) affordable housing are at risk of conversion from rent-restricted affordable to market rate during the next 10 years. As part of this analysis, jurisdictions must (a) identify and list units at risk of loss; (b) estimate the total cost of (i) preserving the units and (ii) replacing the units; (c) identify public and private nonprofit corporations that have the legal and managerial capacity to acquire and manage the units; and (d) identify and consider possible federal, state, and local financing and subsidy programs that could be used to help preserve the units.</p> <p>A similar analysis should be conducted for market-rate affordable housing units (units that presently charge below-market rate rents affordable to households making less than 80% of AMI). By requiring jurisdictions to identify and estimate how many units of market-rate affordable housing they are at risk of losing and develop a plan (e.g., policies or programs) to address that risk of loss, jurisdictions and non-profits can take the steps needed to preserve these units as affordable.</p> <p><b>2. Allow Jurisdictions To Count Market-Rate Units that They Convert to Deed-Restricted Affordable Units as Meeting up to 25% of Their Low- and Very-Low-Income RHNA Obligation</b></p> <p>As an incentive to encourage jurisdictions to preserve affordable housing, amend Housing Element law (e.g., in Government Code §§ 65583.1 and 65400) to allow jurisdictions that (a) acquire existing market-rate units, (b) rehabilitate those units (if needed), and (c) rent-restricts those units as rental housing affordable to low- and very-low-income households for 55 years, to count those units towards up to 25 percent of their low- and very-low-income RHNA obligation at the end of the RHNA cycle (i.e., in the jurisdiction’s reporting requirements).</p>
1.3	<b>Supports these CASA goals:</b> <i>(check all that apply)</i>	[X] Protection      [X] Preservation      [ ] Production

1.4	<b>Desired Effect</b> <i>What problem would this solve? Who would benefit? If applicable, identify any specific populations who will especially benefit.</i>	<p>The Bay Area loses thousands of market-rate affordable units each year, displacing thousands of low- and moderate-income tenants. The proposed changes to Housing Element law would encourage jurisdictions to (1) analyze and assess the risk of loss of their existing market-rate affordable housing units, and (2) create programs to help acquire, rehabilitate and preserve market-rate housing as healthy and affordable rent-restricted housing, thereby adding to the jurisdiction's supply of rent-restricted affordable housing stock.</p>
1.5	<b>Key Questions and Points of Concern</b> <i>What key questions or issues need to be resolved?</i>  <i>What are the major sticking points and areas of negotiation?</i>	<p>Amending Housing Element law to require jurisdictions to analyze the risk of loss of market-rate affordable housing units would impose a new requirement on jurisdictions. As part of this requirement, jurisdictions would need to identify these market-rate affordable housing units, which could be difficult and take some time. A Regional Rental Housing Data Collection Program would help in this endeavor (see "Regional Rental Housing Data Collection Program" brief and "Regional Preservation Notification System" brief).</p>
1.6	<b>Resources Needed</b> <i>What costs will be incurred and by whom?</i>	<p>No cost</p>
1.7	<b>Scale of Impact</b> <i>(as measured by Plan Bay Area goal alignment)</i>	<p><b>Preserve:</b> These amendments to Housing Element Law could help preserve thousands of existing affordable units (or many more, if paired with a significant source of funding—see other preservation policy briefs).</p> <p><b>Protect:</b> By preserving thousands of affordable homes each year, these changes would also help keep thousands of low-income tenants in their homes.</p>
1.8	<b>Potential Vehicles for Implementation</b> <i>Check all that apply</i>	<p><b>X Legislation</b></p> <ul style="list-style-type: none"> <li><input type="checkbox"/> Regional Funding</li> <li><input type="checkbox"/> Statewide Funding</li> <li><input type="checkbox"/> Regulatory Reform</li> <li><input type="checkbox"/> Education and Advocacy</li> <li><input type="checkbox"/> Pilots &amp; Spreading Best Practices</li> </ul> <p><b>X Other: Education and capacity building</b></p> <p><i>Possible Vehicles Include the Following:</i></p> <ul style="list-style-type: none"> <li>● <u>Legislation</u>: State legislation introduced by a Bay Area legislator.</li> <li>● <u>Education and Capacity Building</u>: HCD and Bay Area Metro should engage in follow-up education and capacity building of local jurisdictions to enable them to take advantage of these changes and develop robust preservation programs.</li> </ul>
1.9	<b>Time Frame</b> <i>Time needed for action to be approved and implemented.</i>	<p><i>Select one</i></p> <p><b>X Short-Term (0-2 years): To pass legislation and to develop education materials and begin to disseminate them to jurisdictions.</b></p> <p><b>X Med-Term (3-5 years): To continue education and capacity building for local jurisdictions around preservation-related Housing Element law provisions. [Note: The next round of Housing Elements are due on January 31, 2023.]</b></p>

		<input type="checkbox"/> Long-Term (6-10 years)
1.10	<b>Feasibility</b> <i>Select one and describe your rationale for why this level of feasibility is anticipated.</i>	<i>Select one</i> <input type="checkbox"/> Easy <b>X Medium</b> <input type="checkbox"/> Difficult  <i>Rationale:</i> While these amendments to Housing Element law are common-sense, no-cost reforms that have the potential to increase preservation of affordable housing across the state, they could face resistance by statewide actors and would require concerted advocacy.

<b>ESTABLISH A REGIONWIDE OR STATEWIDE NO NET LOSS OF AFFORDABILITY REQUIREMENT WITH RIGHT OF RETURN AND TENANT RIGHT OF FIRST REFUSAL</b>		
1.1	<b>Key Element of CASA Compact</b>	#8. More Preservation at the Local Level
1.2	<b>Brief Description</b> <i>1-3 sentence summary of action or policy</i>	<p>Every year, hundreds of units that are presently being rented at below-market rates are demolished by new development. Not only are tenants displaced as a result, but once such units have been lost, the new market-rate units are likely permanently out of reach of low-income households. Currently, the region has a patchy framework of locally-adopted no net loss of affordability provisions in the case of demolitions occurring as a result of new development that offer varying levels of protections for tenants, but there is no regionwide or statewide mandate to safeguard the ongoing affordability of such units.</p> <p>To preserve the affordability of the Bay Area's existing housing stock and to help prevent displacement of low-income tenants in the case of demolition, the California state legislature should pass a law that creates a regionwide or statewide "no net loss of affordability" requirement that safeguards the affordability of existing affordable units (both deed-restricted and market-rate affordable to households making &lt;80% AMI) and protects tenants. Such a law would include the following four components:</p> <ol style="list-style-type: none"> <li>1. <u>Restrict demolitions</u>: No demolition permit may be issued on properties that have had an Ellis Act eviction recorded in the last five years;</li> <li>2. <u>1:1 replacement</u> of any rent-restricted or market-rate affordable unit that is demolished;</li> <li>3. <u>Relocation assistance</u> for any tenants displaced by the demolition of their unit including assistance with moving expenses (into and out of a new unit) in the same neighborhood, and rental assistance until their new unit is fit for occupation;</li> <li>4. <u>Right of first refusal to a new rental unit</u> offered at the same rent previously paid by the tenant and subject to rent restrictions based on income level for at least 55 years. If the tenant refuses that unit, then the unit must be rented to another low-income household (making &lt;80% AMI); and</li> <li>5. <u>Right of first refusal for tenants to purchase their units</u> if it is placed on the market. If the tenant is unable to purchase the property then the unit is to be offered to a housing organization that will preserve its affordability for at least 55 years for a rental unit or 45 years for a homeownership unit before it can be offered to a buyer that will not rent-restrict the property.</li> </ol>



1.3	<b>Supports these CASA goals:</b> <i>(check all that apply)</i>	<input checked="" type="checkbox"/> Protection <input checked="" type="checkbox"/> Preservation <input type="checkbox"/> Production
1.4	<b>Desired Effect</b> <i>What problem would this solve? Who would benefit? If applicable, identify any specific populations who will especially benefit.</i>	Having a stringent statewide no net loss law would result in tens of thousands of rent-restricted and market-rate affordable units being preserved on an annual basis and help to substantially grow the State's supply of rent-restricted affordable homes.
1.5	<b>Key Questions and Points of Concern</b> <i>What key questions or issues need to be resolved?</i>  <i>What are the major sticking points and areas of negotiation?</i>	<ul style="list-style-type: none"> <li>• How does the region or state ensure compliance by smaller building owners?</li> <li>• What kind of administrative structure will need to be established statewide to ensure compliance?</li> </ul>
1.6	<b>Resources Needed</b> <i>What costs will be incurred and by whom? Note any funding sources that are readily available, if known.</i>	This proposal requires funding for administrative costs. Other costs are borne by the developer or the building owner.
1.7	<b>Scale of Impact</b> <i>(as measured by Plan Bay Area goal alignment)</i>	<b>Protect:</b> _____ tenant households annually* <b>Preserve:</b> _____ net new units annually through*  * The exact preservation and protection numbers are unknown as it depends on the market but could potentially help preserve thousands of units on an annual level statewide and protect affordability for thousands of tenants.
1.8	<b>Potential Vehicles for Implementation</b> <i>Check all that apply</i>	<input checked="" type="checkbox"/> Legislation <u>Legislation:</u> This would need to be enacted through state legislation
1.9	<b>Time Frame</b> <i>Time needed for action to be approved and implemented.</i>	<input checked="" type="checkbox"/> <b>Short-Term (0-2 years)</b>
1.10	<b>Feasibility</b> <i>Select one and describe your rationale for why this level of feasibility is anticipated.</i>	<b>Medium</b>  <b>Rationale:</b> The State has some precedent for passing such legislation through its Affordable Housing Preservation Law and its latest update through AB 1521. Similar proposals were also made through SB 827.

## EXPAND EXISTING REGIONAL HOUSING FUNDS TO CREATE A SIGNIFICANT REGIONAL HOUSING PRESERVATION PROGRAM

1.1	<b>Key Element of CASA Compact</b>	#7. Flexible housing preservation funding
1.2	<b>Brief Description</b> <i>1-3 sentence summary of action or policy</i>	<p>Encourage donors from all sectors (government, banks, CDFIs, foundations) to contribute to a regional affordable housing preservation fund (could also be part of an existing regional fund CZI's Regional Housing Fund, HTSV, MTC's Housing Preservation Pilot, etc.). The preservation fund would be supplemented by additional funding raised through a regional housing ballot measure. The preservation fund would provide a flexible ongoing source of longer-term subsidy, low-cost debt, and equity – “dequity” – for acquiring, rehabilitating, and preserving both rent-restricted and unrestricted affordable units. The emphasis would be on providing longer-term 15-20-year term gap-financing tools that do not require repayment and can serve as risk capital.</p> <p>A blended fund structure comprised of multiple sources would allow for different actors to take on different levels of risk and would also allow for a diversity of products that could help housing organizations, landlords, homeowners, and governmental entities achieve different objectives. For instance, a governmental contributor could help provide funding for products that are deeply subsidized or forgivable whereas philanthropic or foundation PRI and grant funding could be used to provide loans repayable at below-market interest rates with more generous repayment terms. Bay Area businesses willing to invest medium and long-term capital at below-market returns in exchange for local recognition for their contributions could also contribute to such a fund.</p> <p><b>To be effective, the Housing Preservation Program must offer the following products:</b></p> <p>1. <u>For housing organizations</u>: Provide nonprofit organizations (at the enterprise level) with (1) fast-moving lines of credit to purchase existing affordable properties with expiring rent-restrictions or that are currently on the open market and at risk of losing their affordability; (2) below market intermediate 5-10-year term financing; and (3) longer-term 15-20-year debt and equity financing. Opportunities will distinguish between large site/building acquisition (tied to opportunity) vs. small site acquisition (tenant driven, tied to risk).</p> <p>2. <u>For landlords</u>: Provide small/low-income landlords with low-cost debt for abatement of health hazards to meet basic health and habitability standards</p>

		<p>in properties they own and presently rent at below-market rates (coupled with tenant protections and restrictions on rent increases).</p> <p>3. <u>For low-income homeowners</u>: Provide low income homeowners with low-cost debt to add accessory dwelling units as a source of ongoing income to stay in place (with limitations on short term rentals and incentives to rent to long term section-8 tenants).</p> <p>4. <u>Capacity building and technical assistance</u>: Provide technical assistance and create educational materials and ongoing trainings to build the capacity of homeowners, cities, and non-profit organizations to preserve the affordability of existing homes through funding a series of resources targeted to education, technical assistance, and outreach:</p> <p><u>For low-income homeowners</u>: Can fund educational materials and workshops on how to add accessory dwelling units (ADUs) to help generate a source of income to help them stay in place. Can also help homeowners learn how to use their ADUs to provide housing for housing choice voucher holders.</p> <p><u>For housing organizations</u>: Can fund workshops and educational materials on how to do small and large site acquisition/rehabilitation/preservation and how organizations could tap into existing resources at the regional level to do this work.</p> <p><u>For cities/counties</u>: Could provide best practices and ongoing trainings on a suite of preservation policies that could be adopted at a local level including monitoring of existing affordable housing stock (both restricted and unrestricted), adoption of Affordable Housing Preservation Ordinances and Ground Lease First policies as well as a suite of “bread and butter” preservation policies including: condominium conversion ordinances, SRO preservation ordinances, demolition controls, and short term rental regulations, tenant and nonprofit right of first refusal to purchase rental units being removed from the rental market</p>
1.3	<b>Supports these CASA goals:</b> <i>(check all that apply)</i>	<input checked="" type="checkbox"/> Protection <input checked="" type="checkbox"/> Preservation <input type="checkbox"/> Production

1.4	<b>Desired Effect</b> <i>What problem would this solve? Who would benefit? If applicable, identify any specific populations who will especially benefit.</i>	Provide funding for the acquisition/rehabilitation/preservation of market-rate affordable units (affordable households making less than 80% of AMI) as well as the preservation of affordable units with expiring deed-restrictions. This fund will also help low-income homeowners stay in place and low-income landlords abate serious health hazards in units they presently rent at below-market rates. The housing preservation program would also provide technical assistance and build the capacity of local governments to adopt preservation-related ordinances.
1.5	<b>Key Questions and Points of Concern</b> <i>What key questions or issues need to be resolved?</i>  <i>What are the major sticking points and areas of negotiation?</i>	<ul style="list-style-type: none"> <li>• What interest rate could the fund charge for certain products that would be worthwhile for housing organizations and appealing to investors?</li> <li>• What blended structure would allow for the diversity of products discussed?</li> <li>• What changes need to be made within existing regional housing funds to accommodate such a product?</li> <li>• Could a part of existing governmental funding for preservation be redirected to grow a regional fund while ensuring return to source?</li> <li>• How do we incentivize the various actors in this space to move from technical assistance to action?</li> </ul>
1.6	<b>Resources Needed</b> <i>What costs will be incurred and by whom? Note any funding sources that are readily available, if known.</i>	There are between 400,000 – 600,000 rental units in the Bay Area presently being rented at rates affordable to households making less than 80% of AMI. The Bay Area also loses approximately between 20,000 – 30,000 such units to market turnover each year. These figures would place the level of resources needed to preserve all market-rate affordable units at \$3-\$4 billion/year. However, given the scarcity of funding for affordable housing in general a fund valued at \$300-500 million/year represents an aggressive but achievable target given the level of resources that presently exist in the Bay Area.
1.7	<b>Scale of Impact</b> <i>(as measured by Plan Bay Area goal alignment)</i>	<b>Preserve: <u>2,000-3,500</u></b> net new units annually
1.8	<b>Potential Vehicles for Implementation</b> <i>Check all that apply</i>	✓ <b>Regional Funding</b> <u>Regional funding:</u> Would require contributions by various actors to create a robust regional housing preservation program either on its own or within existing regional housing funds. Potential vehicles for such a fund could include CZI's Regional Housing Fund, HTSV, or MTC's Preservation Pilot
1.9	<b>Time Frame</b> <i>Time needed for action to be approved and implemented.</i>	✓ <b>Short-Term (0-2 years)</b>
1.10	<b>Feasibility</b> <i>Select one and describe your rationale for why this level of feasibility is anticipated.</i>	<b>Medium Rationale:</b> Compared to other regional affordable housing funding needs, the barriers to growing a substantial regional housing preservation fund are relatively low as it could simply involve the restructuring of existing funds and not the creation of new ones altogether. Preservation is also unique in that the acquisition of new buildings provides immediate and ongoing repayment of the initial investment through existing rents.



1.1	<i>Proposed Action</i>	<b>Regional Housing Preservation Program (HPP) Seismic Retrofit Add-On Fund</b> (see also Attachment 6 on HPP)
1.2	<i>Brief Description</i>	<p>Create an add-on fund to pay for seismic retrofit of market-rate soft-story buildings that are otherwise eligible for MTC Bay Area Preservation (BAP) program loans. BAP funds are contingent upon seismic retrofit of buildings, a requirement designed to protect loan investments should an earthquake occur. High costs associated with retrofits is a dis-incentive to loan funds through BAP to seismically vulnerable buildings.</p> <p>A large share of the market-rate affordable housing stock in the Bay Area is seismically vulnerable. A dedicated add-on fund that provides grants for seismic retrofit will greatly increase the number of buildings in the region that could benefit from the BAP loan program. Seismic retrofit grants would be awarded at the same time as BAP loans to make the process simple for applicants.</p>
1.3	<i>CASA Goals</i>	[X] <b>Protection</b> [X] <b>Preservation</b> [ ] <b>Production</b>
1.4	<i>Desired Effect</i>	<p>If designed well, the add-on fund could:</p> <ul style="list-style-type: none"> <li>• Expand the universe of buildings that are suitable for acquisition and rehab through the BAP loan program;</li> <li>• Increase the total number of market-rate affordable units that are converted to deed-restricted affordable units;</li> <li>• Protect the existing affordable housing stock from loss due to earthquake damage;</li> <li>• Protect residents from direct displacement if an earthquake occurs. Low-income residents are far less likely to have the resources to stay in the region if they are displaced;</li> <li>• Integrate seismic retrofit as a critical component of preservation;</li> <li>• Expand the seismic safety in the region as a whole; and</li> <li>• Protect the investments of both BAP and the applicant.</li> </ul>
1.5	<i>Key Questions and Points of Concern</i>	<p>No revenue has been secured, but FEMA's Hazard Mitigation Grant Program (HMGP) fund is one potential source. But funding from HMGP comes with additional requirements. See section 1.6 for more details.</p> <p>Grant size would need to be calibrated such that it serves as an incentive to BAP applicants, but also allows for multiple awards to support multiple projects around the region.</p> <p>Cities that don't have seismic retrofit ordinances would need to adopt with appropriate engineering standards and ensure owners that they would be exempted from any future retrofit ordinances.</p> <p>Retrofits are complicated and time-consuming, and applicant may still incur out of pocket expenses that are not covered by the grant. This may dampen interest in taking on a seismic retrofit, even if financial assistance is available.</p> <p>Grants could also be made available to applicants not associated with BAP loans, as long as the units will be deed-restricted affordable.</p> <p>A regional or sub-regional entity would be needed to intake and process application forms and administer the grants.</p>
1.6	<i>Resources Needed</i>	To access the FEMA HMGP funding, the following conditions must be met:



		<ul style="list-style-type: none"> <li>Only public agencies with a Local Hazard Mitigation Plan (LHMP) are eligible to receive HMGP funds. MTC/ABAG do not currently have an LHMP and therefore would not be eligible to receive funds. A local or state partner could apply for, and accept the funds at which point those funds could be transferred to another entity for management.</li> <li>HMGP funds require a 25% match. At this point, it is unclear whether local jurisdictions have funds available for this match. It is possible that the BAP fund itself could be eligible as matching funds.</li> </ul>
1.7	<i>Scale of Impact</i>	<p>There are potentially up to 105,000 units in 7,500 soft-story buildings in Alameda and Contra Costa counties alone. Soft story buildings are defined as structures with 5 or more units, two or more stories and parking on the ground floor. These structures were generally built before 1978, and are likely to collapse when shaken in an earthquake. Currently, other than Berkeley no other city in the two counties has a mandatory soft-story retrofit policy.</p> <p>Assuming that the average cost to retrofit a unit is \$20,000, a <b>\$100 million annual fund</b> would support the preservation of <b>5,000 units each year</b>. At that annual rate, it would take 20 years to retrofit all soft-story buildings in Alameda and Contra Costa counties.</p>
1.8	<i>Potential Vehicles for Implementation</i>	<p><b>MTC/ABAG</b> – to apply for and aggregate FEMA funds.</p> <p><b>Education and Advocacy</b> – to build support for the program among local jurisdictions, applicants, and tenants.</p>
1.9	<i>Time Frame</i>	<b>Short-Term (0-2 years)</b>
1.10	<i>Feasibility</i>	<p><b>Moderate</b> – The most challenging part of establishing a small fund would be securing grant funding from FEMA and ensuring that local jurisdictions have a process in place to pass through funds to applicants. Once established, the fund could also attract additional sources of funding for future retrofits.</p>



