



The Committee to House the Bay Area

November 8th, 2018

Plan Bay Area 2040



“CASA—The Committee to House the Bay Area

MTC and ABAAG are helping to coordinate CASA — The Committee to House the Bay Area. This initiative is bringing together a multi-sector set of partners to identify and agree upon significant regional solutions that address the region’s chronic housing challenges and advance equity and economic health in the nine-county Bay Area. Through stakeholder engagement, research and interviews, CASA will develop a comprehensive regional approach to the housing crisis, focusing on increasing housing supply, improving housing affordability, and strengthening preservation and anti-displacement measures. Objectives include a suite of legislative, financial, policy and regulatory recommendations, with partners agreeing on a path forward and working together on implementation. A final report is scheduled for release by the end of 2018.”

Action Plan Objectives

The recommendations in this Action Plan address multiple performance target areas.

- ◆ **HOUSING:** Lower the share of income spent on housing and transportation costs, lessen displacement risk, and increase the availability of housing affordable to low- and moderate-income households.
- ◆ **ECONOMIC DEVELOPMENT:** Improve transportation access to jobs, increase middle-wage job creation, and maintain the region’s infrastructure.
- ◆ **RESILIENCE:** Enhance climate protection and adaptation efforts, strengthen open space protections, create healthy and safe communities, and protect communities against natural hazards.

Only the most aggressive policies can help address the region's housing affordability and equity challenges

54

% of HH
income

Even with Plan Bay Area 2040
Housing costs will rise by **12 percent points** and
Transportation costs by **1 percent point**

67

% of HH
income

H+T Costs
For Lower-Income
Households

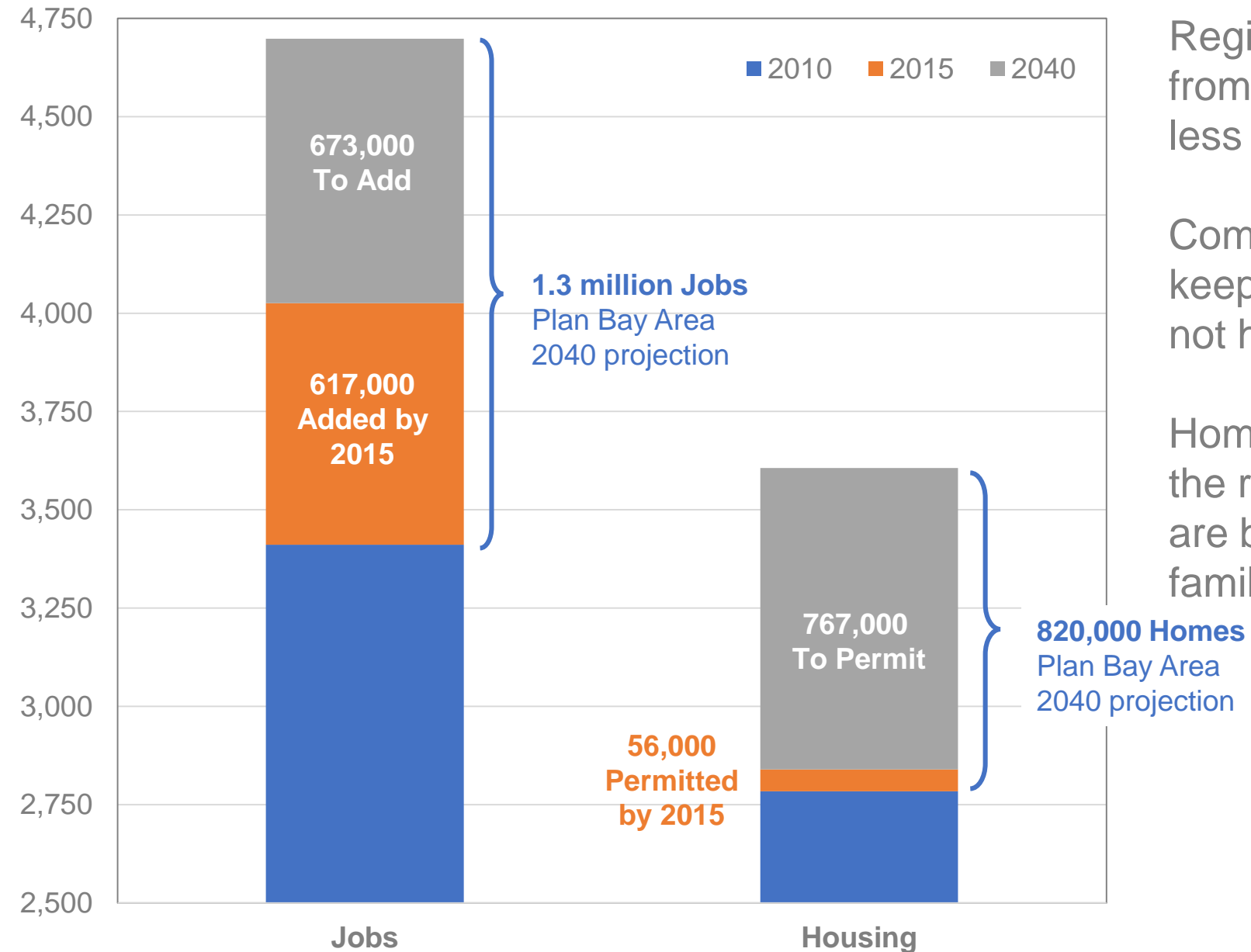
2005

H+T Costs
For Lower-Income
Households

2040

Job Growth Outpaced Housing Permits Regionwide From 2010-2015

Source: PBA 2040 Growth Forecast and Projections



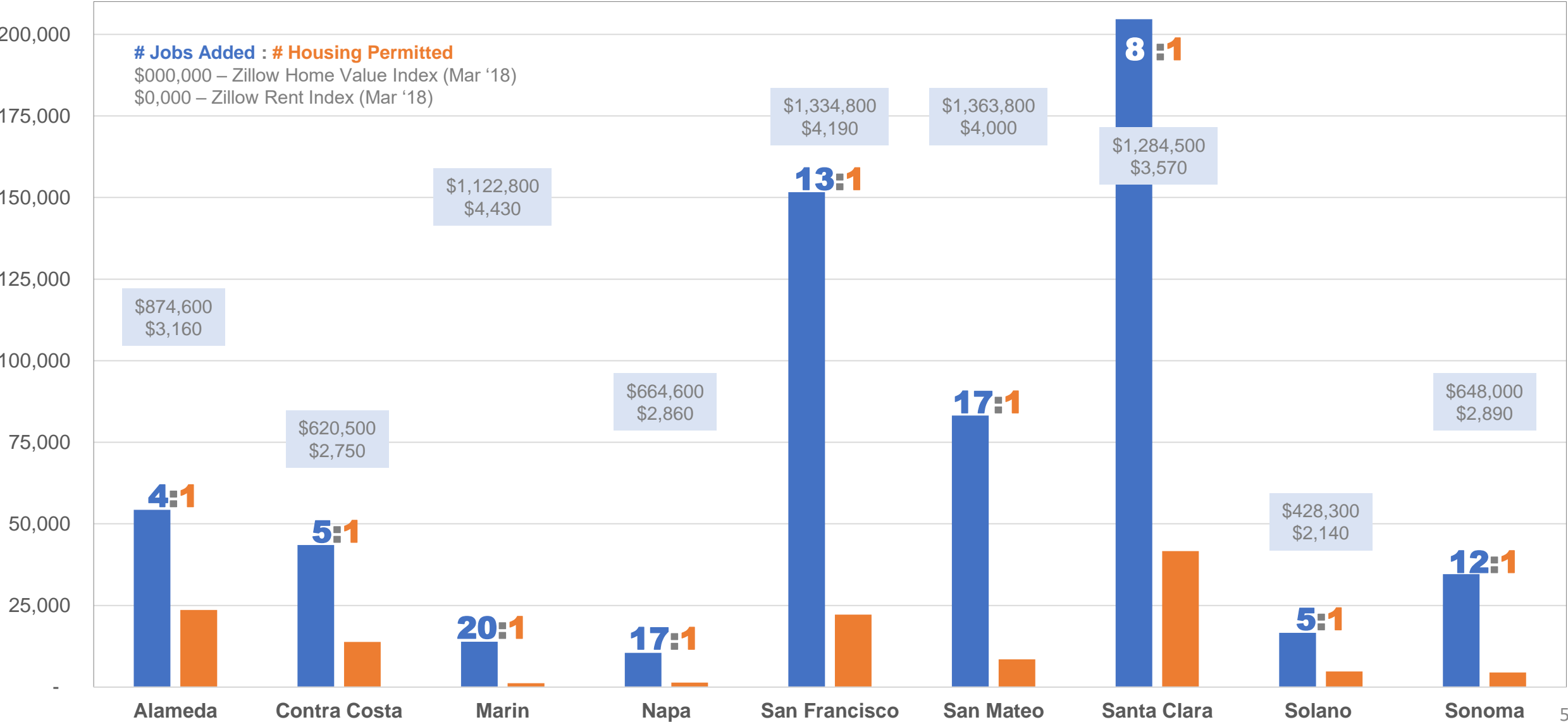
Region added over 600,000 jobs from 2010-2015, but permitted less than 60,000 homes.

Commercial development is keeping pace with demand but not housing.

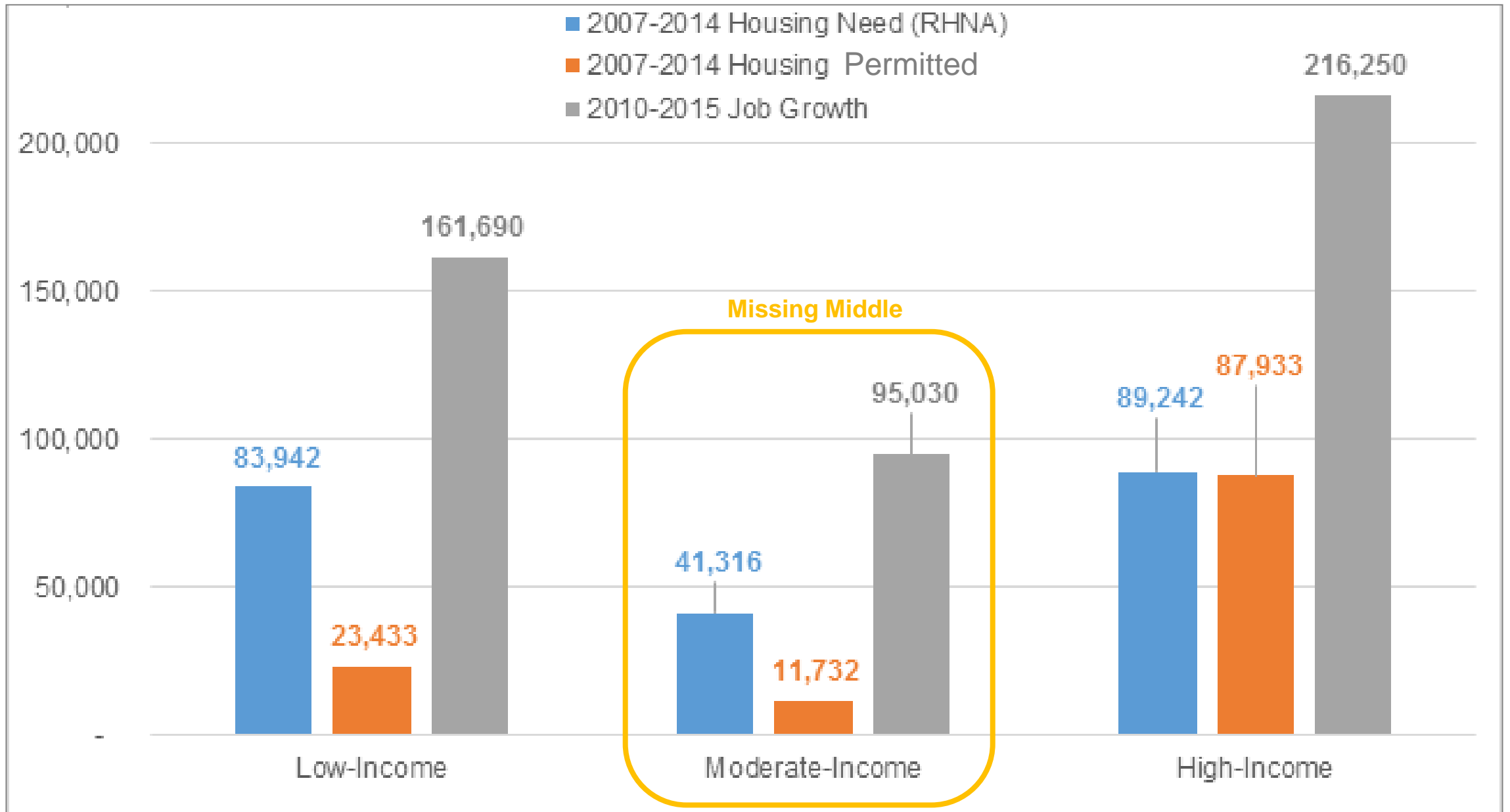
Homelessness has grown across the region; rents and home prices are beyond the reach of most families.

Bay Area Added 1 Housing Unit for Every 11 Jobs Between 2010 to 2016

Source: Jobs – California County Economic Forecast, 2017-2050, Transportation Economics Branch, California Department of Transportation; Housing – E-5 Population and Housing Estimates for Cities, Counties, and the State, California Department of Finance



Affordable Housing Permits Are Lower Than Identified Need



Lower-Income Households Are Most Affected

Plan Bay Area
2040

Map 42
Displacement Risk
Gentrification and
Displacement in the Bay Area
University of California Berkeley
American Community Survey 2009 - 2013
Tracts Within Urbanized Areas

Lower Income Tracts
Greater than 39% of Households are considered Low Income.

- Not losing LI Households, or Very Early Stages
- At Risk of Gentrification or Displacement
- Undergoing Displacement
- Advanced Gentrification

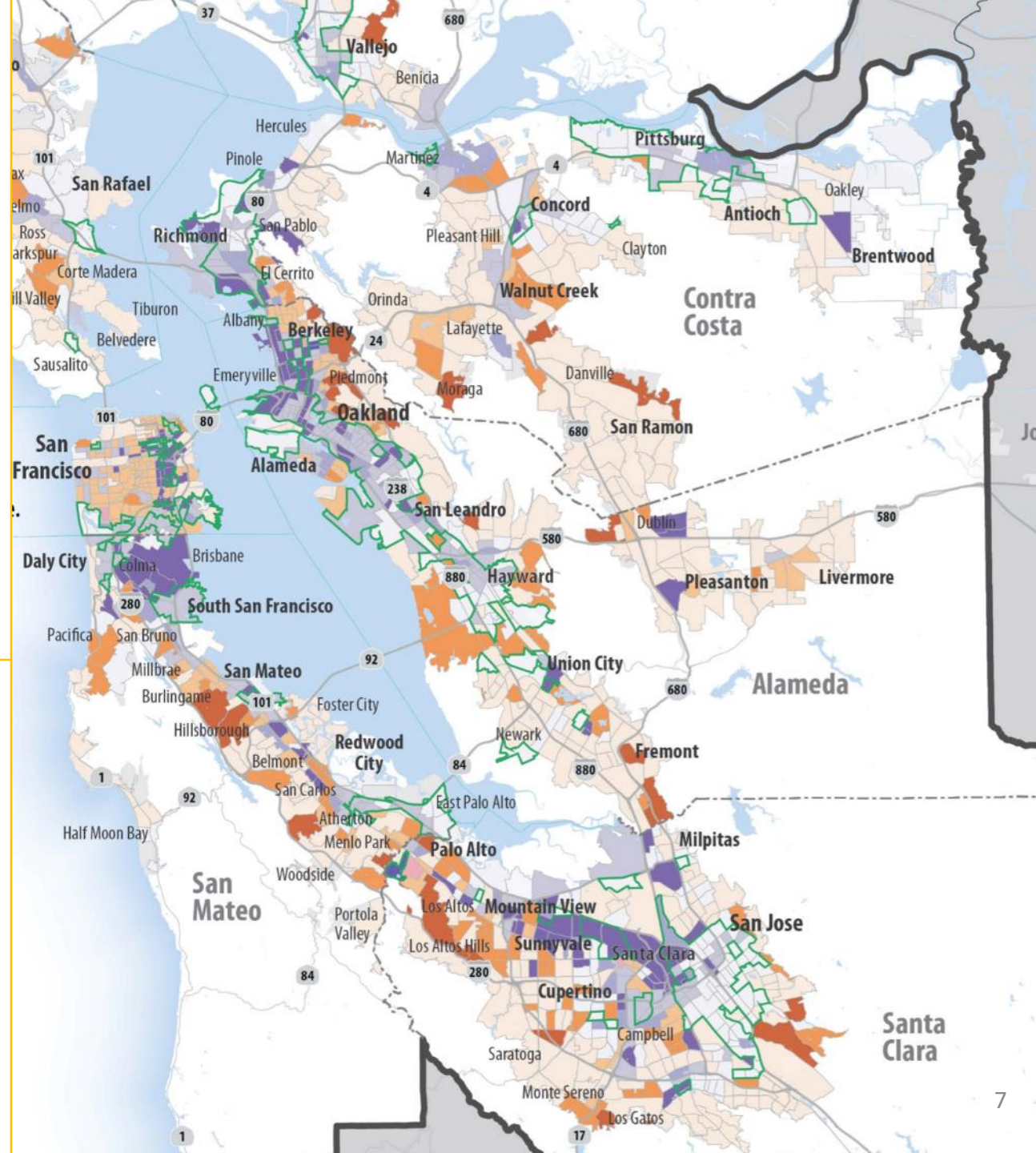
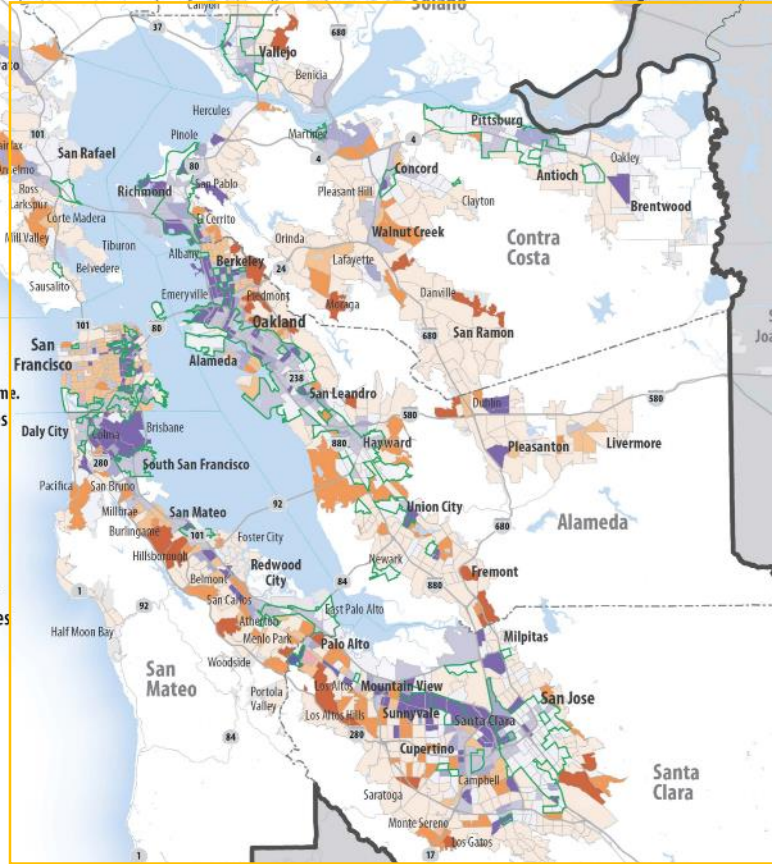
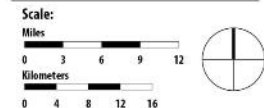
Moderate to High Income Tracts
Less than 39% of Households are considered Low Income.

- Not Losing LI Households, or Very Early Stages
- At Risk of Displacement
- Undergoing Displacement
- Advanced Exclusion

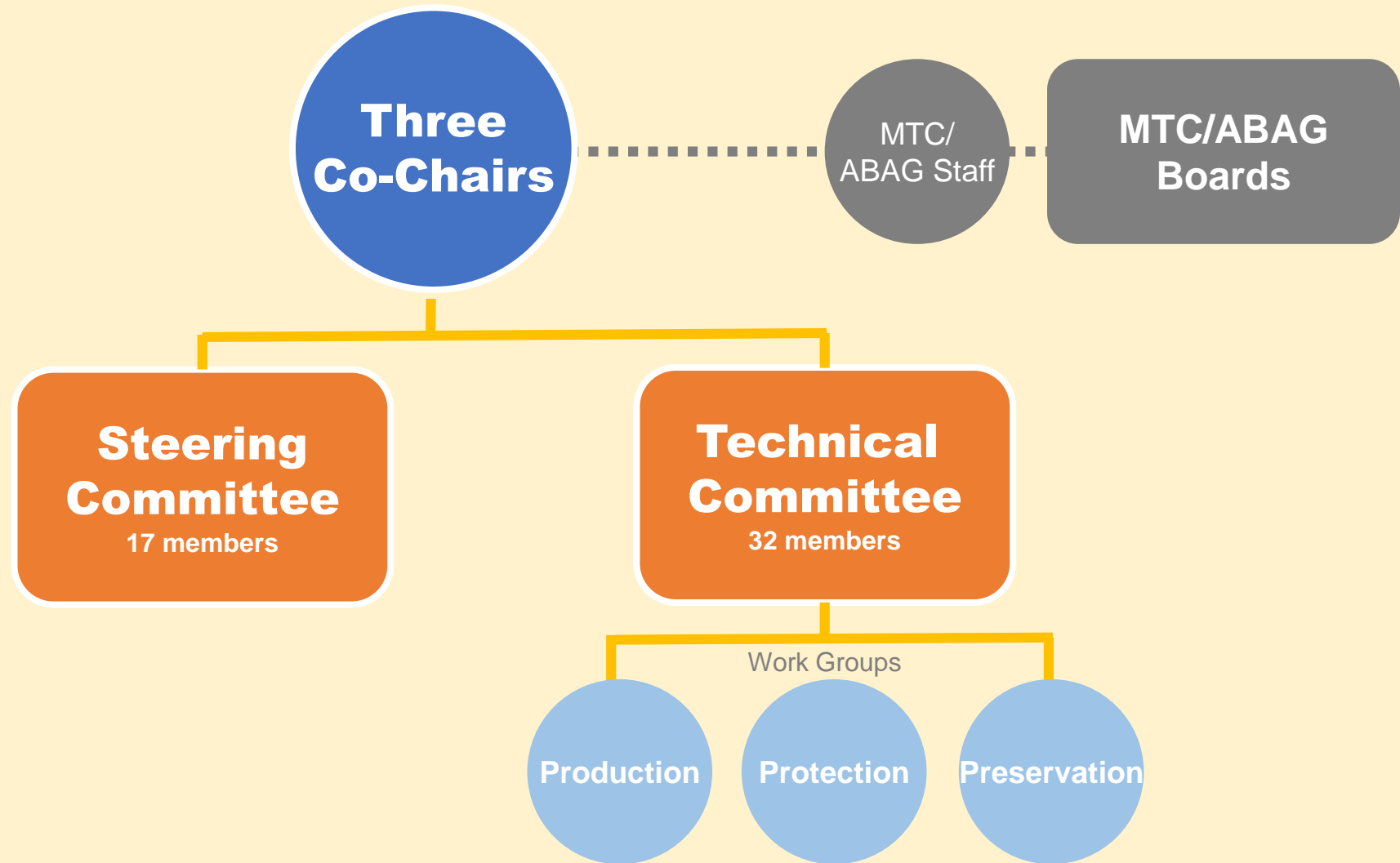
About this Data:
<http://www.urbandisplacement.org/>

Communities of Concern

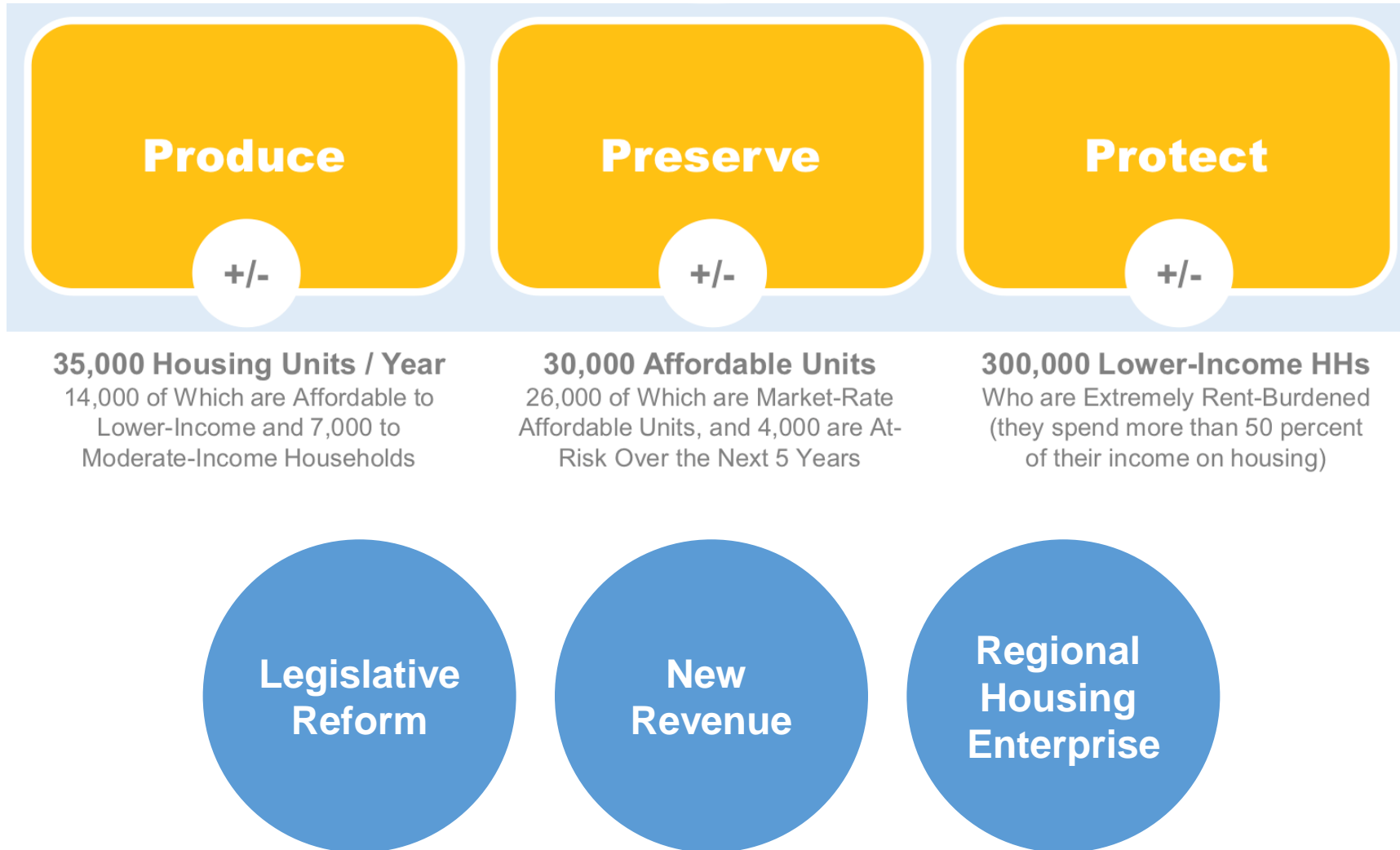
Oakland	Population
Sunnyvale	Over 350,000
Albany	50,000 to 350,000
	Below 50,000



The Committee to House the Bay Area



CASA Compact Framework



Local Jurisdiction Engagement

Online Survey

(May/June)

- Input from local jurisdiction elected officials and staff
- Perspective on:
 - Barriers and challenges related to housing (i.e., funding, market strength)
 - Effectiveness of existing programs (i.e., OBAG)
 - Resources needed to accelerate compliance with state housing laws

Advisory Group

(Monthly)

- Input from local jurisdiction elected officials
- *Membership* – elected officials on CASA Steering Committee and chairs of RPC and RPC-Housing Sub-Committee

Meetings + Presentations

(Ongoing)

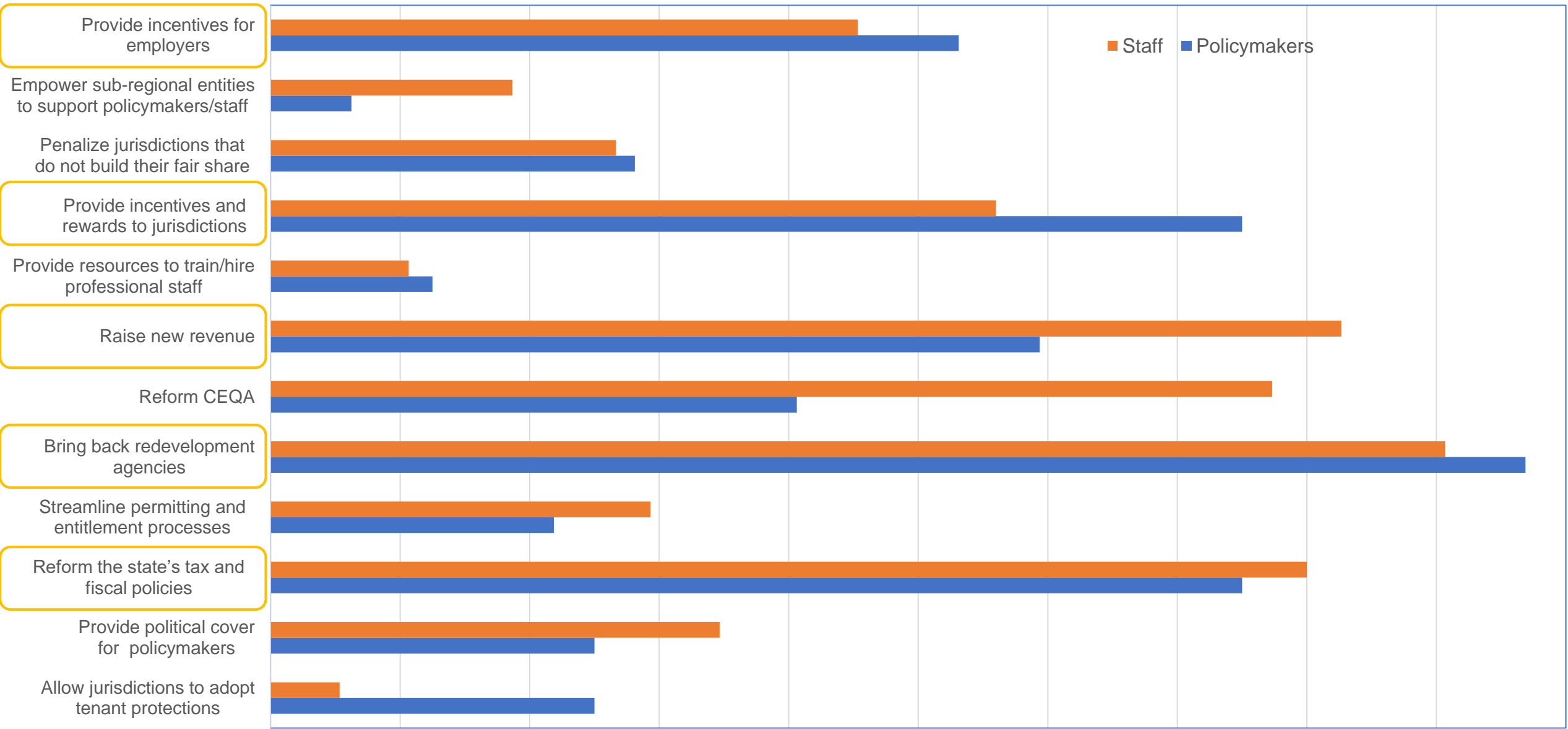
- ABAG Executive Board
- Bi-annual BAPDA meetings
- Meetings with planning and housing directors in each county
- CMA presentations

Local Jurisdiction Online Survey Results

(June 2018)

How can the state or the region help?

(Top 3 picks)



Elements of the CASA Compact

CASA Compact	Protection	Preservation	Production
1. Just Cause Eviction Standards	X	X	
2. Emergency Rent Cap	X	X	
3. Right to Legal Counsel and Eviction Proceedings	X	X	
4. Streamlining for ADUs and Tiny Homes			X
5. Minimum Zoning for Housing Near Transit			X
6. Effective and Fair State Housing Streamlining (SB 35) Laws			X
7. Public Land for Housing Production			X
8. Streamlining of Local Housing Approval Process			X
9. Regional Housing Enterprise		X	X
10. New Revenue to Implement the Compact	X	X	X

Annual Funding Gap Estimate for CASA Initiatives: \$2.5 billion

<i>Protection – Right to Legal Counsel</i>	
Approved w/ Prop F in SF (pop.~884,363)	\$4.2 to \$5.6 million
Estimated cost for Bay Area (pop.~7.8 million)	~\$50 million
Annual Funding Gap for Protection	\$50 million



<i>Production – Lower-Income Subsidized Housing</i>	
Avg. per unit development cost	\$600,000
Avg. per unit supportable debt	(\$45,000)
Avg. per unit federal subsidy (LIHTC)	(\$180,000)
Avg. per unit federal subsidy (AHP)	(\$50,000)
Avg. per unit state subsidy (MHP/Prop 1)	(\$100,000)
Avg. per unit local subsidy	(\$75,000)
Avg. funding gap	\$150,000 / unit
Annual adopted CASA target	14,000 units
Annual Funding Gap for Production	\$2.1 billion

<i>Preservation – Market-Rate and Subsidized Affordable Housing</i>	
Avg. per unit subsidy	\$300,000-\$450,000
Avg. per unit supportable debt	(\$45,000-\$90,000)
Avg. per unit federal subsidy (LIHTC)	(\$0-\$180,000)
Avg. per unit state subsidy (MHP/Prop 1)	(\$0-\$100,000)
Avg. per unit local subsidy	(\$0-250,000)
Avg. estimated funding gap	\$100,000 / unit
Annual adopted CASA target (over 8 years)	3,750 units

Annual Funding Gap for Preservation	\$375 million
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Source of Funding, Annual

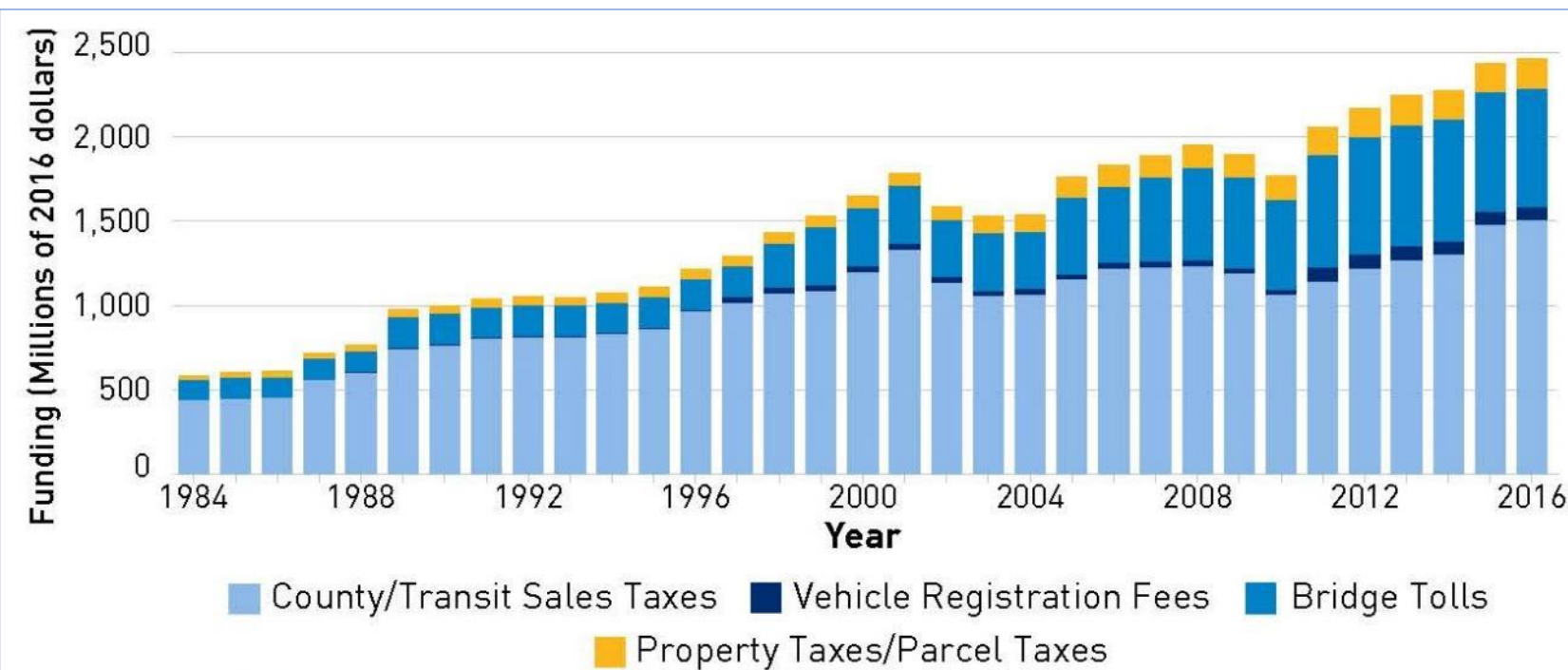
For Affordable Housing and Transportation

Source: Financial Assumptions Report, Plan Bay Area 2040; Funding Affordable Housing Near Transit, May 2017, Great Communities Collaborative



Self-Help Funding for Transportation, 1984-2016

Source: MTC



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, region-wide

 Vancouver adopted an Empty Homes Tax of 1 percent in 2016
 Oakland adopted a Vacant Property (parcel) Tax of \$3,000 to 6,000 in 2018



 \$100 million
\$48 per year
Parcel Tax, region-wide

 Bay Area approved Measure AA for \$12 per year in 2016

Key

Voter Approval	
State Legislation	
Policy Benefit	
Fee Imposition	


Developers


 \$200 million
\$5-\$20 per sq. ft.
Commercial Linkage Fee on new construction; variable rates based on number of workers at location, jobs-housing ratio of host jurisdiction, and location within or outside transit-served areas, region-wide

 38 jurisdictions in the Bay Area have a commercial linkage fee, with a median of \$10 per sq. ft.


 \$200 million
\$10 per sq. ft.
Flat Commercial Linkage Fee on new construction, region-wide

Employers


 \$200 million
0.1%-0.75%
Gross Receipts Tax, variable rates based on sector and firm size, region-wide


 Almost half the jurisdictions in the Bay Area charge some form of gross receipts tax, often as a business tax

 Small businesses would be exempt from the tax. Employers in a jurisdictions with an existing tax will get a credit


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

 Mountain View adopted a Head Tax of up to \$149 in 2018

Local Governments



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

 Former Redevelopment Agencies were required to set aside 20 percent of their revenue towards affordable housing



 \$100 million
20 percent
Revenue Sharing Contribution from future property tax growth, region-wide

 Minneapolis-St. Paul adopted a seven-county Fiscal Disparities Program (tax-base sharing) in 1971 that pools 40 percent of future revenue increase

Taxpayers


 \$800 million
1/2-cent
Sales Tax, region-wide

 Most jurisdiction have local sales taxes. Could be linked to “point of sale” and e-commerce legislation. Could be folded into a “mega-measure” that includes funding for transportation


 \$100 million
5-Yr. Term
General Obligation Bonds, issued by a regional housing enterprise, renewed every five years, region-wide

Philanthropy

CZI-TSFF Initiative
 Policy and Infrastructure Funds

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.

New Sources of Funding to Implement the Compact

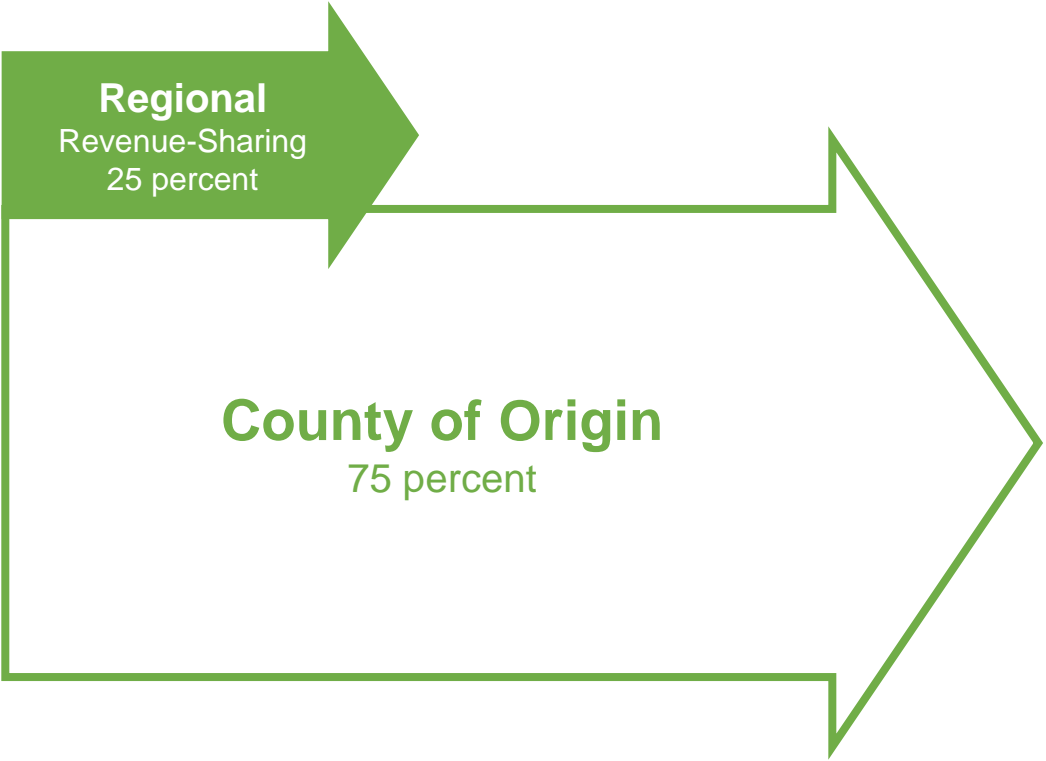
Return to Source Proposal

- 75 percent spent w/in county of origin
- 25 percent to regional program for revenue-sharing
- Subject to performance/policy outcomes
- Similar to BART sales tax allocation

Note: total expenditures would be consistent with allocation shares set in the CASA Compact (see previous slide)

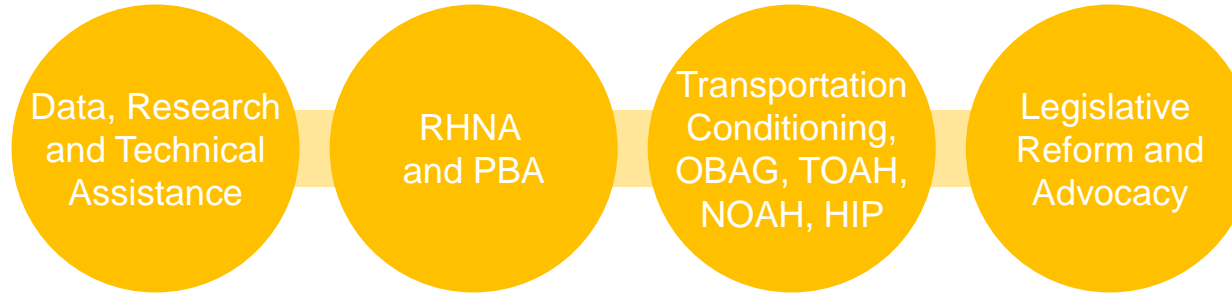
Local Jurisdiction Incentives	10%
Tenant Protection Services	10%
Affordable Housing Preservation	20%
Affordable Housing Production	60%

Total Revenue and Allocation

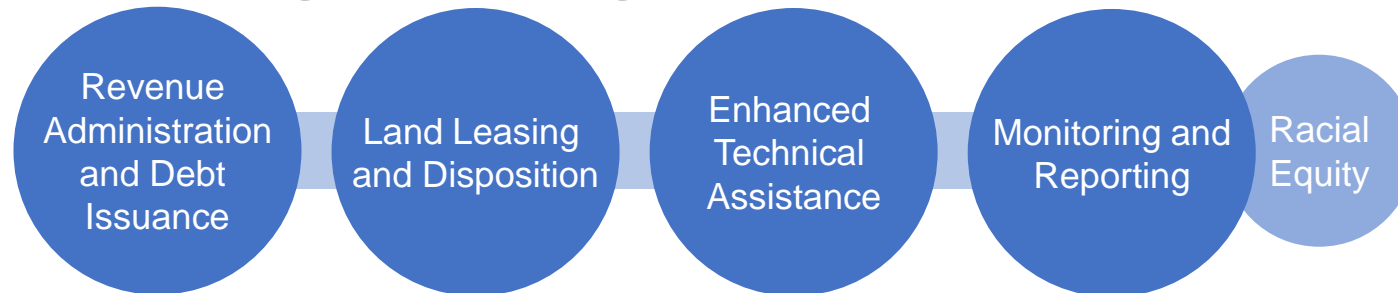


Regional Housing Enterprise

MTC/ABAG Roles and Responsibilities



Regional Housing Enterprise Roles



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.)

CASA Work Windows

