



STAFF REPORT

AGENDA ITEM NO: STUDY

MEETING DATE: April 1, 2019

To: Honorable Mayor and City Council

Date: April 1, 2019

From: Kevin Gardiner, Community Development Director – (650) 558-7253

Subject: CASA Compact and Ongoing Developments in California Housing Law

RECOMMENDATION

Staff recommends that the City Council consider the information regarding the CASA Compact and recent developments in California housing law, and provide direction as appropriate.

BACKGROUND

The CASA Compact is a series of policy proposals that came out of an 18-month ABAG/MTC stakeholder group to address housing supply and affordability matters in the Bay Area (CASA Compact attached).

Subsequent to the CASA Compact being released, State lawmakers have been introducing legislation intended to implement various aspects of the Compact.

DISCUSSION

The CASA Compact is intended to address the jobs/housing imbalance and housing affordability challenges in the Bay Area. Since the recession ended in 2010, the Bay Area has added 722,000 jobs but built only 106,000 housing units. The imbalance has resulted in high housing costs and longer commutes, as people have moved farther and farther away from employment centers in search of less expensive housing. Nearly 190,000 workers commute from outside the nine-county Bay Area to business parks in Silicon Valley and the Tri-Valley, and more than 220,000 East Bay residents cross toll bridges to the Peninsula every day. While recent years have been defined by particularly dramatic jobs/housing imbalances, the situation has been developing for several decades as housing production has not kept pace with employment growth in the Bay Area as well as many other areas of the state.

The CASA Compact calls for 35,000 new housing units to be built each year, including 14,000 that are affordable to low-income families, and 7,000 that are affordable to moderate-income families.¹ Furthermore, the Compact calls for the preservation of 30,000 units of existing

¹ By government definition, "Moderate-Income" means a household with an income that is 120% of the "Area Median Income" (AMI), "Low-income" means a household with an income that is 80% of AMI, "Very-Low Income" means a household with an income that is 50% of AMI, and "Extremely-Low Income"

affordable housing, and protections for 300,000 households that are threatened with displacement.

The 21 Elements collaborative of San Mateo County municipalities has prepared a memorandum that is intended to provide a broad overview of the CASA Compact (attached).

Key Legislation: More than two hundred bills implementing various elements of the CASA Compact have been introduced by State Legislators in the current session. Key legislation includes:

- [SB 50 \(State Sen. Scott Wiener\)](#): Would allow applicants to apply for an “equitable community incentive” that would allow reduction of minimum parking requirements and raising height restrictions within quarter-mile and half-mile distances from job centers and public transit stops.
- [SB 330 \(State Sen. Nancy Skinner\)](#): Would prohibit cities with high rents and low vacancy rates from placing moratoriums or other restrictions on housing construction until 2030. Would limit the approval process for projects to three public hearings and require that cities make a decision within one year.
- [AB 725 \(Assemblywoman Buffy Wicks\)](#): Would prohibit more than 20% of a jurisdiction’s share of regional housing need for above moderate-income housing from being allocated to sites with zoning restricted to single-family development.
- [AB 68 \(Assemblyman Phil Ting\)](#): Would override city ordinances that require a minimum lot size for secondary units, such as cottages and basement apartments, or restrict those units to less than 800 square feet.
- [SB 4 \(State Sen. Mike McGuire\)](#): Would streamline the approval process for small multifamily housing projects in cities and counties with unmet housing needs, excluding coastal zones, historic districts, and areas with high fire risks. Would also ease the development of apartment buildings and condominiums up to one story taller than existing height limits within a half-mile of transit stations.
- [AB 1487 \(Assemblyman David Chiu\)](#): Would establish an entity (Housing Alliance for the Bay Area) to increase affordable housing in the San Francisco Bay area by providing for enhanced funding and technical assistance at a regional level for tenant protection, affordable housing preservation, and new affordable housing production. Would empower MTC, ABAG and the Governor to appoint a governing board for the entity which would be a special district. Would authorize the entity to exercise various specified powers, including the power to raise revenue and allocate funds throughout the Bay Area, subject to applicable voter approval requirements and other specified procedures, and authorize the entity to, among other things, raise and allocate new revenue by placing funding measures on the ballot in the nine San Francisco

means a household with an income at 30% of AMI. In 2018 (the most recent year data is available), the San Mateo County AMI was \$82,900 for a single-person household, \$94,700 for a two-person household, and \$118,400 for a household of four.

Bay Area counties, incur and issue indebtedness, and allocate funds.

Senate Bill 50 (SB 50) has received the most attention in the press, and predates the CASA Compact. It is a follow-up to SB 827 introduced by Senator Weiner in 2018, which did not progress past its first Senate committee hearing. SB 50 has been designed to address some of the criticism that SB 827 received, particularly regarding concerns of potential tenant displacement by new infill development.

SB 50 would allow applicants to apply for an “equitable community incentive” that would act similar to a zoning overlay. The equitable community incentive would only apply if the project meets all of the following qualifying criteria:

- The project must be in either a “jobs-rich” or “transit-rich” area. “Transit-rich” refers to properties that are either within one-half mile of a major rail station, or one-quarter mile from a high-quality bus corridor stop. On initial analysis, staff believes the Burlingame Caltrain and Millbrae Intermodal Stations would be considered major rail stations, and El Camino Real is likely to be considered a high-quality bus corridor. The status of the Broadway Caltrain Station is uncertain, to be determined by level of service offered once the Caltrain electrification project has been completed. The attached exhibit “Properties Within Major Transit Routes” indicates one-half mile radii from the major rail stations, and one-quarter mile radii from the high-quality bus corridor stops.

“Jobs-rich” refers to areas identified as such by the Department of Housing and Community Development (HCD), based on indicators such as proximity to jobs, high area median income relative to the relevant region, and high-quality public schools. Commencing on January 1, 2020, HCD would publish a map of the state showing areas identified as “job-rich areas.” The map would be updated every five years thereafter.

- The property must be located on a site that is zoned to allow housing as an underlying use in the zone. As such, properties located within residential and mixed use residential zones would be eligible, but properties located in commercial zones where housing is not permitted (such as the Bayfront) would not be eligible.
- If the project consists of 11 units or more, it must include affordable units. Projects with 11 to 20 units would be allowed to pay an in-lieu fee, whereas projects with more than 20 units would be required to provide units on-site affordable to low-, very-low, or extremely-low income households.
- The property cannot contain housing that has been occupied by tenants within the seven years preceding the date of the application. If the property has been occupied by tenants within the seven-year period preceding, it would not be eligible to submit an equitable community incentive application under SB 50, but could otherwise submit a development application that would be in conformance with existing zoning.
- The project must comply with all other relevant standards, requirements, and prohibitions, imposed by the local government. This includes architectural design, restrictions on or oversight of demolition, impact fees, and community benefits agreements.

If a project does not conform to all of the qualifying criteria, development could still be proposed under zoning regulations in place, but the project would not be eligible for equitable community incentives under SB 50.

Projects within either “jobs-rich” or “transit-rich” areas would be eligible to receive the following incentives upon request:

- A waiver from maximum controls on density;
- A waiver from minimum automobile parking requirements greater than 0.5 spaces per unit;
- Up to three incentives and concessions pursuant to State Density Law (Government Code Section 65915).

Furthermore, projects located within one-quarter mile of a major transit station (Burlingame Caltrain or Millbrae Intermodal) would be eligible to receive, in addition to the “jobs-rich” or “transit-rich” incentives listed above, the following upon request:

- Maximum height of up to 55 feet;
- Maximum Floor Area Ratio (FAR) up to 3.25;
- No minimum parking requirement.

Projects located within one-half mile of a major transit station but outside a quarter-mile radius would be eligible to receive, in addition to the “jobs-rich” or “transit-rich” incentives above, the following upon request:

- Maximum height of up to 45 feet;
- Maximum Floor Area Ratio (FAR) up to 2.5;
- Reduced or no parking requirement (the current version of the legislation is ambiguous, but appears to suggest no parking requirement).

League of California Cities Positions: The League of California Cities has not taken a position on the above-listed bills, but has all listed on its [List of “Watched” Bills](#). Meanwhile, the League’s Peninsula Division has been discussing the CASA Compact and related legislation in its quarterly meetings. Vice Mayor Beach chaired the most recent quarterly meeting on March 20th, where discussions were structured around housing issues rather than specific bills. Themes were density, CEQA reform, renter protections, parking requirements, impact fees, and financial incentives. The intent was to help identify ideas that would be helpful for Legislators to consider, and policy areas where there is room for potential negotiation. This approach emphasizes a constructive approach to evaluating the various legislative proposals, and offering constructive alternatives where there is disagreement with proposed legislation.

Relationship to the Burlingame General Plan Update: Housing was an important component of the recently adopted General Plan Update, as well as the earlier Downtown Specific Plan (which is an element of the General Plan). Overall, the new General Plan shares many objectives with elements of the CASA Compact and some of the proposed legislation, but there are also important differences.

Through the General Plan Update and Downtown Specific Plan, the areas around the City's major transit stations (Burlingame Caltrain Station and Millbrae Multimodal Station) were significantly upzoned to allow increased housing development. In the Rollins Road area, live/work and residential zoning was introduced for the first time. Building heights in many of the zones are 55 feet or more. Densities range up to 140 units per acre near the Millbrae Multimodal Station, and there are no density limits in Downtown near the Burlingame Caltrain Station. The increased development in these areas was carefully considered, with a balance between meeting important housing needs and respecting community character.

However, the General Plan differs from the proposed legislation with regards to the single family R-1 neighborhoods, some of which fall within one-quarter or one-half mile of transit stations and bus corridors. In these areas, Accessory Dwelling Unit (ADU) standards were relaxed consistent with State Law to allow additional smaller housing units to be integrated into the existing neighborhoods, but otherwise the single family standards have been retained. These areas are complementary to the more intensively upzoned areas nearby.

The approach in the General Plan meets the goals of providing housing near transit and employment, but also reflects community objectives. Since the General Plan was adopted in January 2019, more than 500 new units have been proposed in the upzoned North Burlingame Mixed Use and Rollins Road Mixed Use zones, while ADU applications continue to be received in the nearby single family neighborhoods. This is in addition to more than 1,000 units that have been approved or have been under review prior to the adoption of the General Plan Update.

The General Plan Update and Downtown Specific Plan illustrate that quarter- and half-mile radii dynamics are very different in each community. The General Plan Update was a transparent and inclusive process that has resulted in robust residential zoning within proximity to transit stations. As a "case study" the General Plan Update suggests that communities should be allowed local variations through thoughtful planning, provided they meet the broader objectives of providing housing in such a job-rich region.

FISCAL IMPACT

None.

Exhibits:

- CASA Compact – January 2019
- Summary and Strategic Options - CASA Compact – 21 Elements, February 5, 2019
- Properties Within Major Transit Routes
- Senate Bill 50