



# 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.<sup>1</sup> Furthermore, the Compact calls for the preservation of 30,000 units of existing

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<sup>1</sup> 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

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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.

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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



# CASA COMPACT

A 15-Year Emergency Policy Package  
to Confront the Housing Crisis in the San Francisco Bay Area

January 2019



The Committee to House the Bay Area



COMMITTEE TO HOUSE  
THE BAY AREA

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# CASA Preamble

The Bay Area faces many pressing regional problems — traffic congestion, air pollution, the threat of earthquakes and other natural disasters, to name a few. But the housing shortage has reached crisis proportions. During our remarkable run of economic expansion since the Great Recession ended in 2010, the Bay Area has added 722,000 jobs but constructed only 106,000 housing units. With housing supply and demand that far out of whack, prices have shot through the roof and long-time residents as well as newcomers are suffering the consequences.

In one of the wealthiest metropolitan areas on the planet, tens of thousands of our fellow citizens are ill-housed or not even housed at all. Many more families are just one missed paycheck away from eviction. While the recent wildfires have underscored the devastating effects of suddenly losing a home, the reality is that too many Bay Area residents face that situation every day.

Our housing crisis is also a transportation crisis. Nearly 190,000 workers commute from outside the nine-county Bay Area to the business parks of Silicon Valley and the Tri-Valley, and more than 220,000 East Bay residents cross the toll bridges to the Peninsula every day. Driven by the search for reasonably-priced housing, these “super-commuters” are clogging the roads and transit systems that we all rely on.

The Bay Area faces a housing crisis because we have failed at three tasks: (1) we have failed to produce enough housing for residents at all income levels; (2) we have failed to preserve the affordable housing that already exists; and (3) we have failed to protect current residents from displacement where neighborhoods are changing rapidly.

These 3 P’s — Production, Preservation, and Protection — are not only the signposts of our collective failure, but they should be the focus of our future efforts to overcome the crisis we have created.

What is CASA? Of course, it is the Spanish word for “house.” It is also the name of a blue-ribbon task force of elected and civic leaders convened by the Association



*“The Bay Area is in a state of great peril today; CASA is the best chance to fix this crisis.”*

FRED BLACKWELL

of Bay Area Governments (ABAG) and Metropolitan Transportation Commission (MTC). Its three Co-Chairs are Fred Blackwell of the San Francisco Foundation, Leslye Corsiglia of Silicon Valley @ Home and Michael Covarrubias of TMG Partners. The CASA Compact is a 15-year emergency policy package to confront the region’s housing crisis head-on. It includes a series of policy reforms that will allow the Bay Area to build more housing at all income levels while protecting tenants and low-income communities from unjust evictions and displacement.

The Compact also includes a series of revenue recommendations needed to preserve our existing housing stock,

subsidize the construction of more affordable housing, and provide assistance to tenants facing eviction.

Finally, the CASA coalition proposes to create a new Regional Housing Enterprise to provide technical assistance to local governments, collect data to monitor our progress, and administer any new regional funds that might be approved. The new enterprise will not have direct land use authority. These three R’s — Reform,

Revenue, and Regionalism — form the crux of the CASA Compact.

Animating our work has been a deep concern about how we grow housing in a more inclusive manner in all neighborhoods and not accelerate displacement in the most vulnerable communities. The Bay Area’s segregated housing patterns — both by race and by income — are a legacy of decades of discriminatory government policies and private sector lending practices. The CASA Compact contains specific protections for neighborhoods and residents most affected by that horrible history. And while the Compact was not designed to deal directly with all aspects of the region’s chronic homelessness problem, many of its elements should

result in more and better options to shelter this particularly vulnerable segment of the Bay Area’s population.

When Bay Area residents are polled about who is



*“Our goal is to reach consensus on big picture responses that will move the needle on housing affordability in this region.”*

LESLYE CORSIGLIA

responsible for the region's housing crisis, they spread the blame far and wide: it's the businesses who create all the jobs, it's the developers who build the luxury housing, it's local government officials who oppose new housing developments, it's environmental and labor interests whose demands make new housing more expensive, it's community groups who fear the changes that new development will bring.

All those interests (and more) came together around the CASA table for the past 18 months. They worked in the spirit of finding common ground, working through entrenched differences and charting a course forward for the good of the region. The resulting Compact represents an interlocking series of agreements among the negotiating parties. Each signatory to the Compact pledges to support the entire agreement and all of its provisions.

The signatories to the CASA Compact further pledge that their work will not stop when they put down their ceremonial pens. The real work will have just begun.

Implementation of the CASA Compact will require bills to be passed in Sacramento, it will require leadership from our new governor Gavin Newsom, it will require regional ballot measure campaigns in 2020 and the years beyond, it will require changes in transportation and housing policy-making at both ABAG and MTC, and it will require every local government in the Bay Area to do their part.

It is a commonplace to say problems that have been decades in the making can't be solved overnight. But we can't afford to take our time in confronting the Bay Area's housing crisis. We need to make significant progress in the next 3–5 years.



*"We must compromise, break down silos, and set aside differences for the greater good of the Bay Area."*

MICHAEL COVARRUBIAS

The CASA Compact is detailed, comprehensive, and actionable. Yet, the region's housing challenge really boils down to a simple, quite personal question: shouldn't our region be able to grow and prosper while also ensuring that our kids and grandkids can live as adults in the neighborhoods where they grew up?

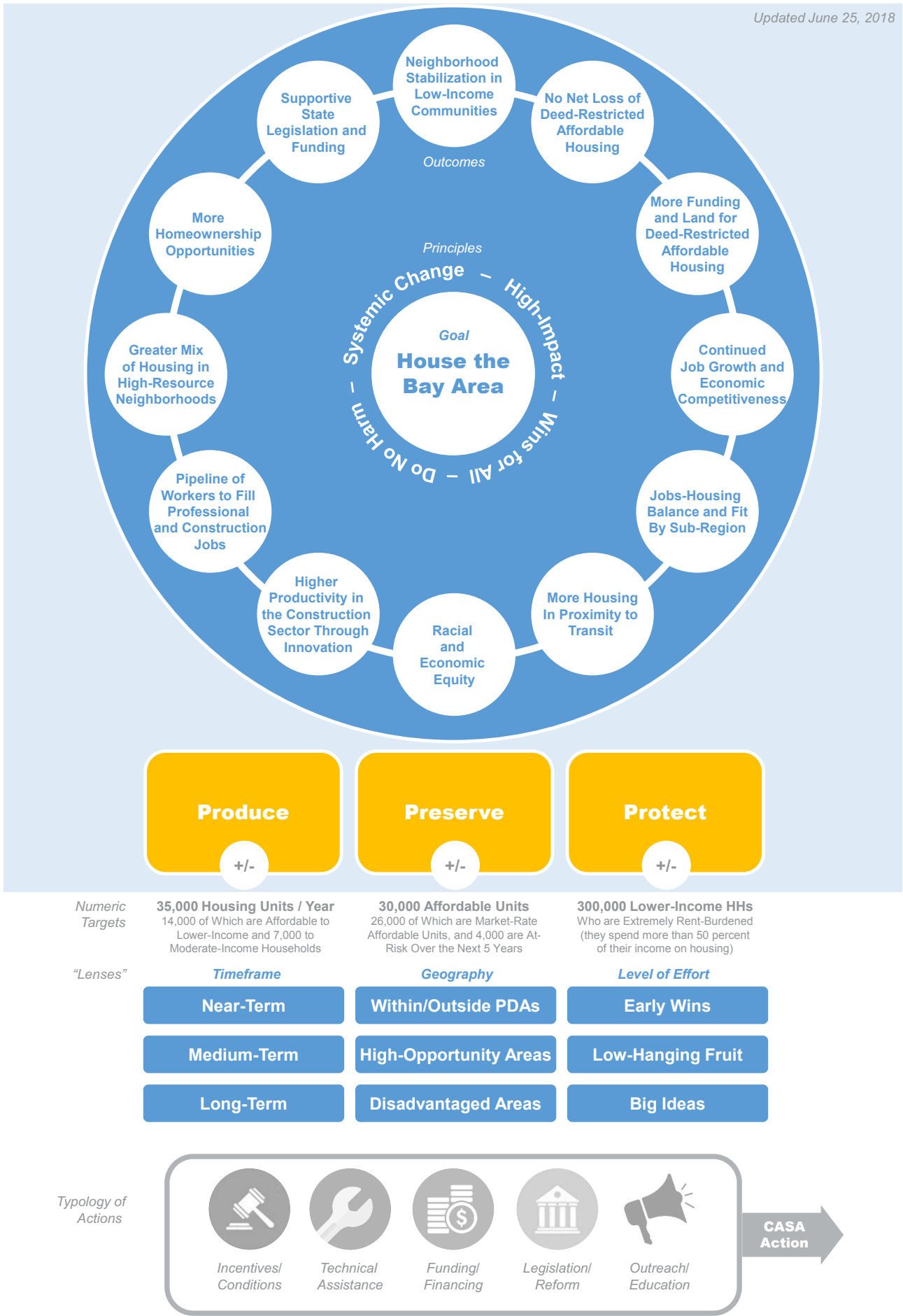
***We say the answer is yes.***



*CASA is about what kind of place our kids and grandkids will live in.*

Figure A: The CASA Framework

Updated June 25, 2018





# Introduction

The recommendations in this Compact are the result of an intensive dialogue among the key interests who are collectively responsible for housing the Bay Area. Over the course of 18 months, the Metropolitan Transportation Commission (MTC) and the Association of Bay Area Governments (ABAG) convened a series of structured discussions with local government officials, developers, major employers, labor interests, housing and policy experts, social equity advocates and non-profit housing providers. The goal was straightforward but by no means simple: find common ground on a comprehensive set of solutions to the Bay Area's housing crisis.

CASA was led by three Co-Chairs (Fred Blackwell, Leslye Corsiglia and Michael Covarrubias), and Steve Heminger, Executive Director of MTC/ABAG. It was structured around a Technical Committee of policy experts and practitioners and a Steering Committee of elected officials, thought leaders and major employers. The Technical Committee's role was to recommend actions for addressing the crisis. Those recommendations went to the Steering Committee for review, refinement and final approval. The CASA effort was supported and staffed by MTC/ABAG and a team of consultants. Profiles of the Co-Chairs and rosters for both the Steering and Technical Committees are included as appendices to this document.

## Phase One: Foundational Work (June 2017-Jan 2018)

The first phase of the CASA process was focused on learning, sharing perspectives, and developing a framework for the process of developing the CASA Compact. Experts from UC Berkeley provided in-depth analysis of the many causes and consequences of the crisis, ensuring that all members of the Committees were operating from a shared base of knowledge. On the basis of this shared understanding, the Co-Chairs and Committee forged a detailed framework (shown as Figure A) to shape the CASA process and the ultimate Compact. The framework is organized around three principal outcomes, or **'Three Ps'** as they became known in CASA parlance:

- 1 Increasing housing production** at all levels of affordability,
- 2 Preserving** existing affordable housing, and
- 3 Protecting** vulnerable households from housing instability and displacement.

## Phase Two: Brainstorming Action Ideas (Jan-July 2018)

Next, the Committees spent six months brainstorming and vetting upwards of 30 action ideas. This process was driven by workgroups who dedicated hundreds of hours to meeting, researching and drafting ideas.

Community-based organizations and members of the public also participated in generating ideas. A series of listening sessions around the region solicited input from vulnerable households in identifying priority actions that CASA should consider. Members of the public also shared ideas and feedback through public comment. Each idea was written up and presented to the Technical Committee for vetting. The Committee members used a "gradients of agreement" tool to score each idea on a scale of 1-5. The Steering Committee reviewed and refined the most promising ideas that emerged from the Technical Committee.

## Phase 3: Crafting the Compact (Sept-Dec 2018)

In the final phase, the Co-Chairs distilled the 30+ action plans into the Compact you see before you. This happened through an iterative process, with successive versions of the Compact presented to both the Technical and Steering Committees and refined based on their input.

## Phase 4: CASA Implementation

CASA leadership and key members will continue to work in cross-sector coordination with State and local elected officials and agencies to implement the principles of the CASA Compact.

## Core Principles

Over the course of this process, the participants forged an understanding around core principles that underpin the recommendations in this document. These include:

- 1 Shared responsibility** All sectors and interests should share the burdens and benefits of housing the Bay Area.
- 2 Inclusion everywhere** Find ways to include more housing at all income levels, in every jurisdiction.
- 3 Promote 'Missing Middle' housing types** Encourage the development of smaller homes that are more affordable by design and less likely to cause displacement.
- 4 Stabilize communities** Preserve the historic diversity and access to opportunity in the Bay Area.
- 5 Balance across the Three Ps** Individual components of the Compact should move forward together and avoid undermining each other.
- 6 Level the playing field** The Compact should create fair, more uniform standards for the housing development process, across the Bay Area.
- 7 Minimize administrative burden** We should minimize new administrative requirements and focus on strategies that can be implemented rapidly and efficiently.



## Compact Element #1 — Just Cause Eviction Policy

**Brief Summary** Ensure that all Bay Area tenants are protected from arbitrary evictions by adopting a region-wide policy requiring landlords to cite specific “just causes” (both fault and no-fault) for termination of tenancy, such as failure to pay rent or violation of lease terms. Require landlords to provide relocation assistance for covered no-fault evictions.

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**Desired Effect** Just cause protects tenants from arbitrary evictions. Studies show that eviction can cause health issues, emotional trauma, school disruption for children, longer and costly commutes, and reduced wage earnings for adults. Just cause eviction protections promote tenant stability and limit eviction-related health consequences.

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**References and Models** Action Plan 2.1; NJ state Just Cause Law; Large cities in CA (SF, Oakland, San Jose, LA)

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### DETAILED PROPOSAL

**Permissible causes for eviction** Both fault and no-fault evictions should be allowable under a region-wide just cause policy. Fault eviction causes should include failure to pay rent, substantial breach of a material term of the rental agreement, nuisance, waste, or illegal conduct. No-fault causes should include owner move-in, withdrawal of unit from rental market (Ellis Act/condo conversions), unit unsafe for habitation, or demolition/substantial rehabilitation

**Coverage** Just cause eviction standards should apply to all rental units except the following:

- Government owned and government subsidized housing units or housing with existing government regulatory assessments that govern rent increases in subsidized rental units (e.g., Section 8)
- Transient and tourist hotel occupancy as defined in Civil Code Section 1940(b)
- Housing accommodations in a nonprofit hospital, religious facility, or extended care facility
- Dormitories owned and operated by an institution of higher education or a K-12 school
- Tenant shares bathroom/kitchen with the owner who maintains principal residence there
- Single owner-occupied residences including when the owner-occupant rents or leases 2 units (including ADU and JADU) or bedrooms
- Resident-owned nonprofit housing

**Waiting Period** The protections should apply only after a tenant has been in occupancy (with or without a lease) for at least 12 months. All existing tenancies should be subject to these protections, effective immediately upon the policy being signed into law.

**Notice Requirements** Owners should be required to provide notice to tenants at the beginning of each tenancy as to tenant rights with copy of lease. This notice should be in the form of a lease addendum that is signed by the tenant at the time the lease is signed. The grounds for eviction should be set forth in the notice to terminate tenancy.

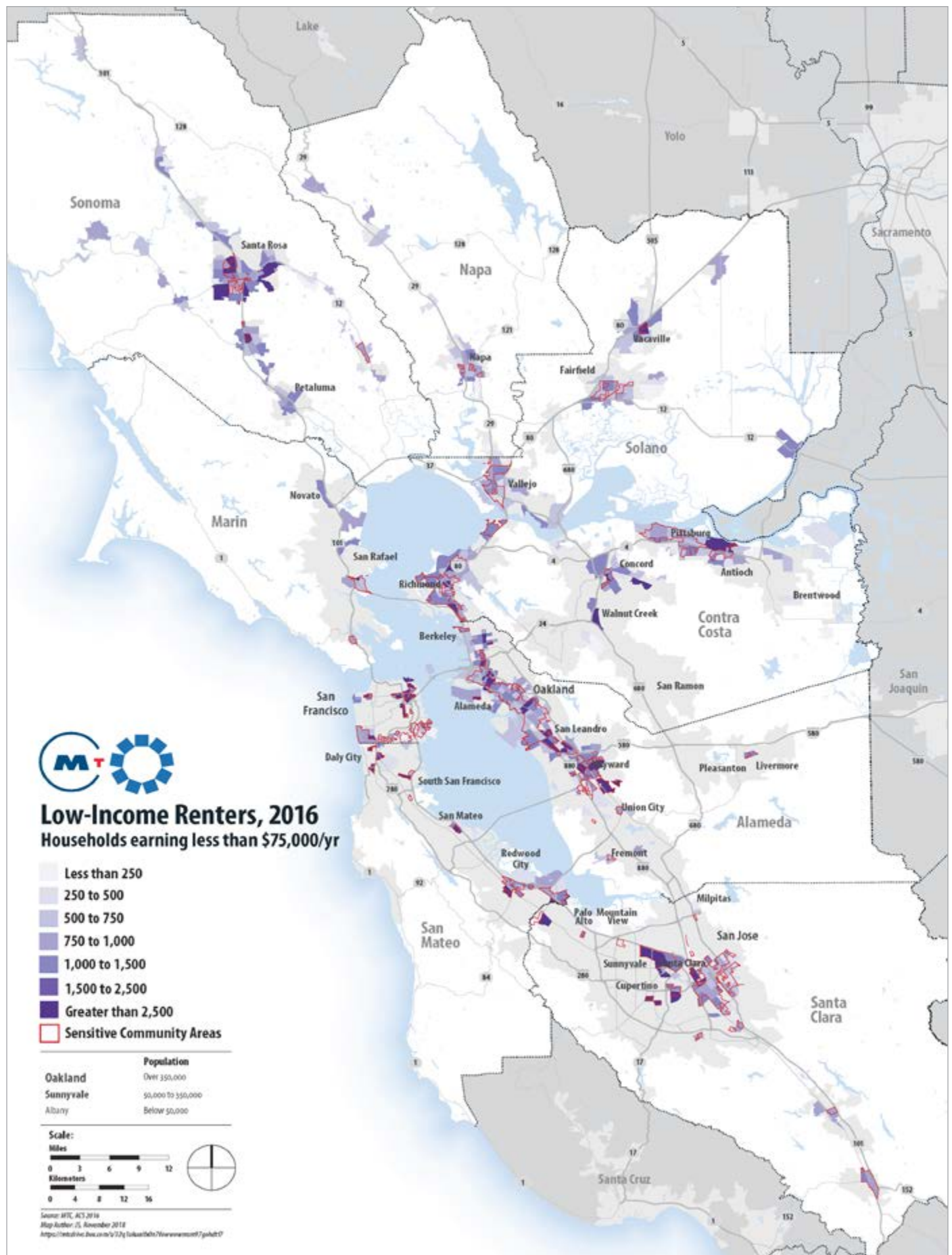
If the reason for the termination is a curable lease violation, the owner should be required to provide an initial notice with an opportunity to cure before the notice of termination. If the lease violation is related to specific illegal activity that presents the potential for harm to other tenants, there should not be a right to cure. Separate provisions should be made for domestic violence situations.

**Relocation Assistance** Relocation assistance should be provided in all covered no-fault causes where tenants have been in occupancy for at least 12 months, except in cases where the owner is moving into the unit. At time of service of notice to quit, the landlord should notify the tenants of their right to relocation assistance and provide payment directly to the tenant. The amount of relocation assistance should be tiered based on number of bedrooms (see San Jose example). Relocation assistance should be available to all qualifying tenants regardless of income.

**Preemption of Local Ordinances** This law should not preempt more restrictive local ordinances.

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Figure 1: **Low-Income Renters in 2016 and Sensitive Communities**



## Compact Element #2 — Rent Cap

**Brief Summary** Establish a Bay Area-wide rent cap that limits annual increases in rent to a reasonable amount.

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**Desired Effect** A rent cap would prevent extreme increases in rent on a year-to-year basis, thereby decreasing the number of households who are at risk of displacement and homelessness, decreasing the number of households who are rent burdened, and promoting tenant and community stability. Extreme rent increases can pose a particular burden for tenants who are low and fixed income. The rent cap can be extended after the emergency period. Figure 2 maps the many Bay Area communities at risk of displacement.

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**References and Models** Action Plans 1.1, 1.2, 1.3; Existing State Anti-Gouging Law in States of Emergency

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### DETAILED PROPOSAL

**Cap on Annual Rent Increase** For an emergency period (15 years), no landlord should increase rent by more than CPI+5% in any year of tenancy. The notice of allowable rent increase should be provided annually.

**Vacancy Provision** The cap on rent increase should apply to the renter, not the unit.

**Coverage** The following unit types should be exempt from the cap:

- Affordable housing properties governed by regulatory agreements;
- ADUs on owner-occupied properties;
- Dormitories.

**Pass-Throughs, Banking and Capital Improvements** If rent has declined or if landlord has not increased rents for several consecutive years, landlords should be able to bank those unused rent increases for 3-5 years. When drawing upon banked rent increases, landlords should not be allowed to increase rents more than 10-15% annually.

A landlord should be able to pass through actual operating expense increases including water and sewer, wastewater, trash, electric and gas using industry standards such as the RUBS system (Ratio Utility Billing System). The costs of capital improvements inclusive of a 4% return on investment that are necessary to maintain the building(s) with reasonable upgrades and maintenance items to address health and safety, shall be allowed to be passed through to tenants on an amortized basis, per IRS standards.

**Preemption of Local Ordinances** This law should not preempt more restrictive local ordinances.

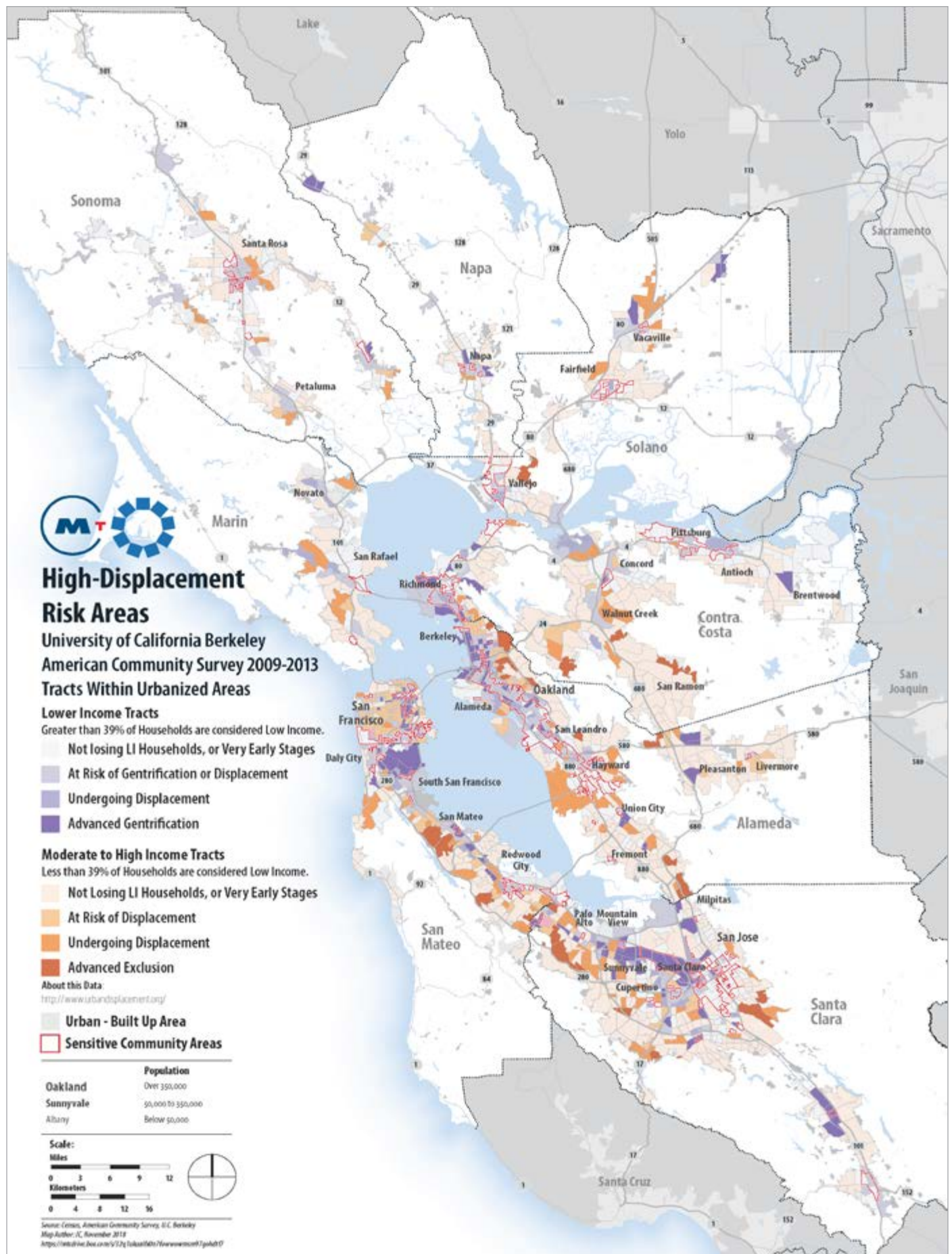
**State of Emergency** Rent cap shall be evaluated before any extension is granted to study impact of rent cap on housing market overall.

**Administration** This Compact Element will likely require some type of oversight function.

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Figure 2: **Map of Displacement Risk**





## Compact Element #3 — Rent Assistance and Access to Legal Counsel

**Brief Summary** For low-income tenants facing eviction, provide access to free legal counsel and emergency rent assistance.

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**Desired Effect** Access to a lawyer can be the difference between losing a home and keeping it. Ensuring that all tenants facing eviction have access to legal counsel would create a fairer justice system; prevent evictions and homelessness; improve health, stability, and opportunity for thousands of residents including children; and preserve existing affordable housing.

Non-payment of rent is the leading cause of evictions in the Bay Area. Figure 3 shows rent increase trends in the Bay Area. An emergency rent assistance program would assist in cases where tenants have an urgent, temporary financial gap. It would help tenants stay in their homes, preventing evictions, periods of marginal housing, and homelessness for households at risk of eviction due to financial instability.

There is a recognition of the importance of keeping people housed, and a significant portion of funding identified to help with housing instability will likely be earmarked to emergency rental assistance.

This Compact Element is not intended to supersede any local government programs that might be more expansive than what is contemplated herein.

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**References and Models** Action Plans 3.1 and 4.1; SF Prop F (June 2018); New York City; Santa Clara County Emergency Assistance Network

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### DETAILED PROPOSAL

**Legal Representation** All tenants who are faced with legal proceedings to evict them from their residence should have access to legal counsel, except when eviction proceedings are brought by a landlord or master tenant who resides in the same dwelling unit or property with tenant. The term “legal representation” should mean full scope representation provided to an individual by a designated organization or attorney which includes, but is not limited to, filing responsive pleadings, appearing on behalf of the tenant in court proceedings, and providing legal advice.

**Emergency Rent Assistance** Low-income tenants facing eviction and homelessness due to non-payment of rent should be eligible to receive emergency rent assistance. This assistance should be targeted to tenants who have an urgent, temporary financial gap and are at high risk for becoming homeless if evicted. The Regional Housing Enterprise (see Compact Element #10) should establish guidelines and policies for administering the program, including how to determine eligibility. The regional agency should identify, fund and oversee local service providers (public or non-profit) to carry out the program.

**Cap on Assistance** The amount of total assistance should be capped at \$5,000 - \$10,000 per tenancy.

**Landlord Obligation** Landlord obligation should be limited to providing an addendum notice of this access in the lease and eviction notice. Landlord should have no payment or any other obligations. If a tenant fails to seek legal counsel, it will not impede eviction proceedings for the landlord.

**Means Testing** Emergency rental assistance should be limited to those whose incomes do not exceed 80% of AMI. Legal services should be provided to all qualifying tenants regardless of income.

**Funding** Generate significant funds through Compact Element #9 to fund regional access to legal counsel and emergency rent assistance. Pro-bono counsel for tenants shall be encouraged.

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**MT**

### Rent Increases, 2011 to 2016 (% Change, by Census Tracts)

- Decrease greater than 30%
- Decrease 15 to 30%
- Decrease 5 to 15%
- Minimal Change
- Increase 5 to 15%
- Increase 15 to 30%
- Increase greater than 30%
- Sensitive Community Areas

**Population**

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

**Scale:**

Miles: 0 3 6 9 12

Kilometers: 0 4 8 12 16

Source: MTC, ACS 2011, 2016  
Map Author: J. November 2016  
<https://rentalinfo.bae.com/s/22g/tales/tales?view=rentalinfo>

## Compact Element #4 — Remove Regulatory Barriers to ADUs

**Brief Summary** Extend current Bay Area best practices regarding Accessory Dwelling Units (ADUs) to every jurisdiction in the region. Amend existing state ADU law to remove regulatory barriers including ministerial approval for ADUs and Junior ADUs in residential zones, allowance for multiple ADUs in multi-family homes, and creation of a small homes building code (AB 2890 Ting).

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**Desired Effect** Existing single-family homes make up a significant portion of the region's land base. Local best practices in the region today allow both an ADU and Junior ADU on single family lots and multiple ADUs in existing multi-family buildings with ministerial approval. See Figure 4 for a prototypical ADU. Expanding these best practices regionwide would allow for a rapid increase in more affordable homes, and would help stabilize cost-burdened homeowners by creating a new source of income. If 20% of the region's 1.5 million single-family homeowners choose to build an ADU, this policy could create 300,000 new homes distributed throughout existing neighborhoods. This includes about 50,000 new units in Priority Development Areas alone.

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**References and Models** Action Plans 10.3, 10.4; UCB Chapple 2014; UCB Turner Center 2017; Legislative history SB 1069, AB 2890; Arlington VA, Portland OR, Seattle WA, Vancouver BC, State of Oregon Tiny Homes Code.

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### DETAILED PROPOSAL

**Local Standards for ADUs (see AB 2890 Ting)** New state law should require local jurisdictions in the Bay Area to encourage the creation of ADUs as follows:

- Require ministerial approval for both an ADU and a Junior ADU (JADU) in all residential zones including in rear yards or by division of existing homes into two units;
- ADUs receiving ministerial permits should not be used for short-term rentals;
- Encourage forgiveness of code violations (except health and safety) in grandfathered ADUs;
- Apply the Housing Accountability Act's provisions for determining project consistency.

Sprinklers should be required for ADUs if required under the building code for comparable home construction. Use of unlicensed contractors under "owner builder" permits shall be discouraged by requiring that a statement of owner liability be provided when the building permit is issued.

**Impact Fees** Require impact fees for ADUs and tiny homes to be charged (1) on a per-square-foot basis and (2) only on net new living area over 500 sq. ft. per accessory unit.

**Small and Tiny Homes Building Code** State law should create a building code for small homes and wheeled homes to reduce non-safety code requirements that disproportionately make small homes and tiny homes infeasible including energy standards, appliance and room sizes, and similar requirements. Life-safety standards must be upheld.

**Owner Occupancy** Local jurisdictions should be encouraged to adopt owner occupancy requirements for properties containing ADUs. If owner occupancy is required, reasonable annual monitoring programs that rely on existing published documents should be established.

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Figure 4: Prototypes for Accessory Dwelling Units





## Compact Element #5 — Minimum Zoning near Transit

**Brief Summary** This element includes three components. In neighborhoods served by high quality bus service, establish minimum zoning on all residential, commercial, and institutional zones to allow ‘missing middle’ housing types up to 36’ tall. In neighborhoods surrounding the region’s major transit stops (rail stations and ferry terminals), establish minimum zoning to allow midrise residential housing up to 55’ tall (75’ tall with a density bonus). Allow sensitive communities to defer rezoning above 36’ while they develop context-sensitive plans. On large commercial-zoned parcels located near job centers, make housing an allowable use. For projects with 20 units or more, require inclusion of affordable units.

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**Desired Effect** This policy would create an inclusive mix of homes near transit and jobs, consistent with the goals of Plan Bay Area. It would spur the development of ‘missing middle’ housing types that are within reach of working families and blend into existing neighborhoods. This type of housing is common in pre-war neighborhoods of the East Bay and Peninsula but has largely been zoned out of existence in recent decades.

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**References and Model Policies** SB 827 (Wiener, 2017). CASA Action Plans 8.2, 10.3, 10.5, 10.6

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### DETAILED PROPOSAL

**Minimum Zoning Near Transit** The state should establish minimum zoning for housing in neighborhoods served by existing high-quality transit as follows:

- **High quality bus service** Residential uses up to 36’ tall with development standards (such as lot coverage, setbacks, density limits, and maximum unit size) should be allowed within 1/2 mile of bus stops with at least 15-minute headways at peak periods and 30-minute headways on weekends (as defined in SB 827).
- **Major transit stop** Residential uses up to 55’ tall (75’ tall with density bonus) that have development standards similar to those above (such as lot coverage, setbacks, density limits, and maximum unit size) should be allowed within 1/4 -mile radius of major transit stops (rail stations and ferry terminals).

Development standards such as setbacks, unit sizes and lot coverage requirements should apply. Neither development standards nor other zoning and design controls should mandate densities lower than those prescribed above. These shall not be used to reduce density where higher local standards or plans apply.

**Housing Overlay on Large Low-Density Commercial Sites** The state should establish minimum zoning for housing on low-density commercial sites above a certain acreage that are located within the transit areas defined above.

**Tenant Protections and Preservation** All sites rezoned under this policy should be subject to tenant protections, demolition controls and no net loss provisions. Sites occupied by a mobile home park, public housing, or Single Room Occupancy (SRO) built prior to the effective date of the enabling legislation should not be eligible for rezoning.

**Affordable Housing Requirements** Onsite affordable housing should be required at levels not less than state density bonus law. Projects with 10-20 units should have the option to pay an in-lieu fee. This in-lieu fee should be deferred or waived for units that are sold or rented at or below missing middle income levels. This fee should be imposed at the time of sale. Funds generated by this fee should be deposited into a local or regional housing fund.

**Sensitive Communities** If a major transit stop is located in or adjacent to a sensitive community, up-zoning above 36’ should be automatically deferred for a period of up to 5 years while the jurisdiction develops a context-sensitive plan for that community. If the community so chooses, it may opt into up-zoning to 55’ without a deferral period or community plan. The decision to opt in should be made by the local legislative body (city council or board of supervisors) and must involve consultation with residents of the sensitive community and at least one public hearing. Sensitive community areas represent the intersection of disadvantaged and vulnerable communities as defined by the following Bay Area regional agencies: MTC and the SF Bay Conservation and Development Commission (BCDC). See Figure 5 for the map of these Transit Access and Sensitive Community Areas.

**Labor Standards** The residential development shall comply with all applicable labor, construction, employment, and wage standards otherwise required by law and any other generally applicable requirement regarding the approval of a development project, including, but not limited to, the local government’s conditional use or other discretionary permit approval process, the California Environmental Quality Act, or a streamlined approval process that includes labor protections.

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[illegible]

## Compact Element #6 — Good Government Reforms to Housing Approval Process

**Brief Summary** Establish ‘good government’ standards for the entitlement and permitting of zoning-compliant residential projects. Require transparency and consistency in how residential impact fees are set and enforced. Figure 6 shows how complicated the approval process for housing can be in California.

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**Desired Effect** Research by the UC Berkeley Turner Center for Housing Innovation demonstrates that local government impact fees and inclusionary requirements, when combined with regulatory uncertainty and record-high construction costs, have made it economically infeasible to build a standard mid-rise housing project in many parts of the Bay Area. The American Planning Association recommends that local governments should restore direct reliance on adopted plans and create transparency, predictability, reliability and timeliness to the housing approvals process.

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**References and Model Policies** CASA Action Plan 12.1; Turner Center Report on Fee Costs; Berkeley Law Land Use Study; Roseville fee transparency

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### DETAILED PROPOSAL

**Standards for Processing Zoning-Compliant Residential Applications with Fewer than 500 Units** Local jurisdictions should be required to process zoning-compliant residential development applications in accordance with the following standards:

- Each jurisdiction should create and maintain an up-to-date listing of all rules, codes and standards that apply to residential development applications. This information should be made available online and in print.
- Rules, fees and historic status should be locked at the date of application completeness which shall be defined as providing only the elements on the agency’s written application material.
- The jurisdiction should require no more than three de novo public hearings on a zoning-compliant residential application.
- Building permits should expire if not used in 24 months, with flexibility to adapt to changing economic conditions and other extenuating circumstances.
- Jurisdictions should apply the Housing Accountability Act’s standards for project consistency and remedies.

**Standards for Impact Fees** State law should create a set of uniform standards and requirements for Bay Area jurisdictions to follow when imposing impact fees on new residential development, as recommended by the UC Berkeley Turner Center:

- Every jurisdiction should conduct a comprehensive review and assessment of their fees to better understand the aggregate costs imposed.
- When determining the amount of fees to charge to new residential projects, jurisdictions should adhere to a standardized methodology and set of objective standards, rather than the current “reasonableness” test which is overly broad.
- Every jurisdiction should create and maintain an up-to-date fee schedule in a publicly accessible format.
- Adopt fee deferral programs which allow builders to pay some fees later in the development process.

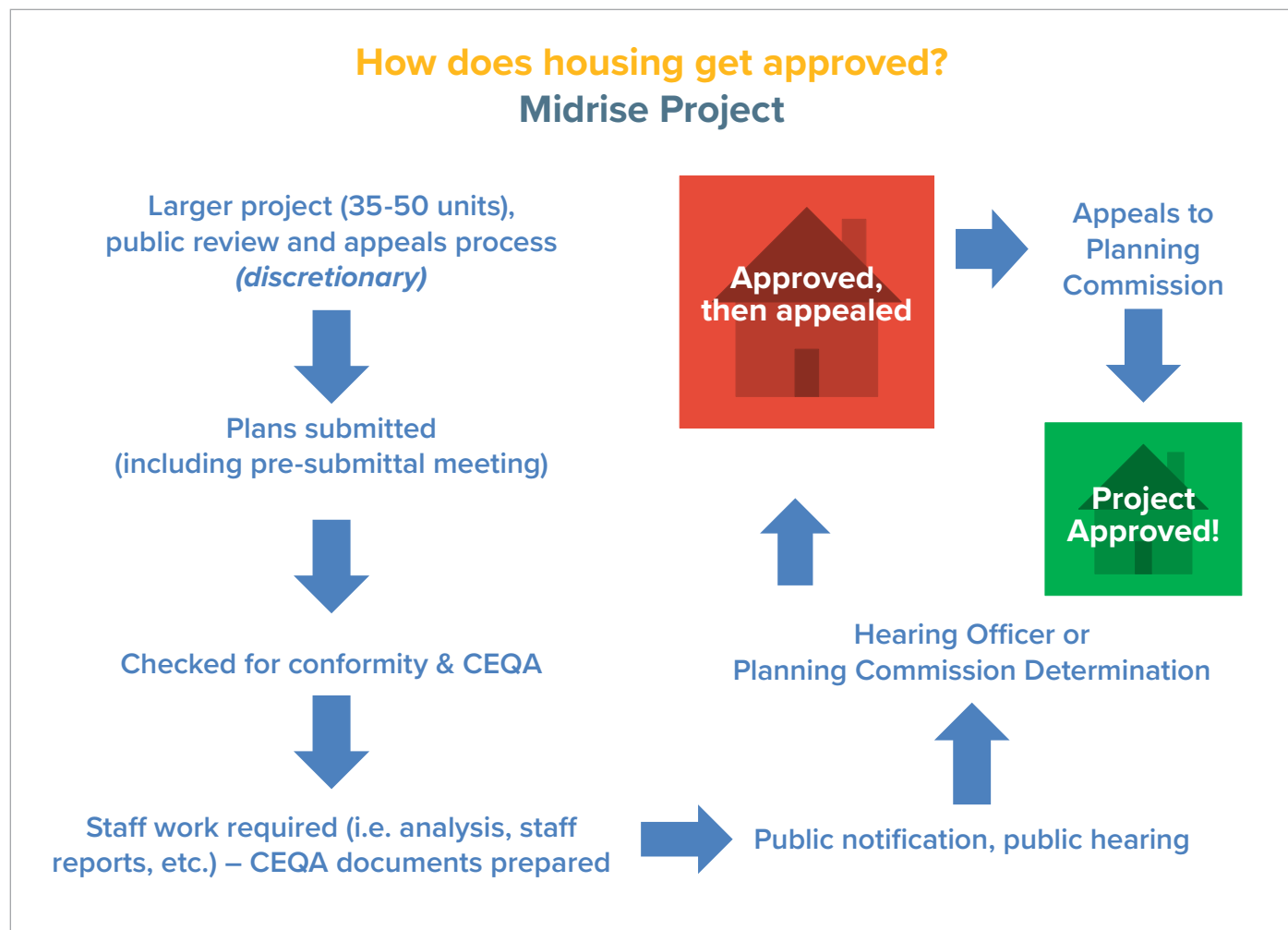
**Standards for Inclusionary Zoning** State law should establish that programs which require inclusion, such as density bonus, local inclusionary requirements, housing impact fees and in-lieu fees, should not be additive. Require that in-lieu fees should be an option for fulfilling inclusionary requirements imposed without the density bonus. Existing local policies should be grandfathered in.

**Standards for Downzoning and Moratoria** The State should create standards that govern the circumstances in which local governments downzone or impose building moratoria in existing or planned residential neighborhoods in urbanized areas. Such actions run counter to state housing law and should only be undertaken to address an immediate crisis, such as a health and safety hazard or protection of low-income families at risk of displacement.

**Report Impositions That May Suppress Housing above the Hard Cost of Housing Construction** Jurisdictions should annually document all local agency impositions that increase the hard cost (excluding labor and materials) of housing construction, including fees and inclusionary zoning requirements. This information should be included in the jurisdiction’s annual Housing Element report.

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Figure 6: Typical Local Housing Approval Processes and Timeframes



Source: the Turner Center for Housing Innovation, UC Berkeley, 2018



## Compact Element #7 — Expedited Approvals and Financial Incentives for Select Housing

**Brief Summary** Ensure timely approval of zoning-compliant housing projects and create financial incentives for enabling on-site affordability and prevailing wages. This streamlining policy will provide another option for projects that may not benefit from SB 35. This policy does not amend or replace SB 35. Allow Sensitive Communities to defer implementation while they develop a context-sensitive plan.

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**Desired Effect** This policy would make it possible to build more housing projects while addressing the critical shortage of housing labor, curbing unsafe labor practices, and providing on-site affordability for missing-middle income ranges that are not eligible for other sources of subsidy. By harnessing future tax increment from the proposed housing development itself, local jurisdictions can get more affordable units built with less public subsidy. All taxing agencies will benefit from the multiplier effect of new construction beyond the project site. By providing expedited approvals, these projects will be approved and built more quickly. The intent of this element is that it does not overrule local inclusionary zoning.

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**Models and References** SB 35 (Wiener,2017); New York tax abatement; Action Plans Referenced 12.2, 12.3, 17.1, 17.2

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### DETAILED PROPOSAL

Streamlined Review Process state law should create a new, expedited review process for residential projects that meet thresholds outlined below. These projects should be granted a statutory CEQA exemption and should be subject to a limited discretionary review process. Projects should be approved within one year and should be subject to no more than three de novo public hearings.

**Qualifying Projects** To qualify for streamlined review, projects should meet all of the following criteria:

- Complies with existing zoning standards;
- Located in an existing urbanized area;
- Eligible sites as defined in SB 35;
- Restricts at least twenty percent (20%) of onsite housing units to middle-income households through recorded long-term deed restrictions (that may range from 80% to 150% of AMI depending on localized rents and market conditions) with an average affordability not to exceed 110% AMI;
- Provides prevailing wages and safe working conditions for all workers;
- Utilizes apprentice labor to grow the construction workforce;
- Complies with all proposed labor standards contained in SB 35 and shall include prevailing wages and trained apprentices to help grow the construction workforce.

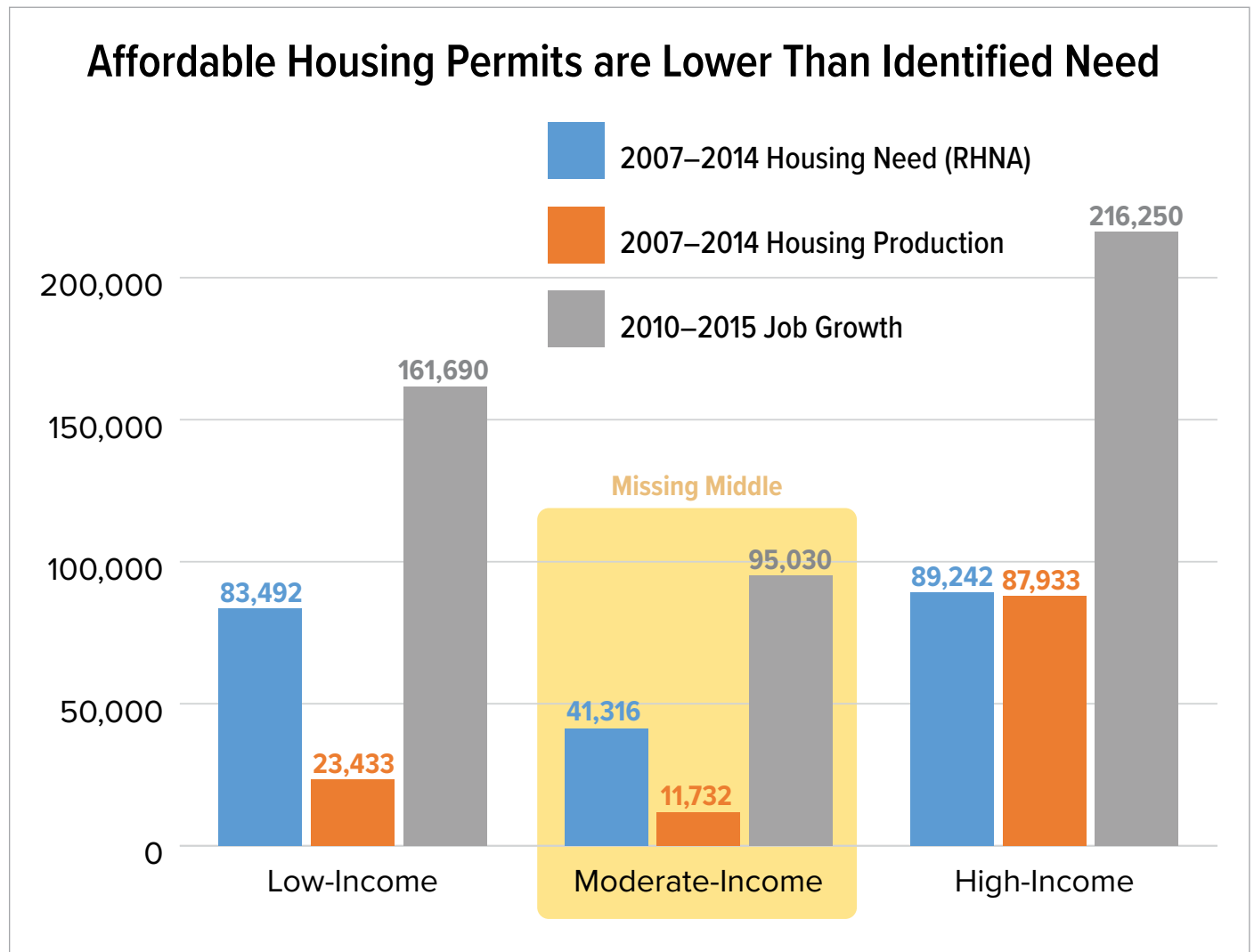
**Financial Incentives to Offset Costs** Qualifying projects should receive financial incentives to offset the costs associated with providing income-restricted housing units and higher wages. Incentives could include some combination of the following:

- Fifteen years of property tax increment abatement, modeled on the New York City program. Abatement should be structured so that units rented or sold at missing middle prices (i.e., 150% AMI or less) receive full abatement, and units rented or sold above this shall receive a lesser abatement (i.e., 50% -75% abatement)
- Cap impact fees at a reasonable level that allows project feasibility targeted to regional median
- Density bonus of 35%
- Parking reduced to 50% of local requirement (at the discretion of the developer)
- Relief from strict liability standards for ownership housing

**Sensitive Communities** Implementation of this policy in sensitive communities should be automatically deferred for a period of up to 5 years where the local jurisdiction should develop a context-sensitive plan for that community. If a Sensitive Community so chooses, it may opt to implement this policy effective immediately. The decision to opt in should be made by the local legislative body (city council or board of supervisors) and must involve consultation with residents of the sensitive community, and at least one public hearing. Sensitive community areas represent the intersection of disadvantaged and vulnerable communities as defined by the following Bay Area regional agencies: MTC, SF Bay Conservation and Development Commission (BCDC), and the Bay Area Air Quality Management District. See Figure 5 for the map of these Transit Access and Sensitive Community Areas.

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Figure 7: Regional Housing Production is Worst for the “Missing Middle”



## Compact Element #8 — Unlock Public Land for Affordable Housing

**Brief Summary** Promote increased utilization of public land (surplus and underutilized) for affordable housing through a variety of legislative and regulatory changes, as well as the creation of new regional coordination and planning functions.

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**Desired Effect** Encourage the reuse of public land for creation of mixed-income/affordable housing by reducing barriers to development on public land. See Figure 8 for the largest public agency landowners near public transit.

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**References and Models** Action Plans 16.1; 16.2; Puget Sound region including Seattle; Enterprise; MTC/ABAG Study.

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### DETAILED PROPOSAL

#### Support reforms introduced in AB 2065 (Ting, 2017)

- Respond to the issue of charter cities and the requirement that all cities comply with State surplus lands law
- Create clear definition of “surplus” and “underutilized.”
- Require cities, counties, State agencies, and all public agencies to create a full inventory of their publicly-owned sites and report them to HCD.
- Direct HCD to develop a statewide public lands database that will include all publicly-owned sites in the State of California, starting with a pilot in the Bay Area. The database will also include information on present uses. HCD would enforce a revised State Surplus Land Act with referral power to the Attorney General’s Office for infractions.

#### Amend State Housing Element Law to:

- Allow residential uses on all developable public land, regardless of zoning, by establishing a presumption in Housing Element Law that homes may be built on public land meeting certain criteria (e.g., not parkland).
- Require that Housing Elements include a discussion of the jurisdiction’s policies and plans to encourage the development of affordable housing on these sites.
- Require jurisdictions to report annually through housing element progress reports how they disposed of public and surplus sites.
- State and regional agencies should give preference in screening and scoring projects for discretionary funds to public agency project sponsors that dispose of surplus lands for affordable housing.

#### Regulatory and Process Changes

- Require State agencies to comply with the State Surplus Land Act and make surplus and underutilized property available for affordable housing, including deploying 10% of underutilized/surplus property for affordable housing on an annual basis.
- Amend State law time frames for surplus land disposition to expedite the process to no more than 24 months.
- Competitive funding programs for affordable housing, including the Low-Income Housing Tax Credit (LIHTC) and Affordable Housing & Sustainable Communities (AHSC) programs, should reward additional points to projects that propose affordable development on public land.
- The State of California should review its spatial guidelines for public facilities (i.e., schools) to evaluate potential for changes that could open up land for housing without compromising the quality of on-site public services.

**Labor Standards** Public lands released for housing should include policies that help expand the trained labor pool available for housing construction including requirements for trained apprentices and prevailing wages. Exceptions to these requirements should be made for temporary housing built to address an emergency, and for housing built with volunteer labor (see Labor Code § 1720.4). Temporary housing shall be defined as follows:

- Designed and constructed to be relocatable and transportable over public streets.
  - Floor area of 500 square feet or less when measured at the most exterior walls.
  - Sited upon a temporary foundation in a manner that is designed to permit easy removal.
  - Designed to be removed within three (3) years of installation.
-

Figure 8: **Top Ten Landowners for Publicly-Owned Parcels Suitable for Housing Near Transit**

<b>Publicly-Owned Land</b>		
<b>Landowner</b>	<b>Number of Parcels</b>	<b>Total Acres</b>
Bay Area Rapid Transit (BART) District	91	229
Santa Clara Valley Transportation Authority (VTA)	26	178
State of California	17	42
City/County of San Francisco	18	26
San Mateo County Transit District (SamTrans)	11	18
Union City Community Redevelopment	6	15
County of Santa Clara	7	15
City of Oakland	19	10
City of San Jose	5	8
Suisun City	17	8
<b>Total</b>	<b>217</b>	<b>548</b>

Source: MTC



## Compact Element #9 — Funding and Financing the CASA Compact

**Brief Summary** Raise \$1.5 billion in new revenue annually from a broad range of sources, including property owners, developers, employers, local governments and the taxpayers, to fund implementation of the CASA Compact. While not all revenue ideas in Figure 9 will be implemented, no one sector would bear the burden on its own. No more than one revenue idea should be implemented under each of the five categories.

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**Desired Effect** The Compact identifies a range of strategies to protect tenants, preserve affordability and produce new units. Many of the strategies, such as “Access to Legal Counsel,” building 14,000 new subsidized housing units annually, and preserving 26,000 market-rate units as permanently subsidized units for lower-income households, require an infusion of new revenue.

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**References and Models** The entire CASA Compact

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### DETAILED PROPOSAL

**Funding gap** CASA estimates that the funding gap to implement the Compact is \$2.5 billion per year over the next 15 years. CASA proposes to meet \$1.5 billion of this deficit with regional and local self-help measures. The remainder would be funded from additional state and federal sources. Any regional impositions that duplicate similar local impositions shall be reduced proportionally.

**Potential sources** New revenue could be raised through fees or taxes. In principle, new revenue would be raised from a range of sources to spread the responsibility among different sectors of the economy. These sources may include property owners, developers, employers, local governments and taxpayers. CASA also recommends exploring with other stakeholders whether a ‘mega measure’ involving transportation and housing could be pursued. The Compact identifies a menu of options (for further details see Figure 9)

- A. [Vacant Homes Tax](#) levied on property owners;
- B. [Parcel Tax](#) levied on property owners (residential and commercial);
- C. [Commercial Linkage Fee](#) charged to developers;
- D. [Gross Receipts Tax](#) levied on employers;
- E. [Head Tax](#) levied on employers;
- F. [Revenue Set Asides for Redevelopment Agencies](#) (local governments);
- G. [Revenue Sharing Contribution](#) into a region-wide housing program for local governments;
- H. [1/4-cent Sales Tax](#); and
- I. [General Obligation Bonds](#), reissued every five years.

**Allocation formula** New revenues would be allocated by the following shares:

- Up to 10 percent for local jurisdiction incentives (including funding for hiring more building inspectors);
- Up to 10 percent for tenant protection services;
- Up to 20 percent for preservation; and
- A minimum of 60 percent for subsidized housing production.

**Distribution formula** New revenues would be distributed by the following shares (total expenditures would still meet the allocation formula (see above), and be subject to objective performance standards and outcomes):

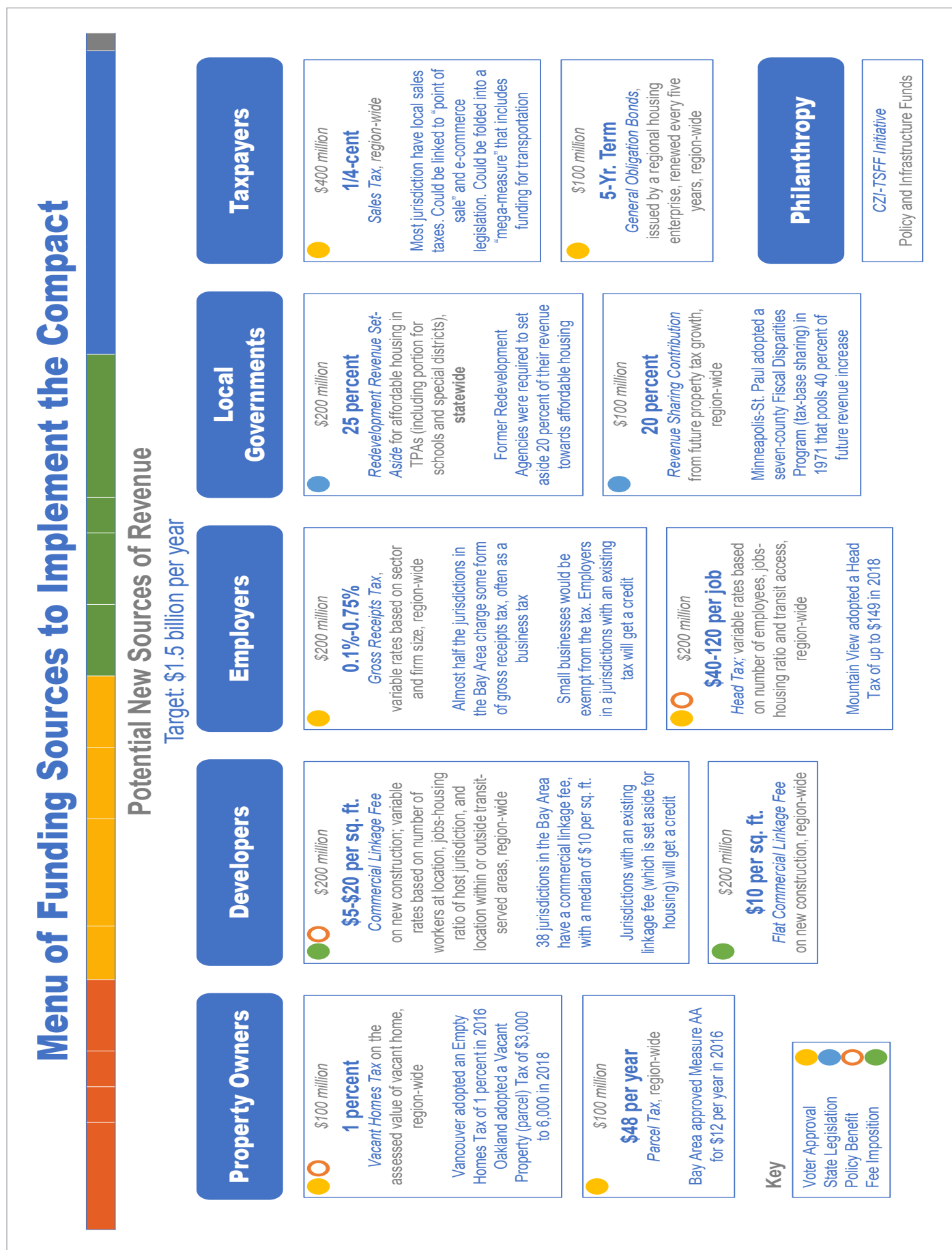
- 75 percent to county of origin (return to source); and
- 25 percent to a regional program (revenue-sharing).

**Labor Standards** Public funding through CASA shall include a requirement for trained apprentices and prevailing wages. Projects under a certain size should be required to comply with existing wage and labor laws and standards.

**Administration** Revenue collection and disbursement would be managed by the Regional Housing Enterprise (RHE) described in Compact Element #10. New revenue would be authorized based on fund source but may include state enabling legislation, a decision of the RHE board, or a vote of the people in the Bay Area.

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Figure 9: **Funding Options**



## Compact Element #10 — Regional Housing Enterprise

**Brief Summary** Establish a regional leadership entity to implement the CASA Compact, track and report progress, and provide incentives and technical assistance. The entity must be governed by an independent board with representation from key stakeholder groups that helped develop the Compact. The housing entity would not play a regulatory/enforcement role.

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**Desired Effect** Existing regional agencies either do not have the mandate (e.g., the Metropolitan Transportation Commission) or the resources/tools (e.g., the Association of Bay Area Governments) to directly tackle the region's pressing displacement and affordable housing crisis. The CASA Compact will set a bold region-wide agenda for addressing protection of existing tenants, preservation of existing affordable units and production of both market-rate and subsidized units. To implement this agenda, a broad coalition of stakeholders, who have helped shape the CASA Compact, must stay engaged with state legislative advocacy, building support for raising new revenue and financing programs, tracking and monitoring progress, keeping the public engaged, and taking a regional approach to challenges such as homelessness. A regional approach can balance inequities and imbalances across multiple jurisdictions that have to contend with varying market strengths, fiscal challenges and staff expertise.

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**Models** New York City Housing Development Corporation (housing finance); Twin Cities (revenue-sharing)

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**References** The entire CASA Compact

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### DETAILED PROPOSAL

**Board Structure and Governance** CASA recommends establishing a Regional Housing Enterprise (RHE) to coordinate and lead implementation of the CASA Compact. State law should establish an independent board, with broad representation from MTC, ABAG and key stakeholder groups that helped develop the CASA Compact. See Figure 10 for a graphic depiction of the RHE.

**Authority** The state should form the RHE through an act of legislation and give it authority to collect new revenue (through fees or taxes); disburse the revenue to programs and projects in the expenditure plans (consistent with the CASA Compact); purchase, lease and hold land; and provide direct assistance. The RHE will not have regulatory authority.

#### Roles and Responsibilities

**Revenue administration and debt issuance** – Using the authority to levy fees and seek voter approval to impose taxes for housing, the RHE may collect and disburse new funding, issue debt as needed, and allocate funding to protection, preservation and production programs, as laid out in the CASA Compact.

**Land leasing and disposition** – The RHE may act on behalf of the related public agency to lease or purchase land for housing development and assemble parcels, when appropriate. The RHE may hold and bank land, based on market conditions.

**Monitoring and reporting** – The RHE will coordinate with MTC/ABAG and local jurisdictions to collect specified data (including on local housing performance), conduct research and analysis, and disseminate information as part of its monitoring and reporting role. The RHE may also conduct an evaluation of its program to improve stated CASA outcomes.

**Enhanced technical assistance** – The RHE may coordinate with MTC/ABAG to provide extensive support and technical assistance to local jurisdictions (especially smaller jurisdictions with limited staff capacity), education and awareness for stakeholders (such as tenants and landlords), and communication materials for the broader public.

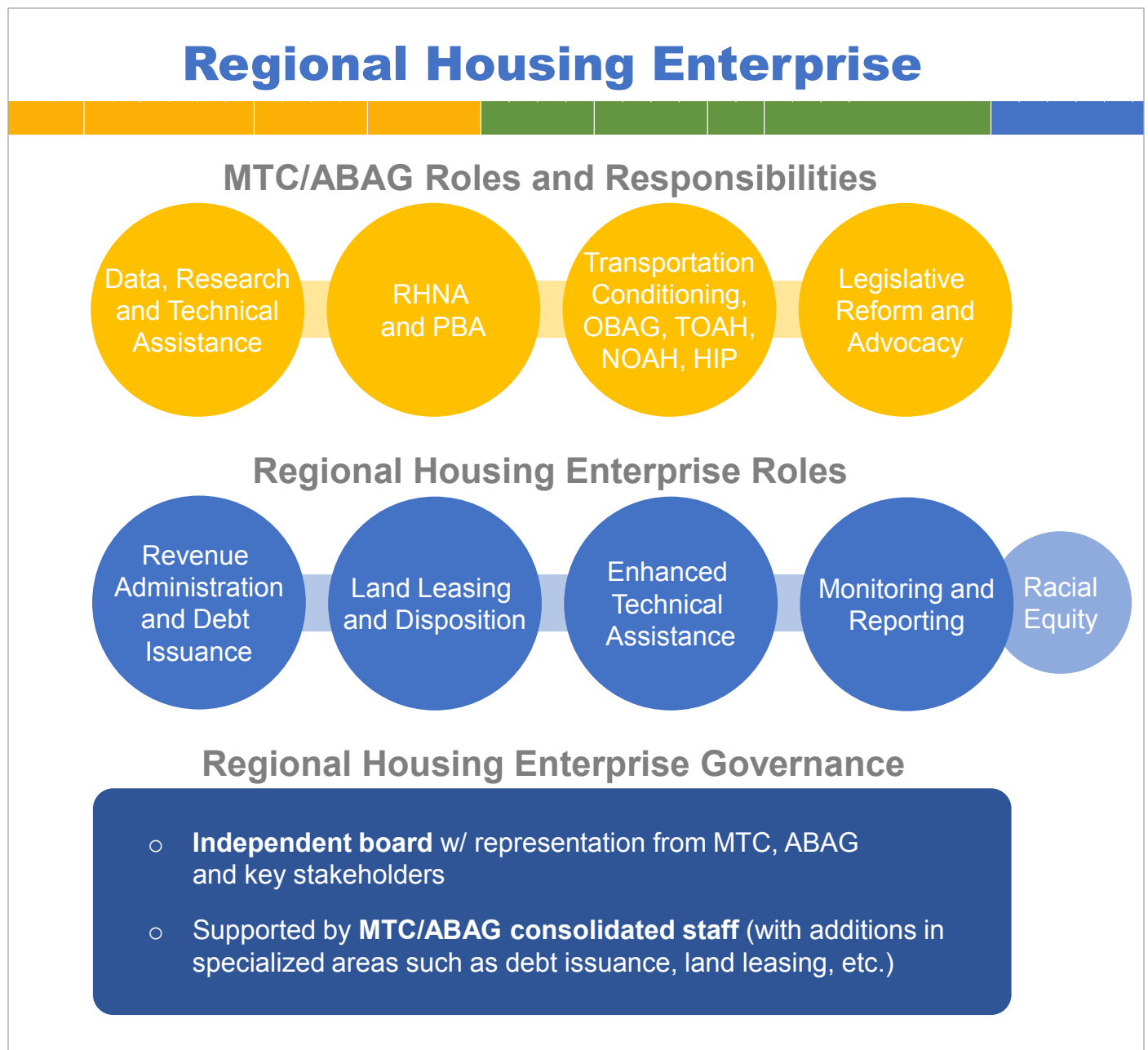
**Oversight of protections programs** – While the RHE will not have an administrative role in implementing tenant protection policies, the board would provide oversight when allocating funding.

**Staffing** The RHE will be supported by the consolidated staff of MTC/ABAG, with additional staff added in specialized areas such as debt issuance, land leasing and disposition, financing projects, etc.

**Administration** This state-enabled policy package in the CASA Compact will be implemented by the RHE. Some capacity would be needed at the local and county-level to implement the protection strategies.

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Figure 10: **Regional Housing Enterprise**





# Calls for Action

The CASA Compact sets a bold region-wide agenda for addressing the protection of existing tenants, preservation of existing affordable units and production of both market-rate and subsidized units. The CASA Compact Elements represent key reforms that were developed through an intensive 18-month process encompassing multiple stakeholders and constituencies. Supportive state action on the issues outlined below in concert with the implementation of the CASA Compact will fundamentally “turn the tide” on the Bay Area’s housing crisis.

## Call for Action: Redevelopment 2.0

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**Background:** The elimination of redevelopment agencies in California severely restricted the production of affordable housing and market rate housing in the Bay Area. Prior to dissolution, redevelopment agencies in the region provided \$200 million in annual funding for affordable housing that was highly leveraged with other funding sources. In addition, redevelopment agencies provided funding, expertise and infrastructure to advance the production of market rate housing in mixed-use, infill developments. CASA supports the development of a new redevelopment framework to advance the production of extremely low, very low, and low-income housing, and to leverage funding for mixed income, infill housing.

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**CASA Call for Action:** Pass legislation enabling the re-establishment of redevelopment in California to provide a significant source of new funding for affordable and mixed income development. Redevelopment agencies should be focused on development activities that are audited regularly, with local projects subject to state level reviews. A new redevelopment framework in California should reinforce a strong link between housing and jobs and transit. Funding should be designed to leverage other sources, including new regional funding through the implementation of the CASA Compact.

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**References:** The entire CASA Compact

## Call for Action: Lower the Voter Threshold for Housing Funding Measures

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**Background:** Bay Area voters have demonstrated — through their past approval of major transportation, school, housing, and water bonds — that they understand the importance of investing in the region’s future. Although Bay Area voters have passed a significant number of funding measures to expand the supply of affordable housing, on too many occasions an overwhelming majority of voters have supported new funding but the final tally fell short of the two-thirds majority needed for approval under current state law. When provided the opportunity, voters supported lowering the voter threshold for school bonds to a 55 percent vote. The well-being of California’s children was a motivating factor in lowering the voter threshold for school funding. Ensuring that future generations, our children and grandchildren, have the housing opportunities they will need to remain in the Bay Area is a central purpose of the CASA Compact.

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**CASA Call for Action:** Pass legislation that will provide voters statewide with the opportunity to apply a 55 percent threshold for investments in affordable housing and housing production. This legislative priority is critical to the successful implementation of the CASA Compact — and to the Bay Area’s prosperity and quality of life.

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**References:** The entire CASA Compact

## Call for Action: Fiscalization of Land Use

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**Background:** Under Proposition 13, local jurisdictions in California are “paid more” for commercial land uses than for housing. This “fiscalization of land use” is a central factor in the Jobs-Housing Imbalance that exists in the Bay Area resulting in long commutes, traffic congestion and a diminished quality of life for millions of Bay Area residents. The California Tax Code in effect punishes cities that build more housing and rewards cities that build commercial space without commensurate housing for workers and their families. To address the revenue imbalance related to new housing, jurisdictions have raised impact fees and other development requirements that make housing even more expensive so that cities and counties may maintain infrastructure and provide for the needs of existing residents.

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**CASA Call for Action:** Pass legislation that will return e-commerce/internet sales tax revenues to the point of sale — not the point of distribution as currently mandated — to provide cities that have a significant residential base with a commensurate fiscal stimulus for new housing. Also pass legislation that will change the Proposition 13 property tax allocation formula to provide jurisdictions building more housing with a higher share of property tax revenue.

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**References:** CASA Elements # 9 and # 10.

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## Call for Action: Homelessness

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**Background:** The Bay Area has one of the largest and least sheltered homeless populations in North America. The proliferation of homeless encampments from select urban neighborhoods to locations across the region is the most visible and arguably disheartening manifestation of the Bay Area's extreme housing affordability crisis. Although this is one of the most prosperous regions in the world, every night thousands of people sleep on our streets. The complexity and scale of homelessness in the Bay Area has increased exponentially as previously housed people including families with children, veterans, and senior citizens cannot find shelter. In the nation's most expensive housing market, commonplace life circumstances (e.g., illness, job loss, and separation/divorce) result in too many of our neighbors being unable to afford monthly rent, resulting in a downward spiral to homelessness.

**CASA Call for Action:** California is experiencing an affordability and housing crisis that is negatively impacting thousands of Californians. The work of CASA has endeavored to put forth a package of policy interventions to house the Bay Area. Homelessness is a humanitarian crisis that is deeply impacting the entire Bay Area. CASA recognizes that homelessness is a regional issue that requires alignment across geographies in order to tackle this problem. CASA's funding package must include resources that help produce housing for formerly homeless people, prevent homelessness when possible and make homelessness rare, brief and non-reoccurring.

**References:** The following CASA Elements include measures to reduce the region's unhoused population, provide more temporary options for homeless housing, and streamline approvals of permanent homeless housing developments which are often strongly opposed by project neighbors:

**CASA Elements 1,2,3 - Tenant Protections:** Critical to stabilize households and reduce displacement from housing that has caused a significant rapid rise in the unhoused population.

**CASA Element 4 – Accessory Dwelling Units (ADUs)/Tiny Homes:** Create more housing options for populations vulnerable to economic setback, including seniors or their family members, disabled family members, students and Section 8 recipients, by allowing more of the smallest naturally affordable home types in every neighborhood.

**CASA Elements 5, 6, 7- Up-zone and streamline** to increase income restricted and market rate housing options and reduce displacement and upward rent pressure on existing homes and neighborhoods.

**CASA Element 8 - Public land:** Encourage immediate disposal of more public land for affordable housing to create more sites and reduce the subsidy needed.

**CASA Element 9 - Public funding:** More funding for the preservation and production of affordable housing, the provision for new tenant protection measures, and new permanent supportive housing.

## Call for Action: Grow and Stabilize the Construction Labor Force

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**Background:** Growing the construction labor force and improving labor force productivity is critical to expanding the supply of housing. By increasing the safety and desirability of construction work, and thereby expanding the pool of available workers and contractors, we can grow the labor force without which we cannot increase housing production. The following are recommended by CASA as a starting point. We also recommend ongoing work to implement the CASA recommendations in a manner which creates an effective and coordinated regional and State response to the need for a larger construction labor force.

### **CASA Call for Action:**

1. Grow the workforce by increasing apprentice training, placement, and payment of prevailing wages when direct public funding, public land, fee abatement, tax abatement, CEQA exemptions, and other fiscal/economic development incentives are provided for housing (Compact items 7, 8, 9).
2. Discourage the underground economy and require compliance with existing wage and workforce laws (Compact items 4, 5).
3. Create a CASA/State labor workgroup charged with coordinating implementation of CASA policies and needed labor force expansion consistent with CASA principles.
4. Call upon the State to use its workforce development and training programs to improve the construction employment pipeline and create improved pathways from secondary education into apprentice training programs.

**References:** Compact Elements 4, 5, 7, 8 and 9.

# Local Best Practices

This section describes local best practices that are relevant to the CASA Compact.

## Protection, Preservation and Production (3-Ps) Framework

While many jurisdictions in the Bay Area focus on one or two of three Ps, the City of Oakland was one of the first to codify the 3-P framework in a citywide policy developed through a multi-stakeholder process. The underlying policy outcome for Oakland was to address housing insecurity in a rapidly changing community that faces both historic disinvestment as well as very high displacement pressures.

### City of Oakland

In 2016, the Oakland Housing Cabinet developed a comprehensive plan, called *Oakland at Home – Recommendations for Implementing A Roadmap Toward Equity*, to address the city's chronic housing affordability and homelessness crisis. The plan outlines a three-pronged strategy to protect renters, preserve existing affordable housing by taking it off the speculative real estate market and produce more affordable and market-rate housing. The plan identifies several strategies under each "P" designed to significantly improve housing affordability in Oakland. CASA borrowed this concept from Oakland's plan to form the three Ps framework.

## Rent Stabilization

13 jurisdictions in the Bay Area have adopted some form of rent stabilization policies. This section highlights two such examples, in the City of Richmond and County of Sonoma.

### City of Richmond

In 2016, Richmond residents approved Measure L, which established the *Richmond Fair Rent, Just Cause for Eviction and Homeowner Protection Ordinance*. The ordinance applies to all multifamily properties, including duplexes. The annual rent increase is set at 100% of the Consumer Price Index. Landlords are required to file all notices of rent increase, termination of tenancy, and change of terms of tenancy notices with the Rent Program. Landlords and tenants may petition the *Rent Board* for an Individual Rent Adjustment.

The city established a Rent Board, an appointed governing body, and a Rent Program Department to administer the program. The department is set up to function on a cost-recovery basis, with no financial assistance from the city's general funds. Funding for the department comes from the Rental Housing Fee, which must be paid by all Richmond landlords on an annual basis.

### City of Santa Rosa and County of Sonoma

On October 9, 2017, the Governor of California issued an Executive Order declaring a state of emergency in Napa and Sonoma Counties due to widespread damage caused by wildfires. California Penal Code section 396 prohibits price gouging (defined as increases over 10%) for necessary goods and services after the governor declares a state of emergency, including rental housing and hotels.

The City of Santa Rosa adopted additional protections for tenants, which allow renters to file civil lawsuits for violations. The county also adopted protections for tenants in mobile home parks. In addition, the county adopted several *Urgency Ordinances* to address the immediate need for housing for persons displaced by the wildfires. The Urgency Ordinance allows: the use of recreational vehicles and trailers as homes, with an emergency temporary permit; a Safe Parking Program for RVs, trailers and campers, to be parked overnight on county-owned land (basic services such as bathrooms, showers, and warming stations are provided); year-round occupancy in seasonal farmworker housing; replacement schools and child care centers in specific zones without a use permit; and long-term rental of bed and breakfasts, inns, resorts.

## Just Cause Eviction Protections

Ten jurisdictions in the Bay Area have already adopted some form of just cause eviction protections for renters. This section highlights one such example, in the City of East Palo Alto.

### City of East Palo Alto

East Palo Alto has adopted both a *Just Cause for Eviction* as well as a *Rent Stabilization Ordinance* to protect tenants in the city from harassment and displacement due to rising market pressures on the city's existing housing stock. The just cause policy applies to both mobile home parks and residential rental units, including single family dwellings. The ordinance identifies fourteen just causes for eviction, establishes a noticing and filing requirement (with the city rent board) and gives tenants the right to request documentation of all rent payments and charges. The program is funded entirely through fees, half of which are passed on to tenants.

## Access to Legal Counsel

### City and County of San Francisco

In June of 2018, San Francisco voters approved Proposition F that guarantees free legal representation for any renter facing eviction, regardless of income. Proposition F calls for full-scope representation within thirty days of an eviction notice or filing of an unlawful detainer action. San Francisco estimates that as many as thirty-five hundred tenants a year will be eligible for the free services, for which it earmarked \$5.8 million over the first two years of the program. San Francisco also currently spends \$4.4 million a year on eviction-related services such as counseling, education, outreach and basic no-cost or low-cost legal services.

## Rent Assistance

Twenty-six jurisdictions in the Bay Area provide some form of tenant assistance. This section highlights one such example, in the County of Sonoma.

### County of Sonoma

The county's *Home Tenant-Based Rental Assistance Program* (TBA) provides rent subsidies to homeless families in shelters, survivors of domestic violence, seniors and persons with HIV/AIDS. Only very low-income individuals are eligible to receive this assistance. They are referred by emergency shelters, transitional shelters, non-profit service providers, the County's Human Services Department and the Division of Adult and Aging Services. The TBA program is administered similarly to the US Department of Housing and Urban Development's Section 8 program.

## Acquisition and Rehabilitation of Affordable Units

Thirty jurisdictions in the Bay Area have established some form of a preservation program to support acquisition, rehabilitation and protection of affordable units occupied by low-income renters. This section highlights one such example, in the City and County of San Francisco.

### City and County of San Francisco

Launched by the Mayor's Office of Housing and Community Development in 2014, San Francisco's *Small Sites Program* (SSP) is an acquisition and rehabilitation loan program for small multifamily rental buildings. The program was created to protect and establish long-term affordable housing throughout San Francisco. SSP is funded through multiple sources, including voter-approved bonds, inclusionary housing fees, and the city's *Housing Trust Fund*. As of May 2018, the program has acquired 160 units in 25 buildings, serving 327 residents that earn less than 65% of the Area Median Income. The units are located in the following neighborhoods: the Mission District, Downtown/Civic Center, South of Market, Castro/Upper Market, Haight Ashbury, Bernal Heights and Richmond.

## Homebuyer Assistance

Twenty-eight jurisdictions in the Bay Area have established some form of a homebuyer program. This section highlights two such examples, in the cities of Napa and Oakland.

### City of Napa

Napa's *Down Payment Assistance Program*, funded with grants from the State of California Department of Housing and Community Development, provides assistance to lower-income first time home buyers in the form of a silent (deferred) loan of up to \$150,000. To qualify, an applicant must meet income and credit restrictions and cannot have owned a home in the last three years. Homes must be located within city limits and cannot be bigger than 3 bedrooms and 2 baths.

### City of Oakland

Hello Housing, a regional non-profit organization, has partnered with the City of Oakland and the Alameda County Treasurer-Tax Collector's Office, to acquire and convert formerly blighted and tax-defaulted properties into permanently affordable housing for low-and-moderate income residents. Hello Housing and three local developers have acquired 26 vacant properties, a majority of which will be developed into single-family homes for ownership and two properties into multifamily affordable rental units to house approximately 15 to 20 families. Construction on the first homes is now underway with occupancy on many of the homeownership properties expected in late 2018 and early 2019.



## Permit Streamlining

Fifty jurisdictions in the Bay Area have adopted some form of permit streamlining policies. This section highlights two such examples, in the County of Sonoma and the City of San Jose.

### City of Santa Rosa and County of Sonoma

In the aftermath of the wildfires in Sonoma in 2017, the City of Santa Rosa adopted multiple policies to expedite the permitting process for those who wanted to rebuild. These included: establishing a *Resilient City Permit Center* with dedicated staff; exemptions from environmental review; expansion of damaged nonconforming residential structures to added living areas, ADUs, and JADUs; increasing the allowable residential floor area in mixed-use projects from 50 to 80 percent; and delaying collection of fees until near occupancy. The county also established a *Resiliency Permit Center* to expedite permitting, and relaxed rules related to accessory dwelling units (ADUs).

### City of San Jose

In 2014, the City of San Jose formed an ad-hoc committee to explore permit streamlining for small businesses as well as for major projects. Based on the committee's recommendations, the city created a planning desk dedicated to small projects and recently established an electronic plan review system to simplify permitting. The electronic system has resulted in time and cost savings for both the city as well as the applicant. The system provides real-time updates on the status of the approval process.

## Fee Waiver

Twenty-six jurisdictions in the Bay Area offer some form of fee waivers to housing developers. This section highlights one such example, in the City of Sunnyvale.

### City of Sunnyvale

Sunnyvale charges all new rental housing projects an impact fee of \$9 to \$18 per habitable square feet. If a developer opts to provide affordable units on-site instead of paying the housing impact fee, the city credits the developer \$300,000 per very low-income unit and \$150,000 for every low-income unit, up to the total housing impact fee amount owed by the project. In case any fee obligation remains after the affordable unit developer credits are applied, the developer may opt to provide additional affordable units to reduce the fee to zero.

These developer credits are based on the subsidy amounts required to develop affordable units, which the 2014 rental impact fee nexus study determined to be \$302,496 for a very low-income unit and \$146,233 for a low-income unit. The city also waives the park and recreation fee for affordable units.

## Housing Overlay Zoning

Twenty-four jurisdictions in the Bay Area have adopted some form of a zoning overlay for housing projects. This section highlights one such example, in the City of Menlo Park.

### City of Menlo Park

Menlo Park's *Affordable Housing Overlay* (AHO) zone was established to encourage the development of housing for low, very low and extremely low-income households on housing opportunity sites identified in the city's adopted Housing Element. The AHO establishes development standards for these sites and is designed to benefit all affordable housing projects, including market-rate developments that provide a higher share of low- and very low-income units than what is called for in the State's *Density Bonus Program*.

## New Revenue and Organizational Capacity for Housing

Multiple cities and counties in the Bay Area have raised new revenue for housing in the last two election cycles and/or adopted a regional or sub-regional approach to solving the housing crisis. This section highlights four such examples, in the counties of Santa Clara, San Francisco, Alameda and Sonoma.

### County of Santa Clara

In June 2016, Santa Clara voters approved Measure A, a \$950 million affordable housing bond program to build and preserve 5,000 affordable housing units countywide. The bond proceeds will help stabilize housing for the county's most vulnerable populations including veterans, seniors, the disabled, low and moderate-income individuals or families, foster youth, victims of abuse, the homeless and individuals suffering from mental health or substance abuse illnesses. Measure A priorities include advancing supportive housing for special needs populations, including homeless and chronically homeless persons and increasing housing supply for extremely low-income populations.

As of June 2018, the first year of implementation, the county approved \$111 million for 10 projects that will add more than 800 multifamily units in 6 cities. The county also approved \$25 million for a first-time homebuyer program.

## City and County of San Francisco

In November 2018, San Francisco voters approved Proposition C, a business tax measure, which will generate up to \$300 million per year to fund homelessness services. Businesses with over \$50 million in gross annual receipts will pay a tax equal to 0.175 percent to 0.69 percent of their gross receipts. Businesses with over \$1 billion in gross annual receipts and those with administrative offices in San Francisco will pay 1.5 percent of payroll expenses. In June 2018, San Francisco voters approved Measure F, which will provide tax-funded legal help to tenants facing eviction. The expanded legal services is estimated to cost the city \$5.6 million a year.

In November 2016, San Francisco voters approved Proposition C, which authorized the city to repurpose \$261 million in unused general obligation bond funding that voters originally approved in 1992 for seismic upgrades. Under Proposition C, bonds would be used to acquire and rehabilitate multi-unit properties and convert them to permanently affordable housing.

In November 2015, San Francisco voters approved Proposition A, a \$310 million General Obligation Bond for affordable housing, to finance the construction, acquisition, improvement, rehabilitation, preservation and repair of affordable housing for low and middle income households. The bond will address pressing housing needs by: investing in neighborhoods; developing and acquiring housing for a broad population, from families to seniors; transitional-aged youth to single working adults; and veterans to disabled households; and, meeting housing needs through a range of activities, including new multi-family construction, acquisition of existing apartment buildings, SRO rehabilitations, down payment assistance for first-time homebuyers, and other efforts that will effectively increase the affordable housing supply.

## County of Alameda

In November 2016, Alameda County voters approved Measure A1, a \$580 million general obligation bond to finance the construction and rehabilitation of affordable rental units, loans for moderate-income homebuyers and upgrades to existing low-income housing.

## City of Oakland

In November 2018, Oakland voters approved Measure KK, a \$600 million infrastructure bond earmarking \$100 million for affordable housing. A citizen oversight committee would audit all spending from the measure.

## County of Sonoma

The City of Santa Rosa and the county are moving forward with establishing a joint powers authority, called the Renewal Enterprise District (RED), with the explicit goal for regionalizing housing production; pooling and leveraging financing and funding; sharing risks and benefits of development in new ways; streamlining environmental review and providing confidence in good projects; and putting equity, affordability and climate solutions in the center of local economic strategy.

When established, the RED will focus housing development in specific geographies; define project criteria for which incentives and streamlined permitting processes are appropriate; pursue new models for public-private partnerships; expand, pool, and leverage public and private financing in new ways; explore the most strategic use of publicly-owned land; and leverage the regional housing planning tools and resources of MTC/ABAG.

## Cross-Jurisdictional Collaboration

This section highlights the unique process in San Mateo County to coordinate housing strategies across jurisdictions, including conducting a “nexus” study for setting impact fees.

### *The 21 Elements Effort*

21 Elements is a multi-year, multi-phase collaboration of all twenty-one San Mateo County jurisdictions, along with partner agencies and stakeholder organizations. The project aims to support jurisdictions in developing, adopting, and implementing local housing policies and programs. It is a forum for sharing resources, successful strategies and best practices. The project is co-sponsored and coordinated by the San Mateo County Department of Housing (DOH) and the City/County Association of Governments of San Mateo County (C/CAG).

The project recognizes that cities in the county often struggle with similar housing issues and consider similar solutions. 21 Elements helps those cities find policies that are right for them, working with their neighbors in a supportive, cooperative environment. Respecting local control, 21 Elements makes it easier to adopt innovative policies that address important housing needs. From affordable housing to accessory dwelling units, 21 Elements has resources to help.

### *Grand Nexus Study*

Through a multi-jurisdiction collaborative process, 15 cities in San Mateo County and the City of Palo Alto embarked on developing a nexus study for their respective linkage fee programs. This project, which came to be known as the Grand Nexus Study, reduced costs by 75 percent and helped establish best practices. Customized, jurisdiction-specific reports focusing on local conditions were completed and provided to each participating city in the second half of 2015.

*(continued on next page)*

### *Affordable Housing Needs Allocation*

In the fourth Regional Housing Needs Allocation (RHNA) cycle, 11 of San Mateo County's 21 jurisdictions engaged in "housing unit trades." Five of these jurisdictions accepted additional unit allocations for proposed development adjacent to their city limits. Three additional jurisdictions who had already adopted a land use plan that calls for more housing development also accepted additional allocations. In all, these trades covered a total of 396 units, or 2.5% of the total 8-year allocation for the county. While numerically insignificant, the trades represent an important accomplishment for these 11 jurisdictions as they work together on other multiple efforts to meet the county's housing crisis.

# Signatures

**Fred Blackwell**

CASA Co-Chair

*Chief Executive Officer,  
The San Francisco  
Foundation*

**Leslye Corsiglia**

CASA Co-Chair

*Executive Director,  
Silicon Valley @ Home*

**Michael Covarrubias**

CASA Co-Chair

*Chair and Chief Executive  
Officer, TMG Partners*

**Bob Alvarado**

Northern California Carpenters  
Regional Council

**Kofi Bonner**

FivePoint

**London Breed**

City/County of San Francisco

**Keith Carson**

Alameda County

**Stuart Cohen**

TransForm

**Julie Combs**

City of Santa Rosa

**Dave Cortese**

Santa Clara County

**Grace Crunican**

BART

**Matthew Franklin**

MidPen Housing

**Ariane Hogan**

Genentech

**Sam Liccardo**

City of San José

**Jake Mackenzie**

MTC

**Michael Matthews**

Facebook

**Rebecca Prozan**

Google

**David Rabbitt**

ABAG

**Dave Regan**

SEIU

**Libby Schaaf**

City of Oakland

**Ellen Wu**

Urban Habitat



## Appendix A — CASA Leadership

### Fred Blackwell, CASA Co-Chair

Chief Executive Officer | The San Francisco Foundation



**Fred Blackwell** is a visionary leader working to ensure shared prosperity, innovation, and equity in the Bay Area. As CEO of The San Francisco Foundation, he leads one of the largest community foundations in the country, working hand-in-hand with donors, nonprofits, community leaders, business, and government partners in philanthropy to identify, influence, and leverage best practices and long-term solutions to make a greater impact in our community.

Mr. Blackwell currently serves on the board of the San Francisco Bay Area Super Bowl 50 Legacy Fund, on the advisory council for Berkeley's College of Environmental Design, and as an advisor for Google Impact Challenge: Bay Area. He previously served on the boards of the California Redevelopment Association, Urban Habitat Program, LeaderSpring, SPUR, and Leadership Excellence. He holds a master's degree in City Planning from U.C. Berkeley and a bachelor's degree in Urban Studies from Morehouse College.



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Established in 1948, The San Francisco Foundation (TSFF) is committed to serving the people of the Bay Area. As an incubator for community investment, original ideas, and passionate leadership, TSFF has become one of the nation's largest community foundations in grant-making and assets, giving millions of dollars a year to make the Bay Area the best place it can be. Currently, TSFF is tackling widening inequality, increasing poverty, and declines in upward economic mobility despite historic levels of prosperity. Staying true to its commitment to serving the people of the Bay Area, TSFF recently launched an ambitious strategy to advance racial and economic equity across the Bay Area.

### Leslye Corsiglia, CASA Co-Chair

Executive Director | Silicon Valley @ Home



**Leslye Corsiglia** began her professional career at the California Department of Housing and Community Development, where she held several positions before taking on the challenge of overseeing the day-to-day activities of the state's housing loan and grant programs. In that capacity, she worked to pass and then implement the first affordable housing bond initiatives, which made \$550 million available for the construction and rehabilitation of affordable housing throughout the state.

Ms. Corsiglia joined the City of San Jose as the Department of Housing's first Assistant Director in 1991, and then served for 14 years as the Director. While with the City, she oversaw a program that developed and improved 21,000 affordable housing units, leveraging the City's funds with more than \$2.7 billion from public and private sources. She has served on a number of federal, state, and regional boards and currently serves on the Board of the Non-Profit Housing Association of Northern California. She is a dedicated housing wonk, loves policy and research, and is excited to take on the challenge of leading the new start-up venture known as SV@Home.



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SV@Home is the voice for affordable housing in Silicon Valley. Based initially in the Housing Trust Silicon Valley, SV@Home is a membership organization that advocates for policies, programs, land use, and funding that lead to an increased supply of affordable housing. Additionally, SV@Home educates elected officials and the community about the need for housing and the link between housing and other quality of life outcomes, including education, health, transportation, and the environment.

## Michael Covarrubias, CASA Co-Chair

Chair and Chief Executive Officer | TMG Partners



**Michael Covarrubias** joined TMG Partners in 1988. He oversees all of the company's operations and has directed the company since 1995. Prior to TMG, Mr. Covarrubias' professional background includes 17 years with Union Bank, including commercial and real estate lending as well as administrative management. In his last position, he served as Senior Vice President and Manager of Union Bank's Silicon Valley Regional Real Estate Center.

Mr. Covarrubias is a graduate of the University of San Francisco with a bachelor's degree in business administration.



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TMG Partners is a privately-held, full-service development company headquartered in San Francisco focusing on urban infill projects in the San Francisco Bay Area.

Its exclusive focus in the Bay Area helps the firm understand the nuances of market trends and timing. This allows TMG Partners to be highly responsive and opportunistic while contributing to the vibrancy of the communities that make up the Bay Area region.

## Dr. Jennifer Martinez, Protection Work Group Moderator

Executive Director | Faith in Action Bay Area



**Dr. Jennifer Martinez** currently leads Faith in Action Bay Area, a regional network of community and faith-based organizations. She has also been an organizer with the PICO National Network since 2001. Dr. Martinez has a bachelor's degree from Stanford University and a master's degree and Ph.D. from the University of Nottingham in England. Her graduate research focused on social movement strategies in the struggle for housing and land rights in Venezuela and South Africa. In 2011, her Ph.D. won the British International Studies Association thesis of the year award.

She has several published works and, in addition to being a participant in faith-based movement-building, continues to write about the ways in which social movements transform people and places.



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Faith in Action Bay Area is a regional network of community and faith-based organizations working to create innovative solutions to problems facing urban and suburban communities in San Mateo and San Francisco Counties. Faith in Action Bay Area has successfully worked to increase access to health care, improve public schools, make neighborhoods safer, build affordable housing, redevelop communities, and revitalize democracy.

The organization helps engage ordinary people in public life, building a strong legacy of leadership in local communities across the region, and is part of PICO, a national network of faith-based organizing groups. Faith in Action Bay Area is non-partisan, multi-faith, and multicultural.

## Linda Mandolini, Protection Work Group Moderator

President | Eden Housing



**Linda Mandolini** has served Eden Housing as a Project Developer, as Director of Real Estate Development, and since 2001 as President. She oversees affordable housing production, resident support services, and property management components of the organization, and a staff of more than 340 employees. She is guided in her work by Eden's active, volunteer Board of Directors.

Under Ms. Mandolini's strong leadership, Eden has become one of the most productive and successful nonprofit affordable housing developers in California. Eden has received numerous awards including being named as a Best Place to Work in the Bay Area in 2012, 2015, and 2016 and Healthiest Employers in the Bay Area by the San Francisco Business Times for the past five years in a row (2012-2016).

Ms. Mandolini received her A.B. from Wheaton College in Massachusetts and earned a master's of Business Administration at Boston University.



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Eden Housing revitalizes California communities through its affordable housing development and property management activities, through the partnerships it establishes and the investments it makes in California neighborhoods, and through the resident services programs it provides to meet the needs of its residents.

Since its founding in 1968, Eden Housing has developed or acquired 7,450 affordable housing units in nearly 100 properties that have provided homes for more than 65,000 people. Eden currently has more than 1,000 units in its immediate pipeline.

Eden's housing now includes rental apartments, cooperatives, and supportive living environments for families, seniors, and people with disabilities. Eden has so far partnered with 29 cities in 10 California counties and it is rapidly expanding its geographical operations to new communities, including the greater Sacramento area, the Central Valley, and Southern California.

## Derecka Mehrens, Production Work Group Moderator

Executive Director | Working Partnerships USA



**Derecka Mehrens**, Executive Director at Working Partnerships USA, brings 15 years of community organizing, civic engagement, and public policy experience working in communities of color and with low- and moderate-income families.

Under Ms. Mehrens' leadership, Working Partnerships USA co-founded Silicon Valley Rising, a coordinated regional campaign to inspire a tech-driven economy where all workers, their families, and communities thrive. The unprecedented labor-faith-community alliance is working to build a new economic model that rebuilds the middle class, to raise wages and workplace standards for all workers in this valley, and to address a regional housing crisis that is pushing families and children to live in garages, cars, or near creek beds in order to survive.

Ms. Mehrens graduated from the University of Oregon with a bachelor's degree in Sociology, History, and International Studies.

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Working Partnerships USA is a community organization that drives the movement for a just economy by bringing together public policy innovation and the power of grassroots organizing.

Working Partnerships USA builds the capacity of workers, low-income neighborhoods, and communities of color to lead and govern. Based in Silicon Valley, it tackles the root causes of inequality and poverty by leading collaborative campaigns for quality jobs, healthy communities, equitable growth, and vibrant democracy.

## Denise Pinkston, Production Work Group Moderator

Housing Committee Co-chair | Bay Area Council



**Denise Pinkston** has over 30 years of experience in real estate including acquisitions, asset and construction management, marketing, leasing, planning/entitlements, transit and green building program development, and public affairs. Ms. Pinkston was named one of the Bay Area's Most Influential Women in Bay Area Business by the San Francisco Business Times in 2012 and 2013 and was named to their Forever Influential Honor Roll in 2014. Ms. Pinkston teaches real estate at the Lorry I. Lokey Graduate School of Business at Mills College.

Ms. Pinkston attended the University of California, Berkeley where she earned a bachelor's degree in History and a master's degree in City and Regional Planning.



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The Bay Area Council is a business-sponsored, public-policy advocacy organization for the nine-county San Francisco Bay Area. The Council proactively advocates for a strong economy, a vital business environment, and a better quality of life for everyone who lives here.

## Steve Heminger, CASA Convener

Executive Director | Metropolitan Transportation Commission



**Steve Heminger** is Executive Director of MTC and responsible for the administration of more than \$2 billion per year in funding for the operation, maintenance, and expansion of the Bay Area's surface transportation network.

Mr. Heminger was appointed by House Democratic Leader Nancy Pelosi to serve on the "National Surface Transportation Policy and Revenue Study Commission," which helped chart the future course for the federal transportation program. As Chair of the Toll Bridge Program Oversight Committee, he also oversaw construction of the new east span of the San Francisco-Oakland Bay Bridge, the largest transportation project in California history. In addition, he is a member of the Board of Trustees for the Mineta Transportation Institute and of the Executive Committee for the Transportation Research Board.

Mr. Heminger received a bachelor's degree from Georgetown University and a master's degree from the University of Chicago.



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The Metropolitan Transportation Commission (MTC) connects the nine-county Bay Area's communities by allocating regional, state, and federal funds for transportation projects, planning for the future, and coordinating the participation of governments and residents in the planning process.

The Commission's central purpose is to make sure that the transportation networks that connect the residents and communities within the Bay Area region function smoothly and efficiently. Its job is to plan responsibly to meet the mobility needs of residents, now and in the future.



## Appendix B — Committee Members

Steering Committee Members		Technical Committee Members	
Name	Organization	Name	Organization
Bob Alvarado	Northern California Carpenters Regional Council	Robert Apodaca	California Community Builders
Kofi Bonner	FivePoint	Ophelia Basgal	Terner Research Center
London Breed	City/County of San Francisco	Michele Byrd	City of Oakland
Keith Carson	Alameda County	Andreas Cluver	Building and Construction Trades Council
Stuart Cohen	TransForm	Jonathan Fearn	GREYSTAR
Julie Combs	City of Santa Rosa	Jacky Morales Ferrand	City of San José
Dave Cortese	Santa Clara County	Amie Fishman	Non-Profit Housing Association
Grace Crunican	BART	Caitlyn Fox	Chan Zuckerberg Initiative
Matthew Franklin	MidPen Housing	Bob Glover	BIA Bay Area
Ariane Hogan	Genentech	Rich Gross	Enterprise
Sam Liccardo	City of San José	Jennifer Hernandez	Holland and Knight
Jake Mackenzie	MTC	Joshua Howard	California Apartment Association
Michael Matthews	Facebook	Lynn Hutchins	Goldfarb Lipman LLP
Rebecca Prozan	Google	Aimee Inglis	Tenants Together
David Rabbitt	ABAG	Janice Jensen	Habitat for Humanity
Dave Regan	SEIU	Mark Kroll	Saris Regis Group
Libby Schaaf	City of Oakland	Scott Littlehale	Nor Cal Carpenters Reg. Council
Ellen Wu	Urban Habitat	Linda Mandolini	Eden Housing
		Dr. Jennifer Martinez	PICO California
		Derecka Mehrens	Working Partnership, USA
		Tomiquia Moss	Hamilton Families
		Mary Murtagh	EAH Housing
		Adhi Nagraj	SPUR
		Denise Pinkston	Bay Area Council
		Ken Rich	City/County of San Francisco
		Matt Schwartz	CA Housing Partnership Corp.
		Doug Shoemaker	Mercy Housing
		Abby Thorne-Lyman	BART
		Randy Tsuda	City of Mountain View
		Matt Vander	Sluis Greenbelt Alliance
		Joseph Villarreal	Contra Costa Housing Authority
		Bill Witte	Related California



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## Summary and Strategic Options - CASA Compact

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This document is intended to be a broad overview of the CASA Compact, a 15-Year housing action plan produced by the Committee to House the Bay Area, stakeholder group facilitated by ABAG/MTC. – *Please note, this is a living document and will be updated as needed.*

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### Summary

The CASA Compact is a series of policy proposals that came out of an 18 month ABAG/MTC stakeholder group. While the process had broad stakeholder participation, there were relatively few city representatives, including no San Mateo staff or elected officials. In the coming months, the proposals are likely to be debated in Sacramento and potentially reflected in bills.

The Compact has 10 policy proposals:

- |   |  |
|---|--|
| 1. Just cause for eviction  | 6. Changes to the housing approval process                     |
| 2. Rent stabilization   | 7. A new process for expedited approval for qualified projects |
| 3. Emergency rental assistance and access to legal counsel for people being evicted | 8. Changes to the Surplus Land Act                             |
| 4. Policies to encourage ADUs   | 9. Additional funding for affordable housing                   |
| 5. Minimum zoning near transit  | 10. Regional housing entity                                    |

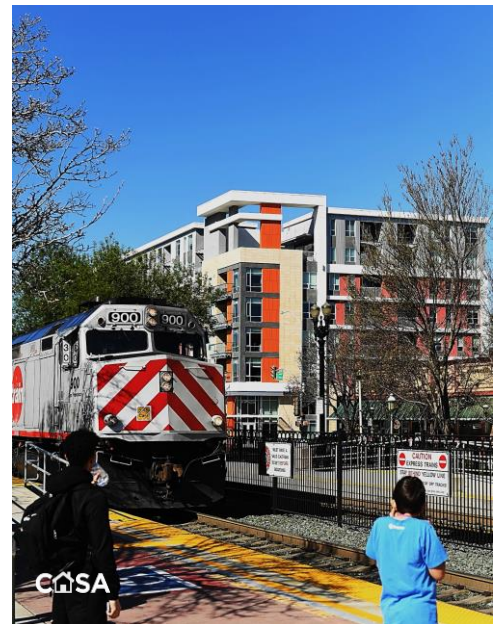
While generally, the public and jurisdictions have praised the focus on housing, the visible reception to CASA has overall been negative. Much of the criticism targets the lack of public or jurisdiction participation in the process. Additionally, there has been considerable criticism because the proposals decrease local autonomy in the interest of promoting more housing. Finally, select stakeholders are opposed to individual provisions. For example, apartment associations are strongly opposed to the tenant protection provisions.



*It is important to remember that the CASA Compact is an initial proposal by a very diverse group of stakeholders and the details will change. The Boards of MTC and ABAG have only authorized their leaders to sign the compact to begin policy discussions. Neither entity has officially endorsed any of the proposals. In fact, ABAG's Board has directed staff to raise a long list of policy concerns with the legislature including the lack of representation of small to mid-sized cities on CASA's committees, the loss of local control over land use decisions, the inappropriateness of one-size-fits-all solutions and the negative impact that the proposed funding mechanisms would have on local budgets for core services. ABAG's Board has also directed staff to prepare an economic impact analysis for all of CASA's proposals.*

*None of the CASA proposals can become law without local or state legislative action ([see ABAG Staff report](#)) and many would require a vote of the people in all nine Bay Area Counties. Perhaps more important than commenting on every aspect of MTC's proposal at this preliminary stage, it is essential for San Mateo County to have a seat at the table when the proposals are reviewed and revised. C/CAG, Home for All, and 21 Elements are developing a specific proposal to help accomplish this.*

*Furthermore, while it may be helpful to highlight local steps jurisdictions have taken to promote housing, this alone will not likely satisfy the legislature. They believe, and will continue to believe, that more must be done. For this reason, engaging with proposed legislation and suggesting improvements is important regardless of the one's thoughts on the initial CASA Compact proposal.*



## Background on the CASA Process

The CASA Compact (CASA is also known as the Committee to House the Bay Area) is the final product of an 18 month ABAG/MTC process to address housing issues confronting the San Francisco Bay Area.

For more information —  
[https://mtc.ca.gov/sites/default/files/CASA\\_Compact.pdf](https://mtc.ca.gov/sites/default/files/CASA_Compact.pdf)

It starts with three major suppositions:

1. We have not produced enough housing for residents at all income levels;
2. We have not preserved the affordable housing that already exists; and,
3. We have not protected current residents from displacement where neighborhoods are changing rapidly.



Over the course of a year and a half, the Metropolitan Transportation Committee (MTC) and the Association of Bay Area Governments (ABAG) convened a series of structured discussions with a select group of local government officials, developers, major employers, labor interests, housing and policy experts, social equity advocates and non-profit housing providers. The goal was to find common ground on a comprehensive set of solutions to the Bay Area's housing crisis and, in particular, implement the three P's for housing: Production; Preservation; and, Protection. Social equity was a theme that ran throughout the proposals.

CASA was structured around a Technical Committee of policy experts and practitioners and a Steering Committee of elected officials, thought leaders and major employers. The Technical Committee's role was to recommend actions for addressing the crisis. Those recommendations went to the Steering Committee for review, refinement and final approval. The CASA effort was supported and staffed by MTC/ABAG and a team of consultants. See the appendix for a list of stakeholders.

CASA has been widely criticized for a lack of transparency and minimal city representation, including no representation from San Mateo County as a whole. While true, it is still important to engage with the substance of the ideas, either supporting them or critiquing/recommending modifications to them, because the proposals will be debated in Sacramento and other places. Also, CASA encourages jurisdictions to think about what is best for housing for the entire Bay Area. At times, this may be at odds with what is good for any one jurisdiction or even San Mateo County.

MTC/ABAG is asking local governments and housing stakeholders to endorse the CASA compact. Cities could do this, be silent or oppose it. Additionally, C/CAG may be asked to endorse the Compact. CASA envisions the document as a comprehensive set of interlocking policies, which involves sacrifice from all parties. They prefer stakeholders not choose their favorite parts, but in reality in Sacramento, the various components will be debated independently.

There are a few fundamental considerations for jurisdictions:

- How do you balance the loss of local autonomy on some issues versus the benefits for housing? Are there areas where it is helpful to have consistency throughout the region? If so, what are they? Which areas of the Compact offer a one size fits all solution that is not helpful.
- Are the changes good for a particular jurisdiction, the county and/or the region? If the answer is yes only to the region, how does one balance the competing needs?
- Is the Compact as a whole good enough to endorse (or bad enough to oppose) or are there parts that you want to single out?



## Key Components of the CASA Compact

The following is a list of key components of CASA, many of which will require state legislation. Please see the original CASA Compact for more information. When reviewing policies, keep in mind that the policies are not intended to supersede stronger local policies. For example, if a city has higher inclusionary zoning requirements than envisioned in the document, CASA imagines the local rules applying.

In particular there are four provisions that are likely to be most controversial

1. Tenant protections,
2. Minimum zoning near transit,
3. Expedited approvals for certain projects, and a
4. Regional fund for affordable housing.

It is important to balance the potential opposition with the potential benefit for affordable housing.

<b>1. Just Cause for Eviction – big change for landlords</b>
<b>Description:</b> Prevents evictions for arbitrary reasons. Requires relocation assistance for no fault evictions. Protections do not start until tenant has occupied unit for at least 12 months.
<b>Analysis:</b> See below
<b>Local Context:</b> See below
<b>Related Legislation:</b> Nothing at this time

<b>2. Rent Stabilization - big change for landlords</b>
<b>Description:</b> Caps rent increases at 5% per year plus CPI. Increases can be banked, but there is a 10-15% limit. There is a provision to pass through capital improvements.
<b>Analysis:</b> This provision, along with just cause, will be very controversial among landlords. The California Apartment Association has come out against this proposal. At the same time, support from tenant groups may be tepid because the tenant protections are much weaker than they prefer.
<b>Local Context:</b> Tenant protections have been a much debated topic in San Mateo County, and there is considerable pressure to do something to help current residents. Most cities are considering less strict measures than CASA proposes, such as tenant relocation assistance. Only East Palo Alto currently has rent stabilization and a number of San Mateo county cities voted against it at their city council or during elections. Prop 10, a statewide ballot measure about rent stabilization failed 43 to 57 percent in the county.
<b>Related Legislation:</b> AB 36 (Bloom) <sup>1</sup>

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<sup>1</sup> [See ABAG Staff report for more details on legislation](#)





### 3. Rent Assistance and Access to Legal Counsel

**Description:** Offers emergency rental assistance to low income renters as well as legal assistance.

**Analysis:** This will likely attract less opposition, though landlords may be opposed to tenants having free legal assistance. The question of funding for rental assistance is part of a broader question of regional pooling of affordable housing dollars.

**Local Context:** San Mateo County currently provides access to legal counsel and emergency rental assistance. This measure would transfer the cost to the new regional housing entity.

**Related Legislation:** SB 18 (Skinner)

### 4. Promoting ADUs

**Description:** Calls for a separate building code for small homes, requires faster approvals of ADUs, forbids their use for short-term vacation rentals, encourages amnesty, and says ADUs must be approved if they meet objective zoning standards. Impact fees would be scaled based on ADU size (and not apply for the first 500sf). There is also a plank that says jurisdictions should be encouraged to *not* let homeowners rent the main house and the ADU separately.

**Analysis:** All of these changes are relatively minor. A small building code and Title 24 reform, while causing more work for building inspectors when they are learning the new rules, would help promote ADUs. The most controversial plank, encouraging owner occupancy rules, is written as optional. Some jurisdictions might have concerns with the short term vacation rental prohibition.

**Local Context:** San Mateo County has done considerable work promoting ADUs, with the number of applications three times higher than in 2016. Still, applicants often report the approval process is frustrating. Most cities in San Mateo County (except the unincorporated county) currently have owner occupancy restrictions.

**Related Legislation:** AB 68 (Ting), AB 69 (Ting), SB 13 (Wieckowski)

### 5. Minimum Zoning Near Transit- big change for local control advocates and neighborhood groups

**Description:** Allows buildings of up to 36 feet near high quality bus service and 55 feet within a ¼ mile of major transit stops, with tenant protections and affordable housing requirements. Allows housing on large, low density commercial sites<sup>2</sup>.

**Analysis:** These provisions are likely to attract the most community opposition. Generally, building multistory buildings near transit is a common technique to promote place making, reduce traffic and reduce greenhouse gasses, but the proposal would be a significant change in the land use regulatory system in California. Some might fear that it will open the door to other changes. Some neighbors are also will be concerned about the changes to the character around the transit station.

<sup>2</sup> Tenant protections is not defined, but context implies policies like relocation assistance, not rent stabilization.

**Local Context:**

Approximately 98.5% of land in San Mateo County is exempt from this proposal. San Mateo County has 17 train stops operated daily by Caltrain or BART<sup>3</sup>. Of the 12 sites where data is available, three or four have been upzoned in the past five years. Based on available data, ten of the 12 station areas would be affected by the proposal. Below is a summary of the zoning around the transit stations:

No sites are zoned for 55 feet     3

Some sites are zoned for 55 feet 7

All site are zoned for 55 feet     2

The rapid bus provisions are difficult from a planning perspective because bus stops and bus routes move over time. However, it appears from CASA's maps that no San Mateo County cities will be affected by the bus route provisions.<sup>4</sup>

**Related Legislation:** SB 4 (McGuire), SB 50 (Wiener)

**6. Changes to Housing Approval Process**

**Description:** Requires cities to have a list of their fees, codes and standards publically available. Specifies that fees are based on the date an application is deemed complete, limits public hearings to 3, and says that building permits last 2 years. Develops clearer, standardized procedures for adopting new fees. Does not let developers qualify for the density bonus when meeting inclusionary housing requirements<sup>5</sup>. Adds new standards that discourage downsizing. Has cities report to the State annually on impact fees and inclusionary standards.

**Analysis:** Most of these changes are not major. Most of San Mateo County will be grandfathered in for the procedures about new fees.

**Related Legislation:** Nothing at this time

<sup>3</sup> Not counting the airport station and not double counting the Millbrae station

<sup>4</sup> The map lacks sufficient detail to be sure. An email was sent to MTC to confirm.

<sup>5</sup> Reviewer comments suggested an alternative interpretation of the text to mean the opposite, where meeting inclusionary requirements would trigger a density bonus. The text is unclear on the point.



## 7. Expedited Approval and Financial Incentives – **unclear change**

**Description:** Creates new rules that allows projects providing 20% of the units as affordable (80-150% AMI) and meeting other criteria to have a streamlined approval process. Projects receive “some combination of the following” 15 years of tax abatement, reduced impact fees, density bonus of 35%, parking reduction of 50%, relief from construction liability standards. Cities would have one year to approve projects.

**Analysis.** This proposal is unclear. Earlier, CASA said developers cannot use density bonus when meeting inclusionary, but here they say developers can get a super density bonus for meeting very lax inclusionary rules, lower standards than in most cities. This proposal does not appear to eliminate discretionary standards.

**Local Context:** Most developers in San Mateo use significant amount of prevailing wage labor and most cities have higher inclusionary housing requirements than are proposed as part of this proposal. This allows developers to get significant private gain for providing very little public benefits.

**Related Legislation:** SB 6 (Beall/McGuire)

## 8. Public Land

**Description:** Applies Surplus Land Act to charter cities and state agencies. Creates a database of public lands. Encourages housing on public lands (non-binding).

**Analysis:** Mostly nonbinding or small changes.

**Local Context:** There are only two charter cities in San Mateo County. Housing Leadership Council is a strong supporter of the Surplus Land Act.

**Related Legislation:** Nothing at this time

## 9. Funding and Financing – **Big change**

**Description:** Raises \$1.5 billion for the region from a menu of possible funding sources. 75 percent of the money would return to the county of origin.

**Analysis:** This is primarily a philosophical question, if one prefers believes affordable housing funding should be approached regionally or locally. Generally, moving affordable housing taxes to be consistent throughout the region could be beneficial if it would allow policies to be bolder without concerns about competition between cities. However, if the money is not used efficiently, the negatives may outweigh the gains. Because the proposal lacks sufficient detail, the funding implications are not possible to evaluate.

**Local Context:** San Mateo County has a half cent sales tax measure, a portion of which provided \$110 million in funding affordable housing funding since 2012. The county has a trusted, efficient system for managing their affordable housing subsidies. However, there are small areas where it has traditionally been less active (e.g. acquisition and rehabilitation). See the Funding Section for more analysis.

**Related Legislation:** SB 5 (Beall), AB 10 (Chiu), AB 11 (Chiu), ACA 1 (Aguiar-Curry)



<b>10. Regional Housing Entity</b>
<b>Description:</b> Establishes a regional entity to promote affordable housing, collect data and distribute the money collected from item 9.
<b>Analysis:</b> The biggest question is the sharing of revenue. If we want to support that goal, we would need a regional entity. A central question is what would San Mateo County's representation on the entity be?
<b>Related Legislation:</b> Nothing at this time

The Compact also contains a number of “calls for action.” These are policy proposals, but they lack specificity. It is not clear the relationship between the ten provisions summarized above and the policy planks, below. The more significant policy planks include:

- Reinstating Redevelopment Agencies
- Lowering voter thresholds for affordable housing measures to 55%
- Taxing e-commerce at the point of sale
- Changing property tax allocation to reward cities with more housing – Big change
- Requiring developers to pay prevailing wages when providing public funding or CEQA exemptions – Big change

## Findings and Considerations

A central question when discussing CASA is on what topics should there be local control and where should there be regional requirements. Generally, when the state passes new laws, it restricts local control to some degree. These often feel onerous at first but then cities adapt. One way to consider this issue is to imagine yourself in the future in five years and the regulation passed. Would you undo it?

Consider Housing Elements. They are quite onerous with the state and region assigning growth targets and certifying documents as compliant. But should we eliminate housing elements? If cities did not need to write housing elements, many would zone less land for housing, which is not a good public policy outcome. Below are some observations that may be useful.

1. **There are ideas proposed in the CASA Compact which will advance affordable housing.** Some policy proposals, such as ADUs, have been supported locally, while others, such as displacement, are challenging to address at the local level. Setting a balance between ensuring local control and regional coordination (regulations) that can provide a way to move forward on the many hard choices facing the region and the county.
2. **There's a serious funding gap for affordable housing that must be addressed.** Over the past 10 years the amount of funding available for affordable housing has been reduced dramatically. The funding proposals contained in the CASA Compact strive to address the deficit.



3. **Local Governments' Role Minimized.** The CASA Compact approach is basically the same as the state legislature in enacting recent housing legislation — that local governments (cities and counties in the Bay Area) are not addressing critical and urgent housing needs and issues — and, therefore, regulations, funding and other mechanisms need to be implemented through more regional level requirements.
4. **State legislation will be needed.** Much of what is in the CASA Compact will require state legislation and authority.
5. **It is more about how the CASA Compact gets implemented than what is written in the summary.** The ideas contained in the CASA Compact have evolved from discussions involving many stakeholders. The discussion going forward is really more about how the CASA Compact gets implemented (or not) and what the relationship is between local governments and MTC/ABAG and a more regional approach to the housing crisis.
6. **Local governments should test and weigh-in on the specific proposals of the CASA Compact** or the document as a whole. Local governments should have a seat at the table going forward.





## Funding

The potential sources of funding are summarized below and account for \$1.5 billion a year. Overall, this funding would likely increase affordable housing funding in San Mateo County and the region as a whole:

- **Vacant property tax**, 1% of assessed value – Would be new resources for affordable housing. According to the US Census San Mateo County has lower rates of vacancy than other counties (excluding routine vacancies for sale or rental), but higher assessed values.
- **Parcel tax**, \$48 per unit – Because the proposal is per unit, San Mateo would not pay more.
- **Commercial linkage fee**, \$5-20 sf (or \$10 per sf<sup>6</sup>) – San Mateo County has more employers and would be at the higher end of the fee, so it would pay more in two ways. However, the proposal calls for jurisdictions with existing linkage fees to get a credit, potentially more than offsetting the imbalance. Additionally, it would be beneficial to have more jurisdictions charging commercial impact fees.
- **Gross receipt tax on businesses**, .1-.75% or tax per head- Same analysis as above, but likely no credit so more impact.
- **Redevelopment revenue set aside**, 25% in TPAs. Proposal unclear.
- **Revenue sharing**, 20% of future tax growth – It's not clear how
- **Sales Tax, General Revenue Bonds**, ¼ cent sales tax or \$100 million general revenue bond – San Mateo County has a sales tax that is spent partially on affordable housing, but Santa Clara and Alameda County have general obligation bonds. The proposal lacks clarity if there would be credit for measures that have already passed. Also, the sales tax cap would have to be raised through state legislation to allow San Mateo County to increase its tax rate.

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<sup>6</sup> CASA offers two potential options



## Menu of Funding Sources to Implement the Compact

### Potential New Sources of Revenue

Target: \$1.5 billion per year

Property Owners	Developers	Employers	Local Governments	Taxpayers
<div><div><div></div><div></div></div><div>\$100 million</div><div><b>1 percent</b></div><div>Vacant Homes Tax on the assessed value of vacant home, region-wide</div><div>Vancouver adopted an Empty Homes Tax of 1 percent in 2016</div><div>Oakland adopted a Vacant Property (parcel) Tax of \$3,000 to 6,000 in 2018</div></div>	<div><div><div></div><div></div></div><div>\$200 million</div><div><b>\$5-\$20 per sq. ft.</b></div><div>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</div><div>38 jurisdictions in the Bay Area have a commercial linkage fee, with a median of \$10 per sq. ft.</div><div>Jurisdictions with an existing linkage fee (which is set aside for housing) will get a credit</div></div> <div><div><div></div></div><div>\$200 million</div><div><b>\$10 per sq. ft.</b></div><div>Flat Commercial Linkage Fee on new construction, region-wide</div></div>	<div><div><div></div></div><div>\$200 million</div><div><b>0.1%-0.75%</b></div><div>Gross Receipts Tax, variable rates based on sector and firm size, region-wide</div><div>Almost half the jurisdictions in the Bay Area charge some form of gross receipts tax, often as a business tax</div><div>Small businesses would be exempt from the tax. Employers in a jurisdictions with an existing tax will get a credit</div></div> <div><div><div></div><div></div></div><div>\$200 million</div><div><b>\$40-120 per job</b></div><div>Head Tax; variable rates based on number of employees, jobs-housing ratio and transit access, region-wide</div><div>Mountain View adopted a Head Tax of up to \$149 in 2018</div></div>	<div><div><div></div></div><div>\$200 million</div><div><b>25 percent</b></div><div>Redevelopment Revenue Set-Aside for affordable housing in TPAs (including portion for schools and special districts), <b>statewide</b></div><div>Former Redevelopment Agencies were required to set aside 20 percent of their revenue towards affordable housing</div></div> <div><div><div></div></div><div>\$100 million</div><div><b>20 percent</b></div><div>Revenue Sharing Contribution from future property tax growth, region-wide</div><div>Minneapolis-St. Paul adopted a seven-county Fiscal Disparities Program (tax-base sharing) in 1971 that pools 40 percent of future revenue increase</div></div>	<div><div><div></div></div><div>\$400 million</div><div><b>1/4-cent</b></div><div>Sales Tax, region-wide</div><div>Most jurisdiction have local sales taxes. Should be linked to "point of sale" and e-commerce legislation. Could be folded into a "mega-measure" that includes funding for transportation</div></div> <div><div><div></div></div><div>\$100 million</div><div><b>5-Yr. Term</b></div><div>General Obligation Bonds, issued by a regional housing enterprise, renewed every five years, region-wide</div></div> <div><div><b>Philanthropy</b></div><div>CZI-TSFF Initiative</div><div>Policy and Infrastructure Funds</div></div>



## Appendix

### JURISDICTION COMMENTS

Below is a sample of letters from the various cities.

[City of Sunnyvale letter](#)

[City of Santa Clara letter](#)

[City of Palo Alto letter](#)

[City of Los Gatos letter](#)

[City of Los Altos letter](#)

[City of Cupertino letter](#)

[Mayor of Berkeley letter](#)

### SUMMARY OF LETTERS OPPOSING CASA:

Sunnyvale:

- Opposes one size fits all
- Notes that 6 of 10 funding proposals involve voter approved taxes and Santa Clara County voters are unlikely to approve following the passage of their 2016 parcel tax dedicated to affordable housing
- Lists many steps taken to produce and preserve affordable housing.
- Objects to revenue sharing provisions that will result in cuts to core services with no guaranty of housing units in Sunnyvale
- Urges a no vote

City of Santa Clara:

- Supports key principle of production, preservation and protection
- Concerned about forwarding to legislature without edits by ABAG or MTC boards
- Concerned about lack of outreach to smaller cities
- Concerned about lack of certainty about Regional Funding Entity structure, appropriation of local funds and lack of details in how funding decisions will be made
- No guaranty of units in city
- Advocates for more dialogue, otherwise cannot support



**Palo Alto:**

- Supports preservation and production
- Concerned about lack of a public process for input
- Concerned about diversion of funds needed for core services
- Urges no vote pending more inclusive engagement

**Los Gatos:**

- Appreciates hard work on production, displacement and preservation, especially protection
- Strongly recommends no vote without refinement
- Did not engage cities and town
- Does not consider local proactive steps taken
- Private market forces make many projects financially infeasible
- Recommends expanding surplus lands provisions to Transit Districts and Special Districts
- Regional Housing Enterprise should include smaller communities
- Why not apply this statewide?
- Funding concepts need much more work, especially top-down commercial linkage fees, do they apply to schools and hospitals as employers?
- Santa Clara county already passed housing tax

**Los Altos:**

- Failed to include input from cities that comprise more than 2/3 of the Bay Area population
- Funding is not feasible
- Changes in local authority are counter-productive
- Vote no until input from cities
- Detailed objections listed
- Detailed list of steps taken
- Noted passage of county tax for housing

**Cupertino:**

- General concerns raised over preemption of local control, one size fits all, lack of outreach
- 10 specific points addressed
- Encourages broader outreach

**Berkeley:**

- Agrees with goals, concerned with one size fits all, should reward cities that produce housing and focus on job rich cities to do their fair share
- Very detailed discussion of all 10 elements



## CASA PROCESS

### 1. **Phase One: Foundational Work (June 2017-Jan 2018)**

The first phase of the CASA process was focused on learning, sharing perspectives, and developing a framework for the process of developing the CASA Compact. Experts from UC Berkeley provided in-depth analysis of the many causes and consequences of the crisis, ensuring that all members of the Committees were operating from a shared base of knowledge.

### 2. **Phase Two: Brainstorming Action Ideas (Jan-July 2018)**

Next, the Committees spent six months brainstorming and vetting upwards of 30 action ideas. This process was driven by workgroups who dedicated hundreds of hours to meeting, researching and drafting ideas.

### 3. **Phase 3: Crafting the Compact (Sept-Dec 2018)**

In the final phase, the Co-Chairs distilled the 30+ action plans into the Compact that was drafted. This happened through an iterative process, with successive versions of the Compact presented to both the Technical and Steering Committees and refined based on their input.

### 4. **Phase 4, CASA Implementation**

CASA leadership and key members will continue to work in cross-sector coordination with State and local elected officials and agencies to implement the principles of the CASA Compact.

## IMPLEMENTATION

### 1. **Regional Housing Enterprise Role**

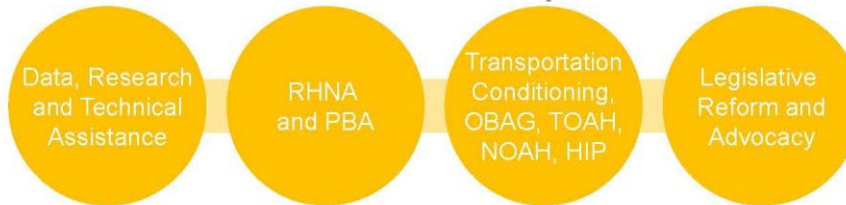
- a. Formed through state legislation (state enabled) — can collect new revenue
- b. Same stakeholders as those involved in the CASA Compact
- c. Make up the money gap (funding)
- d. Lobby for state law changes
- e. Implement the CASA Compact (technical assistance, information, other)
- f. Monitor and report progress
- g. Staffing provided by MTC/ABAG supplemented by experts





## 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.)



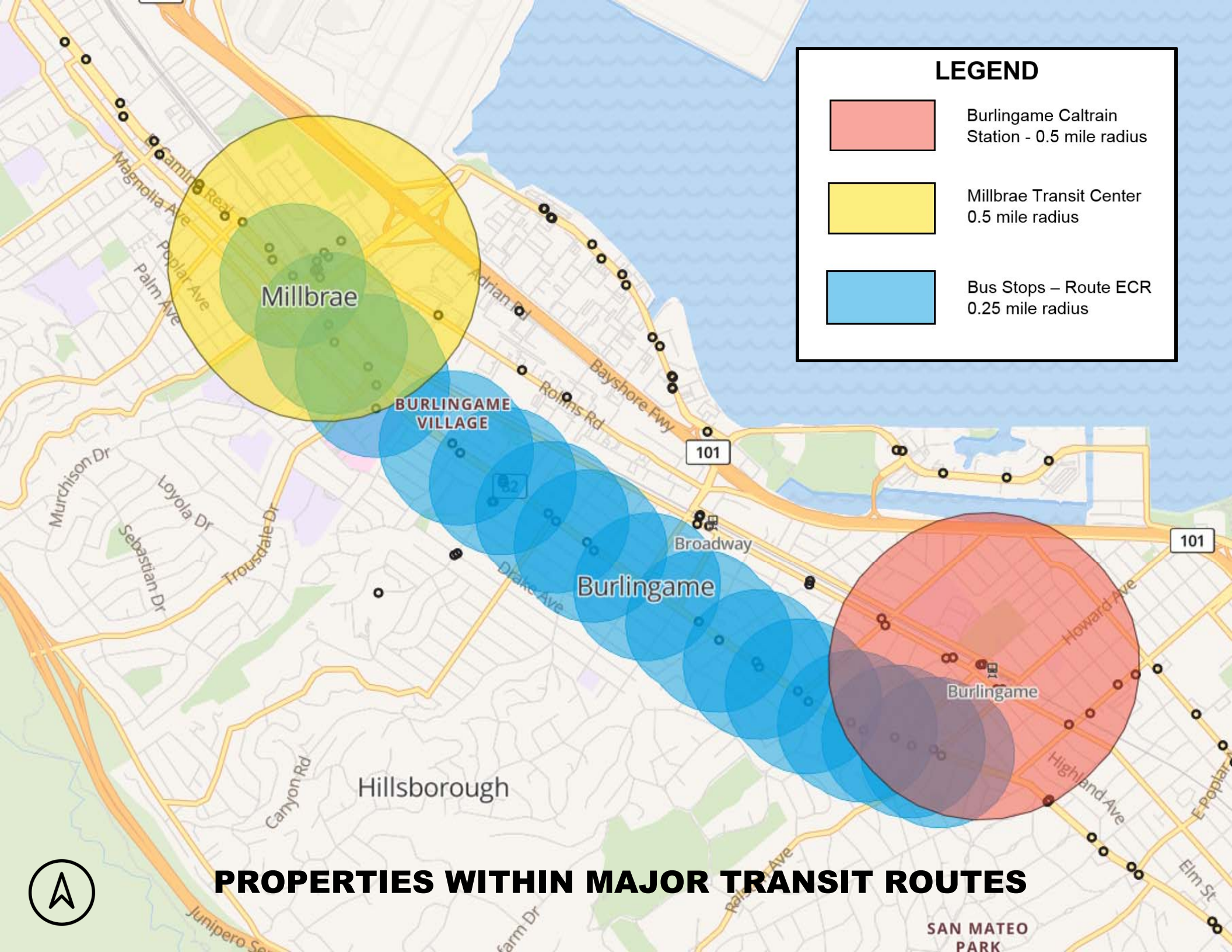
## 2. MTC/ABAG Role

- a. Data/analysis
- b. RHNA and Plan Bay Area (PBA)
- c. Transportation Funding
  - i. OBAG
  - ii. Transit Oriented Affordable Housing Fund (TOAH)
  - iii. Naturally- Occurring Affordable Housing (NOAH) — Pilot Program
  - iv. Housing Incentive Pool (HIP) in PDAs
- d. Legislation and advocacy

## CASA STAKEHOLDERS

**CASA Steering Committee Membership** — CEO SF Foundation, ED SV at Home, ED MTC, Genentech, Northern Cal Carpenters Regional Council, Santa Clara County Supervisor, Sonoma County Supervisor, United Healthcare Workers, ED Urban Habitat, Mayor Rohnert Park, CC member Santa Rosa, Alameda County Supervisor, FivePoint (designers/developers), GM BART, Mayor of Oakland, Mayor of SF, President MidPen Housing, Facebook, Google, Mayor of San Jose, and Transform.

**CASA Technical Committee Membership** — BART, SPUR, Tenants Together, NPH, Related (real estate), Building and Construction Trades (Alameda County), BIA, Chan Zuckerberg Initiative, Bay Area Council, Working Partnership, USA (community organizing), Mercy Housing, Housing Development Director City of San Jose, Habitat for Humanity, Holland & Knight (law firm), Faith in Action Bay Area, Summerhill Housing Group (developer), ED Contra Costa Housing Authority, Apartment Association of Northern California, San Francisco's Mayor's Office, Eden Housing, Goldfarb Lipman (law firm), Saris Regis Group (developer), President and CEO EAH Housing, President and CEO California Housing Partnership, Greenbelt Alliance, Director HCD City of Oakland, Turner Center for Housing Innovation, CD Director City of Mountain View, Enterprise Community Partners, California Community Builders (affordable housing ownership), Northern Cal Carpenters Regional Council, ED Hamilton Families (homeless)



## LEGEND



Burlingame Caltrain  
Station - 0.5 mile radius



Millbrae Transit Center  
0.5 mile radius



Bus Stops – Route ECR  
0.25 mile radius

**PROPERTIES WITHIN MAJOR TRANSIT ROUTES**



AMENDED IN SENATE MARCH 11, 2019

**SENATE BILL**

**No. 50**

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**Introduced by Senator Wiener**

**(Coauthors: Senators Caballero, Hueso, Moorlach, ~~and Skinner~~)**

***Skinner, and Stone***

**(Coauthors: Assembly Members Burke, *Diep, Fong*, Kalra, Kiley, Low, Robert Rivas, Ting, and Wicks)**

December 3, 2018

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An act to *amend Section 65589.5 of, and to add Chapter 4.35* (commencing with Section 65918.50) to Division 1 of Title 7 of the Government Code, relating to housing.

LEGISLATIVE COUNSEL'S DIGEST

SB 50, as amended, Wiener. Planning and zoning: housing development: ~~equitable communities incentive; incentives.~~

Existing law, known as the Density Bonus Law, requires, when an applicant proposes a housing development within the jurisdiction of a local government, that the city, county, or city and county provide the developer with a density bonus and other incentives or concessions for the production of lower income housing units or for the donation of land within the development if the developer, among other things, agrees to construct a specified percentage of units for very low, low-, or moderate-income households or qualifying residents.

This bill would require a city, county, or city and county to grant upon request an equitable communities incentive when a development proponent seeks and agrees to construct a residential development, as defined, that satisfies specified criteria, including, among other things, that the residential development is either a job-rich housing project or a transit-rich housing project, as those terms are defined; the site does

not contain, or has not contained, housing occupied by tenants or accommodations withdrawn from rent or lease in accordance with specified law within specified time periods; and the residential development complies with specified additional requirements under existing law. The bill would require that a residential development eligible for an equitable communities incentive receive waivers from maximum controls on density and *minimum controls on* automobile parking requirements greater than 0.5 parking spots per unit, up to 3 additional incentives or concessions under the Density Bonus Law, and specified additional waivers if the residential development is located within a  $\frac{1}{2}$ -mile or  $\frac{1}{4}$ -mile radius of a major transit stop, as defined. The bill would authorize a local government to modify or expand the terms of an equitable communities incentive, provided that the equitable communities incentive is consistent with these provisions.

The bill would include findings that the changes proposed by ~~this bill~~ *these provisions* address a matter of statewide concern rather than a municipal affair and, therefore, apply to all cities, including charter cities. The bill would also ~~declare the intent of the Legislature to delay implementation of this bill~~ *these provisions* in sensitive communities, as defined, until July 1, 2020, as provided.

By adding to the duties of local planning officials, this bill would impose a state-mandated local program.

*The Housing Accountability Act prohibits a local agency from disapproving, or conditioning approval in a manner that renders infeasible, a housing development project for very low, low-, or moderate-income households or an emergency shelter unless the local agency makes specified written findings based on a preponderance of the evidence in the record. That law provides that the receipt of a density bonus is not a valid basis on which to find a proposed housing development is inconsistent, not in compliance, or not in conformity with an applicable plan, program, policy, ordinance, standard, requirement, or other similar provision of that act.*

*This bill would additionally provide that the receipt of an equitable communities incentive is not a valid basis on which to find a proposed housing development is inconsistent, not in compliance, or not in conformity with an applicable plan, program, policy, ordinance, standard, requirement, or other similar provision of that act.*

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.



This bill would provide that no reimbursement is required by this act for a specified reason.

Vote: majority. Appropriation: no. Fiscal committee: yes.

State-mandated local program: yes.

*The people of the State of California do enact as follows:*

1     *SECTION 1. Section 65589.5 of the Government Code is*  
2     *amended to read:*

3     65589.5. (a) (1) The Legislature finds and declares all of the  
4     following:

5     (A) The lack of housing, including emergency shelters, is a  
6     critical problem that threatens the economic, environmental, and  
7     social quality of life in California.

8     (B) California housing has become the most expensive in the  
9     nation. The excessive cost of the state's housing supply is partially  
10    caused by activities and policies of many local governments that  
11    limit the approval of housing, increase the cost of land for housing,  
12    and require that high fees and exactions be paid by producers of  
13    housing.

14    (C) Among the consequences of those actions are discrimination  
15    against low-income and minority households, lack of housing to  
16    support employment growth, imbalance in jobs and housing,  
17    reduced mobility, urban sprawl, excessive commuting, and air  
18    quality deterioration.

19    (D) Many local governments do not give adequate attention to  
20    the economic, environmental, and social costs of decisions that  
21    result in disapproval of housing development projects, reduction  
22    in density of housing projects, and excessive standards for housing  
23    development projects.

24    (2) In enacting the amendments made to this section by the act  
25    adding this paragraph, the Legislature further finds and declares  
26    the following:

27    (A) California has a housing supply and affordability crisis of  
28    historic proportions. The consequences of failing to effectively  
29    and aggressively confront this crisis are hurting millions of  
30    Californians, robbing future generations of the chance to call  
31    California home, stifling economic opportunities for workers and  
32    businesses, worsening poverty and homelessness, and undermining  
33    the state's environmental and climate objectives.

1 (B) While the causes of this crisis are multiple and complex,  
2 the absence of meaningful and effective policy reforms to  
3 significantly enhance the approval and supply of housing affordable  
4 to Californians of all income levels is a key factor.

5 (C) The crisis has grown so acute in California that supply,  
6 demand, and affordability fundamentals are characterized in the  
7 negative: underserved demands, constrained supply, and protracted  
8 unaffordability.

9 (D) According to reports and data, California has accumulated  
10 an unmet housing backlog of nearly 2,000,000 units and must  
11 provide for at least 180,000 new units annually to keep pace with  
12 growth through 2025.

13 (E) California's overall homeownership rate is at its lowest level  
14 since the 1940s. The state ranks 49th out of the 50 states in  
15 homeownership rates as well as in the supply of housing per capita.  
16 Only one-half of California's households are able to afford the  
17 cost of housing in their local regions.

18 (F) Lack of supply and rising costs are compounding inequality  
19 and limiting advancement opportunities for many Californians.

20 (G) The majority of California renters, more than 3,000,000  
21 households, pay more than 30 percent of their income toward rent  
22 and nearly one-third, more than 1,500,000 households, pay more  
23 than 50 percent of their income toward rent.

24 (H) When Californians have access to safe and affordable  
25 housing, they have more money for food and health care; they are  
26 less likely to become homeless and in need of  
27 government-subsidized services; their children do better in school;  
28 and businesses have an easier time recruiting and retaining  
29 employees.

30 (I) An additional consequence of the state's cumulative housing  
31 shortage is a significant increase in greenhouse gas emissions  
32 caused by the displacement and redirection of populations to states  
33 with greater housing opportunities, particularly working- and  
34 middle-class households. California's cumulative housing shortfall  
35 therefore has not only national but international environmental  
36 consequences.

37 (J) California's housing picture has reached a crisis of historic  
38 proportions despite the fact that, for decades, the Legislature has  
39 enacted numerous statutes intended to significantly increase the

1 approval, development, and affordability of housing for all income  
2 levels, including this section.

3 (K) The Legislature's intent in enacting this section in 1982 and  
4 in expanding its provisions since then was to significantly increase  
5 the approval and construction of new housing for all economic  
6 segments of California's communities by meaningfully and  
7 effectively curbing the capability of local governments to deny,  
8 reduce the density for, or render infeasible housing development  
9 projects and emergency shelters. That intent has not been fulfilled.

10 (L) It is the policy of the state that this section should be  
11 interpreted and implemented in a manner to afford the fullest  
12 possible weight to the interest of, and the approval and provision  
13 of, housing.

14 (3) It is the intent of the Legislature that the conditions that  
15 would have a specific, adverse impact upon the public health and  
16 safety, as described in paragraph (2) of subdivision (d) and  
17 paragraph (1) of subdivision (j), arise infrequently.

18 (b) It is the policy of the state that a local government not reject  
19 or make infeasible housing development projects, including  
20 emergency shelters, that contribute to meeting the need determined  
21 pursuant to this article without a thorough analysis of the economic,  
22 social, and environmental effects of the action and without  
23 complying with subdivision (d).

24 (c) The Legislature also recognizes that premature and  
25 unnecessary development of agricultural lands for urban uses  
26 continues to have adverse effects on the availability of those lands  
27 for food and fiber production and on the economy of the state.  
28 Furthermore, it is the policy of the state that development should  
29 be guided away from prime agricultural lands; therefore, in  
30 implementing this section, local jurisdictions should encourage,  
31 to the maximum extent practicable, in filling existing urban areas.

32 (d) A local agency shall not disapprove a housing development  
33 project, including farmworker housing as defined in subdivision  
34 (h) of Section 50199.7 of the Health and Safety Code, for very  
35 low, low-, or moderate-income households, or an emergency  
36 shelter, or condition approval in a manner that renders the housing  
37 development project infeasible for development for the use of very  
38 low, low-, or moderate-income households, or an emergency  
39 shelter, including through the use of design review standards,

1 unless it makes written findings, based upon a preponderance of  
2 the evidence in the record, as to one of the following:

3 (1) The jurisdiction has adopted a housing element pursuant to  
4 this article that has been revised in accordance with Section 65588,  
5 is in substantial compliance with this article, and the jurisdiction  
6 has met or exceeded its share of the regional housing need  
7 allocation pursuant to Section 65584 for the planning period for  
8 the income category proposed for the housing development project,  
9 provided that any disapproval or conditional approval shall not be  
10 based on any of the reasons prohibited by Section 65008. If the  
11 housing development project includes a mix of income categories,  
12 and the jurisdiction has not met or exceeded its share of the regional  
13 housing need for one or more of those categories, then this  
14 paragraph shall not be used to disapprove or conditionally approve  
15 the housing development project. The share of the regional housing  
16 need met by the jurisdiction shall be calculated consistently with  
17 the forms and definitions that may be adopted by the Department  
18 of Housing and Community Development pursuant to Section  
19 65400. In the case of an emergency shelter, the jurisdiction shall  
20 have met or exceeded the need for emergency shelter, as identified  
21 pursuant to paragraph (7) of subdivision (a) of Section 65583. Any  
22 disapproval or conditional approval pursuant to this paragraph  
23 shall be in accordance with applicable law, rule, or standards.

24 (2) The housing development project or emergency shelter as  
25 proposed would have a specific, adverse impact upon the public  
26 health or safety, and there is no feasible method to satisfactorily  
27 mitigate or avoid the specific adverse impact without rendering  
28 the development unaffordable to low- and moderate-income  
29 households or rendering the development of the emergency shelter  
30 financially infeasible. As used in this paragraph, a “specific,  
31 adverse impact” means a significant, quantifiable, direct, and  
32 unavoidable impact, based on objective, identified written public  
33 health or safety standards, policies, or conditions as they existed  
34 on the date the application was deemed complete. Inconsistency  
35 with the zoning ordinance or general plan land use designation  
36 shall not constitute a specific, adverse impact upon the public  
37 health or safety.

38 (3) The denial of the housing development project or imposition  
39 of conditions is required in order to comply with specific state or  
40 federal law, and there is no feasible method to comply without

1 rendering the development unaffordable to low- and  
2 moderate-income households or rendering the development of the  
3 emergency shelter financially infeasible.

4 (4) The housing development project or emergency shelter is  
5 proposed on land zoned for agriculture or resource preservation  
6 that is surrounded on at least two sides by land being used for  
7 agricultural or resource preservation purposes, or which does not  
8 have adequate water or wastewater facilities to serve the project.

9 (5) The housing development project or emergency shelter is  
10 inconsistent with both the jurisdiction's zoning ordinance and  
11 general plan land use designation as specified in any element of  
12 the general plan as it existed on the date the application was  
13 deemed complete, and the jurisdiction has adopted a revised  
14 housing element in accordance with Section 65588 that is in  
15 substantial compliance with this article. For purposes of this  
16 section, a change to the zoning ordinance or general plan land use  
17 designation subsequent to the date the application was deemed  
18 complete shall not constitute a valid basis to disapprove or  
19 condition approval of the housing development project or  
20 emergency shelter.

21 (A) This paragraph cannot be utilized to disapprove or  
22 conditionally approve a housing development project if the housing  
23 development project is proposed on a site that is identified as  
24 suitable or available for very low, low-, or moderate-income  
25 households in the jurisdiction's housing element, and consistent  
26 with the density specified in the housing element, even though it  
27 is inconsistent with both the jurisdiction's zoning ordinance and  
28 general plan land use designation.

29 (B) If the local agency has failed to identify in the inventory of  
30 land in its housing element sites that can be developed for housing  
31 within the planning period and are sufficient to provide for the  
32 jurisdiction's share of the regional housing need for all income  
33 levels pursuant to Section 65584, then this paragraph shall not be  
34 utilized to disapprove or conditionally approve a housing  
35 development project proposed for a site designated in any element  
36 of the general plan for residential uses or designated in any element  
37 of the general plan for commercial uses if residential uses are  
38 permitted or conditionally permitted within commercial  
39 designations. In any action in court, the burden of proof shall be  
40 on the local agency to show that its housing element does identify



1 adequate sites with appropriate zoning and development standards  
2 and with services and facilities to accommodate the local agency's  
3 share of the regional housing need for the very low, low-, and  
4 moderate-income categories.

5 (C) If the local agency has failed to identify a zone or zones  
6 where emergency shelters are allowed as a permitted use without  
7 a conditional use or other discretionary permit, has failed to  
8 demonstrate that the identified zone or zones include sufficient  
9 capacity to accommodate the need for emergency shelter identified  
10 in paragraph (7) of subdivision (a) of Section 65583, or has failed  
11 to demonstrate that the identified zone or zones can accommodate  
12 at least one emergency shelter, as required by paragraph (4) of  
13 subdivision (a) of Section 65583, then this paragraph shall not be  
14 utilized to disapprove or conditionally approve an emergency  
15 shelter proposed for a site designated in any element of the general  
16 plan for industrial, commercial, or multifamily residential uses. In  
17 any action in court, the burden of proof shall be on the local agency  
18 to show that its housing element does satisfy the requirements of  
19 paragraph (4) of subdivision (a) of Section 65583.

20 (e) Nothing in this section shall be construed to relieve the local  
21 agency from complying with the congestion management program  
22 required by Chapter 2.6 (commencing with Section 65088) of  
23 Division 1 of Title 7 or the California Coastal Act of 1976  
24 (Division 20 (commencing with Section 30000) of the Public  
25 Resources Code). Neither shall anything in this section be  
26 construed to relieve the local agency from making one or more of  
27 the findings required pursuant to Section 21081 of the Public  
28 Resources Code or otherwise complying with the California  
29 Environmental Quality Act (Division 13 (commencing with Section  
30 21000) of the Public Resources Code).

31 (f) (1) Nothing in this section shall be construed to prohibit a  
32 local agency from requiring the housing development project to  
33 comply with objective, quantifiable, written development standards,  
34 conditions, and policies appropriate to, and consistent with, meeting  
35 the jurisdiction's share of the regional housing need pursuant to  
36 Section 65584. However, the development standards, conditions,  
37 and policies shall be applied to facilitate and accommodate  
38 development at the density permitted on the site and proposed by  
39 the development.

(2) Nothing in this section shall be construed to prohibit a local agency from requiring an emergency shelter project to comply with objective, quantifiable, written development standards, conditions, and policies that are consistent with paragraph (4) of subdivision (a) of Section 65583 and appropriate to, and consistent with, meeting the jurisdiction's need for emergency shelter, as identified pursuant to paragraph (7) of subdivision (a) of Section 65583. However, the development standards, conditions, and policies shall be applied by the local agency to facilitate and accommodate the development of the emergency shelter project.

(3) This section does not prohibit a local agency from imposing fees and other exactions otherwise authorized by law that are essential to provide necessary public services and facilities to the housing development project or emergency shelter.

(4) For purposes of this section, a housing development project or emergency shelter shall be deemed consistent, compliant, and in conformity with an applicable plan, program, policy, ordinance, standard, requirement, or other similar provision if there is substantial evidence that would allow a reasonable person to conclude that the housing development project or emergency shelter is consistent, compliant, or in conformity.

(g) This section shall be applicable to charter cities because the Legislature finds that the lack of housing, including emergency shelter, is a critical statewide problem.

(h) The following definitions apply for the purposes of this section:

(1) "Feasible" means capable of being accomplished in a successful manner within a reasonable period of time, taking into account economic, environmental, social, and technological factors.

(2) "Housing development project" means a use consisting of any of the following:

(A) Residential units only.

(B) Mixed-use developments consisting of residential and nonresidential uses with at least two-thirds of the square footage designated for residential use.

(C) Transitional housing or supportive housing.

(3) "Housing for very low, low-, or moderate-income households" means that either (A) at least 20 percent of the total units shall be sold or rented to lower income households, as defined in Section 50079.5 of the Health and Safety Code, or (B) 100

1 percent of the units shall be sold or rented to persons and families  
2 of moderate income as defined in Section 50093 of the Health and  
3 Safety Code, or persons and families of middle income, as defined  
4 in Section 65008 of this code. Housing units targeted for lower  
5 income households shall be made available at a monthly housing  
6 cost that does not exceed 30 percent of 60 percent of area median  
7 income with adjustments for household size made in accordance  
8 with the adjustment factors on which the lower income eligibility  
9 limits are based. Housing units targeted for persons and families  
10 of moderate income shall be made available at a monthly housing  
11 cost that does not exceed 30 percent of 100 percent of area median  
12 income with adjustments for household size made in accordance  
13 with the adjustment factors on which the moderate-income  
14 eligibility limits are based.

15 (4) “Area median income” means area median income as  
16 periodically established by the Department of Housing and  
17 Community Development pursuant to Section 50093 of the Health  
18 and Safety Code. The developer shall provide sufficient legal  
19 commitments to ensure continued availability of units for very low  
20 or low-income households in accordance with the provisions of  
21 this subdivision for 30 years.

22 (5) “Disapprove the housing development project” includes any  
23 instance in which a local agency does either of the following:

24 (A) Votes on a proposed housing development project  
25 application and the application is disapproved, including any  
26 required land use approvals or entitlements necessary for the  
27 issuance of a building permit.

28 (B) Fails to comply with the time periods specified in  
29 subdivision (a) of Section 65950. An extension of time pursuant  
30 to Article 5 (commencing with Section 65950) shall be deemed to  
31 be an extension of time pursuant to this paragraph.

32 (i) If any city, county, or city and county denies approval or  
33 imposes conditions, including design changes, lower density, or  
34 a reduction of the percentage of a lot that may be occupied by a  
35 building or structure under the applicable planning and zoning in  
36 force at the time the application is deemed complete pursuant to  
37 Section 65943, that have a substantial adverse effect on the viability  
38 or affordability of a housing development for very low, low-, or  
39 moderate-income households, and the denial of the development  
40 or the imposition of conditions on the development is the subject

1 of a court action which challenges the denial or the imposition of  
2 conditions, then the burden of proof shall be on the local legislative  
3 body to show that its decision is consistent with the findings as  
4 described in subdivision (d) and that the findings are supported by  
5 a preponderance of the evidence in the record. For purposes of this  
6 section, “lower density” includes any conditions that have the same  
7 effect or impact on the ability of the project to provide housing.

8 (j) (1) When a proposed housing development project complies  
9 with applicable, objective general plan, zoning, and subdivision  
10 standards and criteria, including design review standards, in effect  
11 at the time that the housing development project’s application is  
12 determined to be complete, but the local agency proposes to  
13 disapprove the project or to impose a condition that the project be  
14 developed at a lower density, the local agency shall base its  
15 decision regarding the proposed housing development project upon  
16 written findings supported by a preponderance of the evidence on  
17 the record that both of the following conditions exist:

18 (A) The housing development project would have a specific,  
19 adverse impact upon the public health or safety unless the project  
20 is disapproved or approved upon the condition that the project be  
21 developed at a lower density. As used in this paragraph, a “specific,  
22 adverse impact” means a significant, quantifiable, direct, and  
23 unavoidable impact, based on objective, identified written public  
24 health or safety standards, policies, or conditions as they existed  
25 on the date the application was deemed complete.

26 (B) There is no feasible method to satisfactorily mitigate or  
27 avoid the adverse impact identified pursuant to paragraph (1), other  
28 than the disapproval of the housing development project or the  
29 approval of the project upon the condition that it be developed at  
30 a lower density.

31 (2) (A) If the local agency considers a proposed housing  
32 development project to be inconsistent, not in compliance, or not  
33 in conformity with an applicable plan, program, policy, ordinance,  
34 standard, requirement, or other similar provision as specified in  
35 this subdivision, it shall provide the applicant with written  
36 documentation identifying the provision or provisions, and an  
37 explanation of the reason or reasons it considers the housing  
38 development to be inconsistent, not in compliance, or not in  
39 conformity as follows:

1 (i) Within 30 days of the date that the application for the housing  
2 development project is determined to be complete, if the housing  
3 development project contains 150 or fewer housing units.

4 (ii) Within 60 days of the date that the application for the  
5 housing development project is determined to be complete, if the  
6 housing development project contains more than 150 units.

7 (B) If the local agency fails to provide the required  
8 documentation pursuant to subparagraph (A), the housing  
9 development project shall be deemed consistent, compliant, and  
10 in conformity with the applicable plan, program, policy, ordinance,  
11 standard, requirement, or other similar provision.

12 (3) For purposes of this section, the receipt of a density bonus  
13 pursuant to Section 65915 *or an equitable communities incentive*  
14 *pursuant to Section 65918.51* shall not constitute a valid basis on  
15 which to find a proposed housing development project is  
16 inconsistent, not in compliance, or not in ~~conformity~~, *conformity*  
17 with an applicable plan, program, policy, ordinance, standard,  
18 requirement, or other similar provision specified in this subdivision.

19 (4) For purposes of this section, a proposed housing development  
20 project is not inconsistent with the applicable zoning standards  
21 and criteria, and shall not require a rezoning, if the housing  
22 development project is consistent with the objective general plan  
23 standards and criteria but the zoning for the project site is  
24 inconsistent with the general plan. If the local agency has complied  
25 with paragraph (2), the local agency may require the proposed  
26 housing development project to comply with the objective  
27 standards and criteria of the zoning which is consistent with the  
28 general plan, however, the standards and criteria shall be applied  
29 to facilitate and accommodate development at the density allowed  
30 on the site by the general plan and proposed by the proposed  
31 housing development project.

32 (5) For purposes of this section, “lower density” includes any  
33 conditions that have the same effect or impact on the ability of the  
34 project to provide housing.

35 (k) (1) (A) The applicant, a person who would be eligible to  
36 apply for residency in the development or emergency shelter, or  
37 a housing organization may bring an action to enforce this section.  
38 If, in any action brought to enforce this section, a court finds that  
39 either (i) the local agency, in violation of subdivision (d),  
40 disapproved a housing development project or conditioned its



1 approval in a manner rendering it infeasible for the development  
2 of an emergency shelter, or housing for very low, low-, or  
3 moderate-income households, including farmworker housing,  
4 without making the findings required by this section or without  
5 making findings supported by a preponderance of the evidence,  
6 or (ii) the local agency, in violation of subdivision (j), disapproved  
7 a housing development project complying with applicable,  
8 objective general plan and zoning standards and criteria, or imposed  
9 a condition that the project be developed at a lower density, without  
10 making the findings required by this section or without making  
11 findings supported by a preponderance of the evidence, the court  
12 shall issue an order or judgment compelling compliance with this  
13 section within 60 days, including, but not limited to, an order that  
14 the local agency take action on the housing development project  
15 or emergency shelter. The court may issue an order or judgment  
16 directing the local agency to approve the housing development  
17 project or emergency shelter if the court finds that the local agency  
18 acted in bad faith when it disapproved or conditionally approved  
19 the housing development or emergency shelter in violation of this  
20 section. The court shall retain jurisdiction to ensure that its order  
21 or judgment is carried out and shall award reasonable attorney's  
22 fees and costs of suit to the plaintiff or petitioner, except under  
23 extraordinary circumstances in which the court finds that awarding  
24 fees would not further the purposes of this section. For purposes  
25 of this section, "lower density" includes conditions that have the  
26 same effect or impact on the ability of the project to provide  
27 housing.

28 (B) (i) Upon a determination that the local agency has failed  
29 to comply with the order or judgment compelling compliance with  
30 this section within 60 days issued pursuant to subparagraph (A),  
31 the court shall impose fines on a local agency that has violated this  
32 section and require the local agency to deposit any fine levied  
33 pursuant to this subdivision into a local housing trust fund. The  
34 local agency may elect to instead deposit the fine into the Building  
35 Homes and Jobs Fund, if Senate Bill 2 of the 2017–18 Regular  
36 Session is enacted, or otherwise in the Housing Rehabilitation  
37 Loan Fund. The fine shall be in a minimum amount of ten thousand  
38 dollars (\$10,000) per housing unit in the housing development  
39 project on the date the application was deemed complete pursuant  
40 to Section 65943. In determining the amount of fine to impose,

1 the court shall consider the local agency's progress in attaining its  
2 target allocation of the regional housing need pursuant to Section  
3 65584 and any prior violations of this section. Fines shall not be  
4 paid out of funds already dedicated to affordable housing,  
5 including, but not limited to, Low and Moderate Income Housing  
6 Asset Funds, funds dedicated to housing for very low, low-, and  
7 moderate-income households, and federal HOME Investment  
8 Partnerships Program and Community Development Block Grant  
9 Program funds. The local agency shall commit and expend the  
10 money in the local housing trust fund within five years for the sole  
11 purpose of financing newly constructed housing units affordable  
12 to extremely low, very low, or low-income households. After five  
13 years, if the funds have not been expended, the money shall revert  
14 to the state and be deposited in the Building Homes and Jobs Fund,  
15 if Senate Bill 2 of the 2017–18 Regular Session is enacted, or  
16 otherwise in the Housing Rehabilitation Loan Fund, for the sole  
17 purpose of financing newly constructed housing units affordable  
18 to extremely low, very low, or low-income households.

19 (ii) If any money derived from a fine imposed pursuant to this  
20 subparagraph is deposited in the Housing Rehabilitation Loan  
21 Fund, then, notwithstanding Section 50661 of the Health and Safety  
22 Code, that money shall be available only upon appropriation by  
23 the Legislature.

24 (C) If the court determines that its order or judgment has not  
25 been carried out within 60 days, the court may issue further orders  
26 as provided by law to ensure that the purposes and policies of this  
27 section are fulfilled, including, but not limited to, an order to vacate  
28 the decision of the local agency and to approve the housing  
29 development project, in which case the application for the housing  
30 development project, as proposed by the applicant at the time the  
31 local agency took the initial action determined to be in violation  
32 of this section, along with any standard conditions determined by  
33 the court to be generally imposed by the local agency on similar  
34 projects, shall be deemed to be approved unless the applicant  
35 consents to a different decision or action by the local agency.

36 (2) For purposes of this subdivision, "housing organization"  
37 means a trade or industry group whose local members are primarily  
38 engaged in the construction or management of housing units or a  
39 nonprofit organization whose mission includes providing or  
40 advocating for increased access to housing for low-income

1 households and have filed written or oral comments with the local  
2 agency prior to action on the housing development project. A  
3 housing organization may only file an action pursuant to this  
4 section to challenge the disapproval of a housing development by  
5 a local agency. A housing organization shall be entitled to  
6 reasonable attorney's fees and costs if it is the prevailing party in  
7 an action to enforce this section.

8 (l) If the court finds that the local agency (1) acted in bad faith  
9 when it disapproved or conditionally approved the housing  
10 development or emergency shelter in violation of this section and  
11 (2) failed to carry out the court's order or judgment within 60 days  
12 as described in subdivision (k), the court, in addition to any other  
13 remedies provided by this section, shall multiply the fine  
14 determined pursuant to subparagraph (B) of paragraph (1) of  
15 subdivision (k) by a factor of five. For purposes of this section,  
16 "bad faith" includes, but is not limited to, an action that is frivolous  
17 or otherwise entirely without merit.

18 (m) Any action brought to enforce the provisions of this section  
19 shall be brought pursuant to Section 1094.5 of the Code of Civil  
20 Procedure, and the local agency shall prepare and certify the record  
21 of proceedings in accordance with subdivision (c) of Section 1094.6  
22 of the Code of Civil Procedure no later than 30 days after the  
23 petition is served, provided that the cost of preparation of the record  
24 shall be borne by the local agency, unless the petitioner elects to  
25 prepare the record as provided in subdivision (n) of this section.  
26 A petition to enforce the provisions of this section shall be filed  
27 and served no later than 90 days from the later of (1) the effective  
28 date of a decision of the local agency imposing conditions on,  
29 disapproving, or any other final action on a housing development  
30 project or (2) the expiration of the time periods specified in  
31 subparagraph (B) of paragraph (5) of subdivision (h). Upon entry  
32 of the trial court's order, a party may, in order to obtain appellate  
33 review of the order, file a petition within 20 days after service  
34 upon it of a written notice of the entry of the order, or within such  
35 further time not exceeding an additional 20 days as the trial court  
36 may for good cause allow, or may appeal the judgment or order  
37 of the trial court under Section 904.1 of the Code of Civil  
38 Procedure. If the local agency appeals the judgment of the trial  
39 court, the local agency shall post a bond, in an amount to be

1 determined by the court, to the benefit of the plaintiff if the plaintiff  
2 is the project applicant.

3 (n) In any action, the record of the proceedings before the local  
4 agency shall be filed as expeditiously as possible and,  
5 notwithstanding Section 1094.6 of the Code of Civil Procedure or  
6 subdivision (m) of this section, all or part of the record may be  
7 prepared (1) by the petitioner with the petition or petitioner's points  
8 and authorities, (2) by the respondent with respondent's points and  
9 authorities, (3) after payment of costs by the petitioner, or (4) as  
10 otherwise directed by the court. If the expense of preparing the  
11 record has been borne by the petitioner and the petitioner is the  
12 prevailing party, the expense shall be taxable as costs.

13 (o) This section shall be known, and may be cited, as the  
14 Housing Accountability Act.

15 **SECTION 1.**

16 *SEC. 2.* Chapter 4.35 (commencing with Section 65918.50) is  
17 added to Division 1 of Title 7 of the Government Code, to read:

18  
19 CHAPTER 4.35. EQUITABLE COMMUNITIES INCENTIVES

20  
21 65918.50. For purposes of this chapter:

22 ~~(a) "Affordable" means available at affordable rent or affordable~~  
23 ~~housing cost to, and occupied by, persons and families of extremely~~  
24 ~~low, very low, low, or moderate incomes, as specified in context,~~  
25 ~~and subject to a recorded affordability restriction for at least 55~~  
26 ~~years.~~

27 ~~(b)~~

28 (a) "Development proponent" means an applicant who submits  
29 an application for an equitable communities incentive pursuant to  
30 this chapter.

31 ~~(c)~~

32 (b) "Eligible applicant" means a development proponent who  
33 receives an equitable communities incentive.

34 ~~(d)~~

35 (c) "FAR" means floor area ratio.

36 ~~(e)~~

37 (d) "High-quality bus corridor" means a corridor with fixed  
38 route bus service that meets all of the following criteria:

39 (1) It has average service intervals of no more than 15 minutes  
40 during the three peak hours between 6 a.m. to 10 a.m., inclusive,

1 and the three peak hours between 3 p.m. and 7 p.m., inclusive, on  
2 Monday through Friday.

3 (2) It has average service intervals of no more than 20 minutes  
4 during the hours of 6 a.m. to 10 ~~a.m.~~, p.m., inclusive, on Monday  
5 through Friday.

6 (3) It has average intervals of no more than 30 minutes during  
7 the hours of 8 a.m. to 10 p.m., inclusive, on Saturday and Sunday.

8 (e) (1) “Jobs-rich area” means an area identified by the  
9 Department of Housing and Community Development in  
10 consultation with the Office of Planning and Research that is both  
11 high opportunity and jobs rich, based on whether, in a regional  
12 analysis, the tract meets the following:

13 (A) The tract is higher opportunity and its characteristics are  
14 associated with positive educational and economic outcomes for  
15 households of all income levels residing in the tract.

16 (B) The tract meets either of the following criteria:

17 (i) New housing sited in the tract would enable residents to live  
18 in or near a jobs-rich area, as measured by employment density  
19 and job totals.

20 (ii) New housing sited in the tract would enable shorter commute  
21 distances for residents, compared to existing commute levels.

22 (2) The Department of Housing and Community Development  
23 shall, commencing on January 1, 2020, publish and update, every  
24 five years thereafter, a map of the state showing the areas identified  
25 by the department as “jobs-rich areas.”

26 (f) “Job-rich housing project” means a residential development  
27 within an area identified as a jobs-rich area by the Department of  
28 Housing and Community Development ~~and~~ in consultation with  
29 the Office of Planning and Research, based on indicators such as  
30 proximity to jobs, high area median income relative to the relevant  
31 region, and high-quality public schools, as an area of high  
32 opportunity close to jobs. A residential development shall be  
33 deemed to be within an area designated as job-rich if both of the  
34 following apply:

35 (1) All parcels within the project have no more than 25 percent  
36 of their area outside of the job-rich area.

37 (2) No more than 10 percent of residential units or 100 units,  
38 whichever is less, of the development are outside of the job-rich  
39 area.

(g) “Local government” means a city, including a charter city, a county, or a city and county.

(h) “Major transit stop” means ~~a site containing an existing rail transit station or a ferry terminal served by either bus or rail transit service; that is a major transit stop pursuant to subdivision (b) of Section 21155 of the Public Resources Code.~~

(i) “Residential development” means a project with at least two-thirds of the square footage of the development designated for residential use.

(j) “Sensitive community” means ~~an either of the following:~~

*(1) Except as provided in paragraph (2), an area identified by the Department of Housing and Community Development, which identification shall be updated every five years, in consultation with local community-based organizations in each metropolitan planning region, as an area vulnerable to displacement pressures, based on indicators such as percentage of tenant households living at, or under, the poverty line relative to the region; where both of the following apply:*

*(A) Thirty percent or more of the census tract lives below the poverty line, provided that college students do not compose at least 25 percent of the population.*

*(B) The location quotient of residential racial segregation in the census tract is at least 1.25 as defined by the Department of Housing and Community Development.*

*(2) In the Counties of Alameda, Contra Costa, Marin, Napa, Santa Clara, San Francisco, San Mateo, Solano, and Sonoma, areas designated by the Metropolitan Transportation Commission on December 19, 2018, as the intersection of disadvantaged and vulnerable communities as defined by the Metropolitan Transportation Commission and the San Francisco Bay Conservation and Development Commission, which identification of a sensitive community shall be updated at least every five years by the Department of Housing and Community Development.*

(k) “Tenant” means a person ~~residing in~~ who does not own the property where they reside, including residential situations that are any of the following:

(1) Residential real property rented by the person under a long-term lease.

(2) A single-room occupancy unit.



(3) An accessory dwelling unit that is not subject to, or does not have a valid permit in accordance with, an ordinance adopted by a local agency pursuant to Section 65852.22.

(4) A residential motel.

(5) *A mobilehome park, as governed under the Mobilehome Residency Law (Chapter 2.5 (commencing with Section 798) of Title 2 of Part 2 of Division 2 of the Civil Code), the Recreational Vehicle Park Occupancy Law (Chapter 2.6 (commencing with Section 799.20) of Title 2 of Part 2 of Division 2 of the Civil Code), the Mobilehome Parks Act (Part 2.1 (commencing with Section 18200) of Division 13 of the Health and Safety Code), or the Special Occupancy Parks Act (Part 2.3 (commencing with Section 18860) of Division 13 of the Health and Safety Code).*

~~(5)~~

(6) Any other type of residential property that is not owned by the person or a member of the person's household, for which the person or a member of the person's household provides payments on a regular schedule in exchange for the right to occupy the residential property.

(l) "Transit-rich housing project" means a residential development the parcels of which are all within a one-half mile radius of a major transit stop or a one-quarter mile radius of a stop on a high-quality bus corridor. A project shall be deemed to be ~~within a one-half mile the radius of a major transit stop or a one-quarter mile radius of a stop on a high-quality bus corridor~~ if both of the following apply:

(1) All parcels within the project have no more than 25 percent of their area outside of a one-half mile radius of a major transit stop or a one-quarter mile radius of a stop on a high-quality bus corridor.

(2) No more than 10 percent of the residential units or 100 units, whichever is less, of the project are outside of a one-half mile radius of a major transit stop or a one-quarter mile radius of a stop on a high-quality bus corridor.

65918.51. ~~(a)~~—A local government shall, upon request of a development proponent, grant an equitable communities incentive, as specified in Section 65918.53, when the development proponent seeks and agrees to construct a residential development that satisfies the requirements specified in Section 65918.52.

~~(b) It is the intent of the Legislature that, absent exceptional circumstances, actions taken by a local legislative body that increase residential density not undermine the equitable communities incentive program established by this chapter.~~

65918.52. In order to be eligible for an equitable communities incentive pursuant to this chapter, a residential development shall meet all of the following criteria:

(a) The residential development is either a job-rich housing project or transit-rich housing project.

(b) The residential development is located on a site that, at the time of application, is zoned to allow housing as an underlying use in the zone, including, but not limited to, a residential, mixed-use, or commercial zone, as defined and allowed by the local government.

(c) (1) If the local government has adopted an inclusionary housing ordinance requiring that the development include a certain number of units affordable to households with incomes that do not exceed the limits for moderate-income, lower income, very low income, or extremely low income specified in Sections 50079.5, 50093, 50105, and 50106 of the Health and Safety Code, and that ordinance requires that a new development include levels of affordable housing in excess of the requirements specified in paragraph (2), the residential development complies with that ordinance. *The ordinance may provide alternative means of compliance that may include, but are not limited to, in-lieu fees, land dedication, offsite construction, or acquisition and rehabilitation of existing units.*

(2) (A) If the local government has not adopted an inclusionary housing ordinance, as described in paragraph (1), ~~and the residential development includes \_\_\_\_\_ or more residential units,~~ the residential development includes ~~onsite~~ *an affordable housing contribution* for households with incomes that do not exceed the limits for extremely low income, very low income, and low income specified in Sections 50093, 50105, and 50106 of the Health and Safety Code. ~~It is the intent of the Legislature to require that any development of \_\_\_\_\_ or more residential units receiving an equitable communities incentive pursuant to this chapter include housing affordable to low, very low or extremely low income households, which, for projects with low or very low income units, are no less than the number of onsite units affordable to low or~~

~~very low income households that would be required pursuant to subdivision (f) of Section 65915 for a development receiving a density bonus of 35 percent.~~

*(B) For purposes of this paragraph, the residential development is subject to one of the following:*

*(i) If the project has 10 or fewer units, no affordability contribution is imposed.*

*(ii) If the project has 11 to 20 residential units, the development proponent may pay an in-lieu fee to the local government for affordable housing, where feasible, pursuant to subparagraph (C).*

*(iii) If the project has more than 20 residential units, the development proponent shall do either of the following:*

*(I) Make a comparable affordability contribution toward housing offsite that is affordable to lower income households, pursuant to subparagraph (C).*

*(II) Include units on the site of the project that are affordable to extremely low income, as defined in Section 50105 of the Health and Safety Code, very low income, or low-income households, as defined in Section 50079.5 of the Health and Safety Code, as follows:*

<i>Project Size</i>	<i>Inclusionary Requirement</i>
<i>21– 200 units</i>	<i>15% low income; or 8% very low income; or 6% extremely low income</i>
<i>201–350 units</i>	<i>17% low income; or 10% very low income; or 8% extremely low income</i>
<i>351 or more units</i>	<i>25% low income; or 15% very low income; or 11% extremely low income</i>

*(C) The development proponent of a project that qualifies pursuant to clause (ii) or subclause (I) of clause (iii) of subparagraph (B) may make a comparable affordability contribution toward housing offsite that is affordable to lower income households, as follows:*

*(i) The local government collecting the in-lieu fee payment shall make every effort to ensure that future affordable housing will be sited within one-half mile of the original project location within*

1 *the boundaries of the local government by designating an existing*  
2 *housing opportunity site within a one-half mile radius of the project*  
3 *site for affordable housing. To the extent practicable, local housing*  
4 *funding shall be prioritized at the first opportunity to build*  
5 *affordable housing on that site.*

6 *(ii) If no housing opportunity sites that satisfy clause (i) are*  
7 *available, the local government shall designate a site for affordable*  
8 *housing within the boundaries of the local government and make*  
9 *findings that the site for the affordable housing development*  
10 *affirmatively furthers fair housing, as defined in Section 8899.50.*

11 *(D) Affordability of units pursuant to this paragraph shall be*  
12 *restricted by deed for a period of 55 years for rental units or 45*  
13 *years for units offered for sale.*

14 (d) The site does not contain, or has not contained, either of the  
15 following:

16 (1) Housing occupied by tenants within the seven years  
17 preceding the date of the application, including housing that has  
18 been demolished or that tenants have vacated prior to the  
19 application for a development permit.

20 (2) A parcel or parcels on which an owner of residential real  
21 property has exercised ~~his or her~~ *their* rights under Chapter 12.75  
22 (commencing with Section 7060) of Division 7 of Title 1 to  
23 withdraw accommodations from rent or lease within 15 years prior  
24 to the date that the development proponent submits an application  
25 pursuant to this chapter.

26 (e) The residential development complies with all applicable  
27 labor, construction employment, and wage standards otherwise  
28 required by law and any other generally applicable requirement  
29 regarding the approval of a development project, including, but  
30 not limited to, the local government's conditional use or other  
31 discretionary permit approval process, the California  
32 Environmental Quality Act (Division 13 (commencing with Section  
33 21000) of the Public Resources Code), or a streamlined approval  
34 process that includes labor protections.

35 (f) The residential development complies with all other relevant  
36 standards, requirements, and prohibitions imposed by the local  
37 government regarding architectural design, restrictions on or  
38 oversight of demolition, impact fees, and community benefits  
39 agreements.

(g) The equitable communities incentive shall not be used to undermine the economic feasibility of delivering low-income housing under the state density bonus program or a local implementation of the state density bonus program, or any locally adopted program that puts conditions on new development applications on the basis of receiving a zone change or general plan amendment in exchange for benefits such as increased affordable housing, local hire, or payment of prevailing wages.

65918.53. (a) ~~A residential development~~ Any *transit-rich or jobs-rich housing project* that meets the criteria specified in Section 65918.52 shall receive, upon request, an equitable communities incentive as follows:

~~(1) Any eligible applicant shall receive the following:~~

~~(A)~~

~~(1)~~ A waiver from maximum controls on density.

~~(B)~~

(2) A waiver from ~~maximum~~ *minimum* automobile parking requirements greater than 0.5 automobile parking spots per unit.

~~(C)~~

(3) Up to three incentives and concessions pursuant to subdivision (d) of Section 65915.

~~(2)~~

(b) An eligible applicant proposing a residential development that is located within a one-half mile radius, but outside a one-quarter mile radius, of a major transit stop ~~and includes no less than \_\_\_\_\_ percent affordable housing units~~ shall receive, in addition to the incentives specified in ~~paragraph (1), subdivision (a)~~, waivers from all of the following:

~~(A)~~

~~(1)~~ Maximum height requirements less than 45 feet.

~~(B)~~

(2) Maximum FAR requirements less than 2.5.

~~(C)~~

(3) Notwithstanding subparagraph (B) of paragraph (1), any maximum automobile parking requirement.

~~(3)~~

(c) An eligible applicant proposing a residential development that is located within a one-quarter mile radius of a major transit ~~and includes no less than \_\_\_\_\_ percent affordable housing units~~

1 *stop* shall receive, in addition to the incentives specified in  
2 ~~paragraph (1)~~, *subdivision (a)*, waivers from all of the following:

3 ~~(A)~~

4 (1) Maximum height requirements less than 55 feet.

5 ~~(B)~~

6 (2) Maximum FAR requirements less than 3.25.

7 ~~(C)~~

8 (3) Notwithstanding ~~subparagraph (B) of paragraph (1)~~, (1) of  
9 *subdivision (b)*, any ~~maximum~~ *minimum* automobile parking  
10 requirement.

11 ~~(4)~~

12 (d) Notwithstanding any other law, for purposes of calculating  
13 any additional incentive or concession in accordance with Section  
14 65915, the number of units in the residential development after  
15 applying the equitable communities incentive received pursuant  
16 to this chapter shall be used as the base density for calculating the  
17 incentive or concession under that section.

18 ~~(5)~~

19 (e) An eligible applicant proposing a project that meets all of  
20 the requirements under Section 65913.4 may submit an application  
21 for streamlined, ministerial approval in accordance with that  
22 section.

23 ~~(b)~~

24 (f) The local government may modify or expand the terms of  
25 an equitable communities incentive provided pursuant to this  
26 chapter, provided that the equitable communities incentive is  
27 consistent with, and meets the minimum standards specified in,  
28 this chapter.

29 65918.54. The Legislature finds and declares that this chapter  
30 addresses a matter of statewide concern rather than a municipal  
31 affair as that term is used in Section 5 of Article XI of the  
32 California Constitution. Therefore, this chapter applies to all cities,  
33 including charter cities.

34 65918.55. (a) ~~It is the intent of the Legislature that~~  
35 ~~implementation~~ *Implementation* of this chapter *shall* be delayed  
36 in sensitive communities until July 1, 2020.

37 ~~(b) It is further the intent of the Legislature to enact legislation~~  
38 ~~that does all of the following:~~

39 ~~(1)~~



(b) Between January 1, 2020, and \_\_\_\_\_, ~~allows~~ a local government, in lieu of the requirements of this chapter, ~~to may~~ opt for a community-led planning process *in sensitive communities* aimed toward increasing residential density and multifamily housing choices near transit ~~stops~~. *stops, as follows:*

~~(2) Encourages sensitive~~

~~(1) Sensitive communities to opt for that pursue a~~ community-led planning process at the neighborhood level ~~to develop~~ shall, on or before January 1, 2025, produce a community plan that may include zoning and any other policies that encourage multifamily housing development at a range of income levels to meet unmet needs, protect vulnerable residents from displacement, and address other locally identified priorities.

~~(3) Sets minimum performance standards for community plans, such as minimum~~

~~(2) Community plans shall, at a minimum, be consistent with the overall residential development capacity and the minimum affordability standards set forth in this chapter.~~ *chapter within the boundaries of the community plan.*

~~(4) Automatically applies the~~

~~(3) The provisions of this chapter shall apply on January 1, 2025, to sensitive communities that do have not have adopted community plans that meet the minimum standards described in paragraph (3), (2), whether those plans were adopted prior to or after enactment of this chapter.~~

~~SEC. 2.~~

*SEC. 3.* No reimbursement is required by this act pursuant to Section 6 of Article XIII B of the California Constitution because a local agency or school district has the authority to levy service charges, fees, or assessments sufficient to pay for the program or level of service mandated by this act, within the meaning of Section 17556 of the Government Code.