



1.1	<i>Proposed Action</i>	Regional Housing Preservation Program (HPP) Seismic Retrofit Add-On Fund (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] Protection [X] Preservation [] Production
1.4	<i>Desired Effect</i>	<p>If designed well, the add-on fund could:</p> <ul style="list-style-type: none"> • Expand the universe of buildings that are suitable for acquisition and rehab through the BAP loan program; • Increase the total number of market-rate affordable units that are converted to deed-restricted affordable units; • Protect the existing affordable housing stock from loss due to earthquake damage; • 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; • Integrate seismic retrofit as a critical component of preservation; • Expand the seismic safety in the region as a whole; and • Protect the investments of both BAP and the applicant.
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"> 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. 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.
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 \$100 million annual fund would support the preservation of 5,000 units each year. 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>MTC/ABAG – to apply for and aggregate FEMA funds.</p> <p>Education and Advocacy – to build support for the program among local jurisdictions, applicants, and tenants.</p>
1.9	<i>Time Frame</i>	Short-Term (0-2 years)
1.10	<i>Feasibility</i>	<p>Moderate – 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>

