



Wednesday, March 28, 2018

12:00 pm to 3:00 pm

CASA Technical Committee Meeting #7

Yerba Buena Conference Room

Bay Area Metro Center, 375 Beale Street, San Francisco

CASA Co-Chairs:

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

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

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

Agenda

12:00 pm	I.	Welcome and Announcements <ul style="list-style-type: none"> • Agenda Overview and Meeting Goals (Mike Covarrubias) • Overview of Current State Legislature Housing Bills (Georgia Gann Dohrmann)
	II.	Gradients of Agreement Decision-Making Tool Fred Blackwell
	III.	CASA Framework and Key Elements of the Compact Fred Blackwell
12:40	IV.	CASA Work Group Action Plans (Round 1) Denise Pinkston and Derecka Mehrens, Production Work Group Linda Mandolini and Jennifer Martinez, Protection Group
2:40	V.	Action Plan Calendar Jennifer LeSar
2:50	VI.	Public Comment Ken Kirkey
3:00		Close

Attachments:

1. Gradients of Agreement Decision-Making Tool
2. CASA Framework and Key Elements of the Compact
3. Production Work Group Action Plans
4. Protection Work Group Action Plans
5. Action Plan Calendar

Attachment 1: Gradients of Agreement Decision-Making Tool

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Votes	<i>Level of Agreement</i>		<i>Verbalized as...</i>
	1	Strongly Agree	I am very pleased and fully support this decision.
	2	Agree with Reservations	I am mostly satisfied and can support this decision.
	3	Neutral or Abstain	I will go along with the will of the group.
	4	Disagree but Will Go Along	I have serious reservations but respect that we are focused on the regional needs and compromising where needed for the greater good.
	5	Strongly Disagree	I object to this decision.
<i>Total number of votes cast</i>			
<i>Percent of votes cast that are 1, 2, and 3</i>			
<i>Date votes were cast</i>			



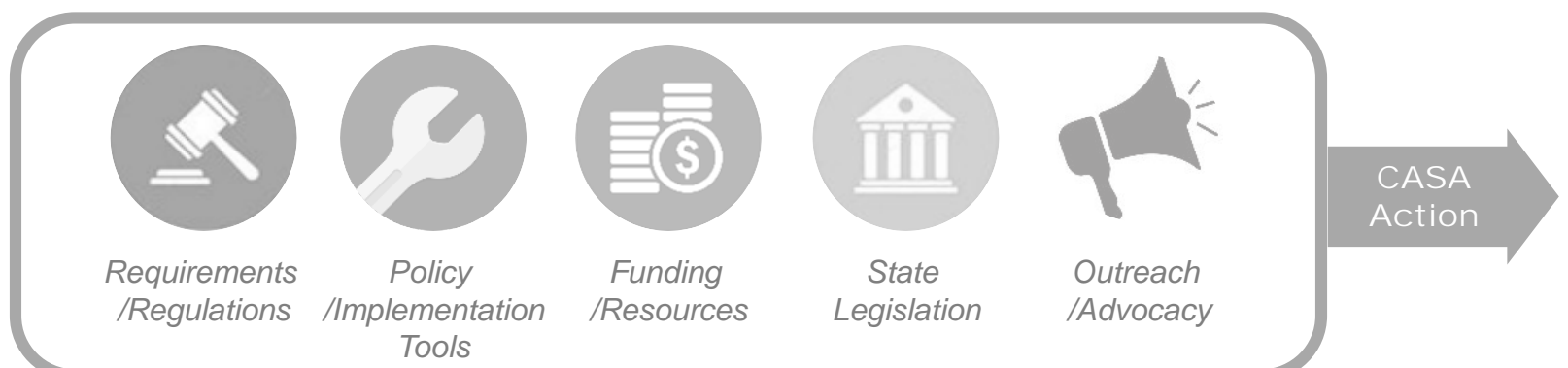
Numeric Targets

- 35,000 Housing Units / Year**
10,000 of Which are Affordable to Lower-Income and 5,000 to Moderate-Income Households
- 30,000 Affordable Units**
26,000 of Which are Market-Rate Affordable Units, and 4,000 are At-Risk Over the Next 5 Years
- 300,000 Lower-Income HHs**
Who are Extremely Rent-Burdened (they spend more than 50 percent of their income on housing)

“Lenses”

<i>Timeframe</i>	<i>Geography</i>	<i>Level of Effort</i>
Near-Term	PDA	Early Wins
Medium-Term	Opportunity Site	Low-Hanging Fruit
Long-Term	High-Opportunity Area	Big Ideas

Typology of Actions





Updated January 31, 2018

Protection

1. **Permanent anti-gouging rent cap w/ catch-up provision** (part of Costa-Hawkins reform)
2. **Stronger just cause eviction requirements** (part of Costa-Hawkins reform)
3. **Tenant services and right to counsel**
4. **Short-term rental and relocation assistance**
5. **Rent stabilization incentives for landlords**

Preservation

6. **Regional tracking and notification system** (for expiring deed-restricted units and naturally-affordable units)
7. **Flexible housing preservation funding** (incl., incentives for code compliance)
8. **One-to-one unit replacement requirement** (w/ right-to-return provision)
9. **First-right-of-refusal to non-profit organizations and tenants** (for units built with public subsidies; mobile home parks)
10. **Tax on vacant and under-utilized units and parcels** (esp., within TOD areas)

Production (market-rate and affordable)

11. **More types of housing in different neighborhoods** (incl., ADUs in single-family neighborhoods, affordable housing in high-opportunity neighborhoods, and higher-density housing outside PDAs)
12. **Permit streamlining to reduce development costs** (incl., from codes, fees, regulations, and review process; in TOD areas)
13. **Targeted incentives and requirements for jurisdictions** (incl., transportation funding conditions)
14. **Innovation and use of technology to reduce costs** (incl., using factory-built units, new building materials)
15. **Growth in professional and construction workforce** (incl., training and apprenticeships)
16. **Infrastructure funding and financing tools** (for new housing development)
17. **CEQA reform**
18. **RHNA Reform**

Production (affordable)

19. **Affordable housing production funding** (for deed restricted housing affordable to very-low and low-income renters)
20. **Tailored policy and implementation toolkit for local jurisdictions** (incl., Redevelopment 2.0)
21. **Public and surplus land for affordable housing** (incl., enforcement of state surplus land laws)

Attachment 3: Production Work Group Action Plans
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1.1	Title of Proposed Action or Policy <i>eg Rent Stabilization</i>	Control Costs from Impact fees
1.2	Brief Description <i>1-3 sentence summary of action or policy</i>	<p>Draft and adopt State law to change the structure of impact fee impositions make rules for fees/impositions more fair and clear, and shift funding mechanisms for social goods to society so that “last one in the door” is not paying in effect “entry dues” to live in our communities. Reduce fee cost and confusion that makes housing production more difficult and less feasible across the income spectrum.</p> <ul style="list-style-type: none"> a) Lock all rules and fees at development application completeness, adopt all fees and rules up front to end capricious and confusing case-by-case imposition of unique/changing exactions/community benefits/codes throughout the process. b) Change method of calculating impact fees from “nexus” to “shared equity” –or- cap all impact fees at a reasonable level comparable to other states (\$30k/door all impact areas). c) Change method of imposing fees from “per unit” to “per sqft” to remove small home penalty. d) No impact fees on small missing middle products or deed restricted affordable units up to 150% AMI whether under density bonus or inclusionary housing rules e) Lower voter threshold for infrastructure/housing bonds so agencies can replace impact fees for capital projects with shared finance
	Supports these CASA goals: <i>(check all that apply)</i>	<input type="checkbox"/> Protection <input type="checkbox"/> Preservation <input checked="" type="checkbox"/> Production
1.4	Desired Effect <i>What problem would this solve? Who would benefit? If applicable, identify any specific populations who will especially benefit.</i>	<ol style="list-style-type: none"> 1. Reduce prohibitively high cost and unpredictability of all impact fees and changing rules on residential construction, particularly missing middle and deed restricted units, reducing impact fee and by locking rules and fees at project completeness. 2. Less public subsidy required for deed restricted affordable housing 3. More market rate, missing middle, and affordable housing feasible at lower price points because new renters/buyers do not bear unfair burden of high and shifting fees and impositions and because projects remain feasible after the approval process rather than being “shelved” due to controllable cost increases 4. All fees/impositions known at outset so housing not made infeasible as a result changes during the approval process. 5. Reduce the per unit cost of construction by \$50-\$100,000/unit, make more affordable projects feasible within available subsidies, make more market rate projects feasible at lower price points, make missing middle projects feasible at all. 6. Remove fee disincentive to provide smaller units by charging PSF 7. Creation of missing middle housing that currently cannot afford existing impact fees or inclusionary requirements.

1.5	<p>Key Questions and Points of Concern <i>What key questions or issues need to be resolved?</i></p> <p><i>What are the major sticking points and areas of negotiation?</i></p>	<ol style="list-style-type: none"> 1. Public agencies must have another funding mechanism for locally desired capital projects and programs to replace impact fees—propose to lower bond threshold for parks and infrastructure to create more readily available funding source for these facilities and programs to be distributed more fairly 2. Local agencies must adopt up front any desired community benefit programs and rules or codes impacting housing projects so that these are known and fixed early in the application process (at project completeness) and not imposed during the process or at the final approval standpoint which makes deals infeasible and prevents their timely construction.
1.6	<p>Resources Needed <i>What costs will be incurred and by whom?</i> <i>Note any funding sources that are readily available, if known.</i></p>	<p>Legal assistance to draft state bills CASA group effort to lobby and adopt changes.</p>
1.7	<p>Scale of Impact <i>(as measured by Plan Bay Area goal alignment)</i></p>	<p>Protect: _____ tenant households annually Preserve: _____ net new units annually through long term affordability covenants or put into nonprofit ownership Produce: Required to produce 820,000 net new units of housing by 2040</p> <p style="padding-left: 40px;">[X] Above moderate housing (>120% ami): _____ units [X] Middle market housing (81-120% ami): _____ units [X] Affordable housing (<80% ami): _____ units</p> <p>Increased production at any level requires that fees be established early in the process, and capped as they are becoming prohibitive for deed restricted affordable projects to pay for (require public subsidy to pay the fees) and are making it cost-prohibitive for missing middle and market rate housing to be created at all contributing significantly to current low levels of production.</p>
1.8	<p>Potential Vehicles for Implementation <i>Check all that apply</i></p>	<p>X Legislation</p> <ul style="list-style-type: none"> <input type="checkbox"/> Regional Funding <input type="checkbox"/> Statewide Funding <input type="checkbox"/> Regulatory Reform <input type="checkbox"/> Education and Advocacy <input type="checkbox"/> Pilots & Spreading Best Practices <input type="checkbox"/> Other _____
1.9	<p>Time Frame <i>Time needed for action to be approved and implemented.</i></p>	<p><i>Select one</i></p> <p>X Short-Term (0-2 years)</p> <ul style="list-style-type: none"> <input type="checkbox"/> Med-Term (3-5 years) <input type="checkbox"/> Long-Term (6-10 years)
1.10	<p>Feasibility <i>Select one and describe your rationale for why this level of feasibility is anticipated.</i></p>	<p><i>Select one Rationale:</i></p> <ul style="list-style-type: none"> <input type="checkbox"/> Easy to Medium. IF CASA agrees on this policy and members prepare and support/lobby legislation will create potentially viable political coalition to achieve Medium <input type="checkbox"/> Difficult

1.1	Title of Proposed Action or Policy <i>eg Rent Stabilization</i>	Promote more ADUs in single and multi-family buildings
1.2	Brief Description <i>1-3 sentence summary of action or policy</i>	<p>Promote widespread development of ADUs as ONLY housing policy capable of producing homes in 1 year from rule change to building permit. Create more lower cost housing options (due to small size, free land, no infrastructure, simple construction, reliance on lower cost local small business contractors-see COST production group recommendations) by:</p> <p>(i) CASA support pending state legislation to allow more ADUs in SF and MF buildings with no fees/parking under lower cost 2007 building code and require “small homes” building code chapter to reduce cost</p> <p>(ii) create at BAM staffed ADU working group to convene ADU advocates/practitioners with local agency staff to share best practices, results, monitor ADU adoption, and adapt policy responses.</p> <p>(iii) ADUs to effectively have an impact on the housing supply and provide homes for Bay Area residents, they must be let out to tenants and be discouraged as short-term rentals.</p>
1.3	Supports these CASA goals: <i>(check all that apply)</i>	<input checked="" type="checkbox"/> Protection <input checked="" type="checkbox"/> Preservation <input checked="" type="checkbox"/> Production
1.4	Desired Effect <i>What problem would this solve? Who would benefit? If applicable, identify any specific populations who will especially benefit.</i>	<ul style="list-style-type: none"> • More NOAA homes in SF/MF properties for middle income renters in otherwise unaffordable High Opportunity neighborhoods increasing income diversity in exclusionary zoned neighborhoods • Improve utilization of buildings and land and creating more inherently low GHG/sustainable small homes in developed areas • Create shared housing opportunities for diverse family types reflective of diverse and changing demography including extended and blended families, seniors, disabled. • Create income support for lower income homeowners to slow gentrification/stabilize neighborhoods (Protection/Preservation) • Lower housing construction cost and help stabilize industry <ul style="list-style-type: none"> --stabilize modular industry with added less cyclical demand pipeline --expand size/diversity of construction pool of labor and contractors promoting cost containment/cycle stabilization
1.5	Key Questions and Points of Concern <i>What key questions or issues need to be resolved? What are the major sticking points and areas of negotiation?</i>	<ol style="list-style-type: none"> 1. Need to pass State legislation to remove remaining zoning, cost, and building code barriers to ADUs (pending) which otherwise prevent expansion of this housing form. 2. Need ongoing ADU convening at BAM to bring together ADU builders, advocates, local governments to share work and develop best practices—will take time and \$ from BAM to scale this up
1.6	Resources Needed <i>What costs will be incurred and by whom? Note any funding sources that are readily available, if known.</i>	<p>BAM should fund FT ADU staff. Staff will coordinate programs in cities and regions and convene at least every 6 months regional ADU builders, developers, non-profits, advocates, local agencies, and funders to continue to develop and share best practices and identify sticking points in ADU administration/development and resolve these. Modeled on Portland METRO. 1 FTE for 5 years.</p>

<p>1.7</p>	<p>Scale of Impact <i>(as measured by Plan Bay Area goal alignment)</i></p>	<p>Protect: _____ tenant households annually</p> <p>Preserve: 50,000 lower income homeowners from displacement in diverse and gentrifying neighborhoods by creating ADUs as income support and opportunities for seniors, disabled, diverse family groupings to share family homes ADU A Low-income homeowner support/anti gentrification/neighborhood stabilization too.</p> <p>Produce: 820,000 net new units of housing by 2040 <input type="checkbox"/> Above moderate housing (>120% ami): _____ units <input type="checkbox"/> Middle market housing (81-120% ami): 517,000 units <input type="checkbox"/> Affordable housing (<80% ami): _____ units</p> <p>1.5 MM Single Family units exist in the Bay Area _____ MF buildings exist in the Bay Area</p> <p>If adoption rates track Cascadia region after State law changes, 30% of single family homes or 500,000 ADUs could be developed in Bay Area SF homes by 2040.</p> <p>ADUs are middle income and documented to rent for less than market rates as a form of shared housing controlled by homeowner (Chapple)</p>
<p>1.8</p>	<p>Potential Vehicles for Implementation <i>Check all that apply</i></p>	<p><input checked="" type="checkbox"/> Legislation <input checked="" type="checkbox"/> Regional Funding <input checked="" type="checkbox"/> Statewide Funding <input checked="" type="checkbox"/> Regulatory Reform <input checked="" type="checkbox"/> Education and Advocacy <input checked="" type="checkbox"/> Pilots & Spreading Best Practices <input type="checkbox"/> Other _____</p>
<p>1.9</p>	<p>Time Frame <i>Time needed for action to be approved and implemented.</i></p>	<p><i>Select one</i></p> <p><input checked="" type="checkbox"/> Short-Term (0-2 years)—for rule change to spur building permits.</p> <p><input type="checkbox"/> Med-Term (3-5 years)—for best practice and technical assistance programs to begin to show results</p> <p><input type="checkbox"/> Long-Term (6-10 years)—complete market penetration within this time frame</p>
<p>1.10</p>	<p>Feasibility <i>Select one and describe your rationale for why this level of feasibility is anticipated.</i></p>	<p><i>Select one Rationale:</i></p> <p>Easy State laws already changing to allow more ADUs, CASA need only support ongoing efforts and create ongoing support/convenings/best practice sharing to support widespread regional adoption of these.</p> <p>NO PUBLIC FUNDING NEEDED TO ACHIEVE THESE UNITS ONLY POLICY THAT CAN GO FROM RULE CHANGE TO BUILDING PERMIT IN UNDER 12 MONTHS—see widespread adoption of ADUs with few rule changes, little publicity state wide.</p> <p><input type="checkbox"/> Medium <input type="checkbox"/> Difficult</p>

1.1	Title of Proposed Action or Policy <i>eg Rent Stabilization</i>	Green Building Regulation Reform
1.2	Brief Description <i>1-3 sentence summary of action or policy</i>	<p>Local governments and utility commissions often adopt highly prescriptive building and planning code requirements related to energy efficiency, water conservation, storm water, and renewable energy generation. To achieve environmental goals more efficiently, CASA should make it a condition of regional funding for jurisdictions to provide more cost effective compliance approaches for these policy goals:</p> <ol style="list-style-type: none"> 1) Require local governments to allow developers to use a green building rating systems (such as LEED or Enterprise Green Building) in lieu of following any prescriptive requirements for energy and water efficiency that exceed State Building Code. 2) MTC should work with the Regional Water Board to expand the use of infill exemptions, in-lieu fees and neighborhood level approaches to storm water 3) MTC should make available regional “green infrastructure” funding for neighborhood- or community-wide environmental strategies whose cost can be broadly shared by existing residents and new development 4) State housing agencies, such as HCD and TCAC should re-align their environmental goals to meet rather than exceed State Building Code, especially Title 24, in light of cost of additional measures.
1.3	Supports these CASA goals: <i>(check all that apply)</i>	<input type="checkbox"/> Protection <input type="checkbox"/> Preservation <input checked="" type="checkbox"/> Production
1.4	Desired Effect <i>What problem would this solve? Who would benefit? If applicable, identify any specific populations who will especially benefit.</i>	<p>This would enable the region to continue to achieve environmental goals while lowering the cost of potentially low-benefit building mandates (such as green roofs in San Francisco). It should benefit all types of residential construction by lowering costs. Depending on location and what is ultimately adopted, it could lower costs by \$20,000 to \$50,000 per unit</p>
1.5	Key Questions and Points of Concern <i>What key questions or issues need to be resolved?</i> <i>What are the major sticking points and areas of negotiation?</i>	<p>In theory, adopting a rating system approach should provide flexibility and lower costs, but it would be important not to have this become a chance to adopt even more stringent and costly regulations.</p> <p>Environmental considerations would need to be well vetted. Current regulations aimed at site-specific health impacts may not be appropriate candidates for some alternative compliance measures.</p> <p>The coming impact of Net Zero Energy is a huge question mark and needs to be reviewed in light of these concerns. The potential for developments to “buy into” renewables instead of creating many small arrays is worth introducing into State policy discussions.</p>
1.6	Resources Needed <i>What costs will be incurred and by whom? Note any funding sources that are readily available, if known.</i>	<p>There will be costs associated with educating local agencies and developers in how to use the rating systems.</p> <p>There will be expense with a new infrastructure programs. Bay Area Metro could begin by providing planning grants and/or loans for jurisdictions to establish programs. Ideally there would be a way to distribute the cost of our environmental goals broadly rather than narrowly on new projects.</p>

1.7	<p>Scale of Impact <i>(as measured by Plan Bay Area goal alignment)</i></p>	<p>Produce: XX net new units of housing by 2040 <input checked="" type="checkbox"/> Above moderate housing (>120% ami): __TBD__ units <input checked="" type="checkbox"/> Middle market housing (81-120% ami): __TBD units <input checked="" type="checkbox"/> Affordable housing (<80% ami): _TBD__ units Rationale: If costs are lowered by \$20-\$50k per unit, that will result in more units overall as projects become viable that wouldn't be otherwise. Affordable projects will require less subsidy. Also, projects could have more units because they are dedicating less space to onsite environmental mitigations.</p>
1.8	<p>Potential Vehicles for Implementation <i>Check all that apply</i></p>	<p>X Legislation X Regional Funding X Statewide Funding X Regulatory Reform X Education and Advocacy x Pilots & Spreading Best Practices <input type="checkbox"/> Other _____</p>
1.9	<p>Time Frame <i>Time needed for action to be approved and implemented.</i></p>	<p><i>Select one</i> X Short-Term (0-2 years) <input type="checkbox"/> Med-Term (3-5 years) <input type="checkbox"/> Long-Term (6-10 years)</p>
1.10	<p>Feasibility <i>Select one and describe your rationale for why this level of feasibility is anticipated.</i></p>	<p><i>Select one</i> <i>Rationale: the mechanics are simple but politics...</i> <input type="checkbox"/> Easy X Medium <input type="checkbox"/> Difficult</p>

PRODUCTION TOPIC #8 COSTS: PROBLEMS AND POTENTIAL SOLUTIONS

Cost of producing housing has risen so high that many approved projects cannot proceed, too few people in the population can afford the price new construction must charge, and high costs are significantly reducing housing production. High costs preventing “building out” of the housing crisis.

I. Labor Shortage Raising Costs

A. Labor Force Problem *References: Scott Littlehale summary, and slides*

1. Housing cycles create workforce instability which makes housing product types less desirable for workers—workforce has diminished as work has become undesirable/unsustainable

Bunching delivery of housing into high cost cities/micro areas in high price parts of cycle makes housing labor force more vulnerable to annual pipeline increases/decreases that create job instability in residential labor force.

2. Demand for construction labor high, supply pipeline challenged, and competitive in Bay Area—leads to cost increases exacerbated by cyclical demand spikes
 - Compete against commercial
 - Labor force commutes attracting workers to SF adds premium
 - Gender/race/lifestyle/working condition issues in construction labor force that limit appeal outside current workforce
 - Overall wage rates for construction workers flat (although may be higher than average for specialization)
 - Spikes in demand create spikes in wages/subcontractor mark-ups
 - Labor force bifurcated: Lower skill/unsophisticated (small GC’s, lesser trained non-union, smaller homes)—less costly. Higher skill/specialization --more costly
3. Sources of labor has historically depended on seasonal/immigrant labor now diminishing as a labor source particularly to ramp up in demand peaks in the cycle
4. Poor training pipeline to jobs and trades. High schools and community colleges no longer feature construction work in their programming

B. Labor Force Solutions

1. Training pipeline expand with high schools, vocational schools, community colleges, working with unions—career days and reduce barriers to union entry
2. Support for apprentices: salaried positions/stipends, guaranteed employment
3. Increase sources of labor-prison (modular) to factory to site built?
4. Expand ability to deliver wider range of housing types able to tap into different parts of the labor force (including smaller/less engineered products like ADU/duplex)

5. Increase off-site built components and modular --- greater labor certainty, lower cost, improved working conditions, better gender and racial parity, jobs closer to workforce lives and reduces commutes

II. Modular Could Help But Not Stable/Predictable

Has the potential to be a cost/labor force solution, but faces industry limits that must be overcome to expand.

Reference Adhi Nagraj slides re Modular, and Terner Center Modular studies.

Modular Problems:

- Constant demand needed for factories—housing markets and demand are cyclical. What do to do with a factory in a housing downturn? Many go bankrupt.
- Instability of providers combined with requirement to pre-pay for modules before delivery (not like site built where you pay after work completed) increases risk
- Instability in factory business models makes them unreliable, suspect to lenders and capital sources although some lenders are working this through
- Design requirements on small or highly designed sites do not work well for modular
- Union disputes currently in Bay Area make it difficult for some builders to use these and rely on them being in compliance with PW/PLA
- Building officials do not know how to handle state approved state permitted vs site built

Modular Solutions: Bay Area Metro to allocate staff and convene an ongoing modular working group to support the development of the modular industry

- Solve union issues so builders can buy CA union modules and create stable pipeline
- Help train building officials at CASA/BAM on permitting and building of modular
- Create more stable pipeline by enabling modular to be used in more lower cost/high rise/more product types by reducing zoning/design barriers (ADUs, MF buildings)
- Create more uniform standards for PLA/PW at the state level akin to mobile homes

III. Need more lower cost housing ---or The Tesla vs the Beetle

PROBLEM STATEMENT- Focus on complex and costly mid-rise and high-rise construction concentrates production in buildings that are too expensive for most people in the population to afford (AKA the Tesla) ---today requiring subsidies even for middle income households up to 180%AMI (subsidies badly needed to serve families below 80% of AMI). To serve the wide range of incomes in the population, we need to expand the array of housing types built in the Bay Area to include more lower cost simpler structures (AKA the Beetle).

1. Some housing types like The Beetle.

More feasible in more cycles (more often), at lower cost, to largest segment of the population searching for unsubsidized housing (missing middle). These were historically the housing “work horses”—small attached or walk up buildings built esp. before WWII

Lowest cost to build: SF, ADU, dup/tri/quad

- Simpler, wood, walk-ups (no vertical ADA)
- Building cost range of 200k (ADU/Central Valley) up to 500k (duplex/townhome)
- Built by wide variety of owners and workers (families, small companies, diverse sources of capital (not just professional/institutional builders)
- No elevators, no fire life safety systems, no parking podiums, no generators, no highly engineered building systems, no major infrastructure requirements

Often not allowed under zoning on many sites: Zoning does not allow small infill types in most land areas in most cities-disallowed in single family zones, which make up largest land area of most cities or density capped disallowing smaller multiple units (in R2-R3)

Highly sensitive to high fee structures and to high and increasing building code costs

2. Midrise and high rise like The Tesla Mid and high-rise engineering marvels with:

- elevators, back-up generators, vertical ADA, wide corridors /elevators/doors, service elevators, parking podiums, fire life safety systems, solar, curtain wall, panelized skin systems, rain screens, green roofs, bioswales, cisterns, off-site improvements
- Cities add additional building requirements for green roofs, on-site water recycling, double piping, rain gardens, EV parking, on-site solar

Market demand limited due to high price point:

- Market for high end product limited to expensive locations and times
- Market becomes quickly saturated (too few people can afford it)
- Much of market left unserved (units small, little for families)

Solution To Low Cost Housing Need: Need more Beetles Need more flexibility to build more building types in more zones & need to reduce the cost of Beetles so they are more feasible

- Must reduce impact fees
- Look back to 2007 building or earlier building codes, create small home building code chapter focused on reducing cost of smaller building types esp for ADUs
- Encourage different types of builders, and labor force pipelines for this product type that are different from large institutional builders

IV. Rising cost of social/environmental regulations: “too many goods make a bad”

Problem : Gov. Brown noted in signing the Housing Package that while California requires many good things, that too many goods make a bad.

Code requirements that are unrelated to providing basic shelter are driving the cost of housing up so high that it is becoming less and less feasible and requiring more and more subsidy for lower income households and now for middle income households. These costs

are growing uncontrollably compounded by additional government requirements compound the uncontrolled upward spiral of housing costs such as the following:

1. No cost cap, feasibility or cumulative cost impact assessment for fees/requirements
2. Compounded by lack of coordination among public agencies/departments --each set their own rules and add with no ceiling or controls or coordination.
3. Rules often change during the entitlement or building permit process triggering confusion and redesigns that are additionally costly and cannot be predicted or underwritten
4. Costs imbedded:
 - a. In state building codes (Title 24)
 - b. Local interpretations and additions to state building code
 - c. Local zoning rules that disallow full underutilization of urban infill land/structures with requirements such as set backs, minimum lot size, open space per unit etc
5. Across a wide variety of social goals: water, local hire, union, housing/mitigation fees, inclusionary, CEQA, CARB imposed standards, Net 0 NRG, green building

SOLUTIONS

1. Address Social Goals at the Macro Level not in project by project approvals or building codes that impact individual unit cost to deliver or allow alternative means and methods
 - Allow payment to fund to offset social good impact that is more affordable than on-site mitigation or current impact fees
 - Study and make changes to Building Codes to reduce hard cost of construction (Move away from Net 0 energy and towards electric cars and green the grid, Allow ADA on the ground floor/lower floors and do not require the entire building to be 100% ADA)
 - Change structure of impact fee payments so that “last guy in the door” does not fund social goods—they are shared generally
 - End case-by-case negotiation of exactions/community benefits/codes---lock all rules at development application completeness including fees.
 - End local imposition of additional green standards on top of State code requirements
2. California State Building Standards Commission

Have state limit local ability to add to building codes and have locally wide variants in building code standards (green/water) to allow more cost effective means of achieving non-housing social goals.
3. Create State Small Homes building code chapter to allow small, GHG efficient, low impact homes to be built more cost-effectively, modeled on recent State of Oregon Small Homes code.

Attachment 4: Protection Work Group Action Plans
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1.1	Title of Proposed Action or Policy <i>E.g., Rent Stabilization</i>	Just Cause Eviction Protections
1.2	Brief Description <i>1-3 sentence summary of action or policy</i>	Just cause eviction protections ensure that tenants are protected from arbitrary evictions, 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. Just cause often includes relocation assistance for no-fault evictions.
1.3	Supports these CASA goals: <i>(Check all that apply)</i>	<input checked="" type="checkbox"/> Protection <input checked="" type="checkbox"/> Preservation <input type="checkbox"/> Production
1.4	Desired Effect <i>What problem would this solve? Who would benefit? If applicable, identify any specific populations who will especially benefit.</i>	Just cause would protect tenants from arbitrary evictions. Studies show that eviction can cause health issues, emotional trauma, school disruptions for children, longer and more costly commutes and reduced wage earnings for adults. By preventing no-cause evictions, just cause eviction protections promote tenant stability—particularly in low vacancy and expensive housing markets—and limit eviction-related monetary, health, school and other costs. Eviction-related costs can pose a particular burden for tenants who are low and fixed income, have physical disabilities, or are elderly. All renter households would benefit from just cause eviction protections. At present, ten Bay Area cities have just cause eviction protections (Berkeley, East Palo Alto, Emeryville, Hayward, Mountain View, Oakland, Richmond, San Francisco, San Jose, and Union City), so a regional or statewide policy would primarily benefit renter households in the 91 Bay Area jurisdictions without just cause.
1.5	Key Questions and Points of Concern <i>What key questions or issues need to be resolved?</i> <i>What are the major sticking points and areas of negotiation?</i>	Causes: Which causes for eviction are included as justified (fault and no fault) and how are they defined? In particular, if included, how are "breach of lease," "nuisance," "illegal activity," and "substantial rehabilitation" defined? Coverage: Are transient occupancies, care facilities, educational facilities, resident-owned or nonprofit housing, and units governed by state/federal law included? Relocation Assistance: Just cause eviction protection ordinances typically include relocation assistance for tenants evicted for no-fault reasons. Which causes would trigger relocation assistance? What amount/type of relocation assistance is required? Preemption of local ordinances (if statewide): Statewide just cause should not preempt more restrictive local ordinances.
1.6	Resources Needed <i>What costs will be incurred and by whom? Note any funding sources that are readily available, if known.</i>	Overall, the policy would be no cost to low cost for the state and/or local jurisdictions. Just cause has minimal up-front costs; most costs are enforcement and education-related. Enforcement-related costs could be covered through a low per unit fee on landlords and/or penalty recovery. <i>Note: Just cause is often combined with rent stabilization. Jurisdictions usually charge landlords a low per unit fee to cover the costs of administering both just cause and rent stabilization.</i>
1.7	Scale of Impact <i>(as measured by Plan Bay Area goal alignment)</i>	Protect: 1.2 million tenant households annually in the Bay Area and, if a statewide bill, 5.88 million tenant households statewide Preserve: Preserve the quality of housing by empowering tenants to report poor housing conditions and code violations without fear of retaliation or harassment.



1.8	<p>Potential Vehicles for Implementation <i>Check all that apply</i></p>	<p>X Legislation - Statewide or Bay Area-wide legislation introduced by a Bay Area legislator (see, e.g., AB 2925). X Regional Funding - Condition discretionary MTC funds on local adoption of just cause ordinances.</p> <ul style="list-style-type: none"> <input type="checkbox"/> Statewide Funding <input type="checkbox"/> Regulatory Reform <input type="checkbox"/> Education and Advocacy <input type="checkbox"/> Pilots & Spreading Best Practices <p>X Other: Technical Assistance: MTC to draft and disseminate best practices and a model just cause ordinance to local jurisdictions.</p>
1.9	<p>Time Frame <i>Time needed for action to be approved and implemented.</i></p>	<p><i>Select one</i></p> <ul style="list-style-type: none"> <input checked="" type="checkbox"/> Short-Term (0-2 years) <input type="checkbox"/> Med-Term (3-5 years) <input type="checkbox"/> Long-Term (6-10 years)
1.10	<p>Feasibility <i>Select one and describe your rationale for why this level of feasibility is anticipated.</i></p>	<p><i>Select one</i></p> <ul style="list-style-type: none"> <input checked="" type="checkbox"/> Easy <input type="checkbox"/> Medium <input type="checkbox"/> Difficult <p><i>Rationale:</i> Just cause is high impact, low cost, and easy to implement.</p>



1.1	Title of Proposed Action or Policy <i>E.g., Rent Stabilization</i>	Rent Stabilization/Anti-Gauging
1.2	Brief Description <i>1-3 sentence summary of action or policy</i>	Rent stabilization establishes reasonable annual increases in rent. The allowed rent increases are usually a percentage of the increase in the Consumer Price Index/inflation (a reflection of the general increase in prices of goods and services in the area). Similarly, a statewide or Bay Area-wide anti-gouging law would prevent "extreme" rent increases. It could apply to all units, including those exempted by Costa Hawkins.
1.3	Supports these CASA goals: <i>(check all that apply)</i>	<input checked="" type="checkbox"/> Protection <input type="checkbox"/> Preservation <input type="checkbox"/> Production
1.4	Desired Effect <i>What problem would this solve? Who would benefit? If applicable, identify any specific populations who will especially benefit.</i>	Anti-gouging/rent stabilization would prevent extreme rent 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.
1.5	Key Questions and Points of Concern <i>What key questions or issues need to be resolved?</i> <i>What are the major sticking points and areas of negotiation?</i>	Anti-Gouging/Annual Rent Increase Limit: What should the annual rent increase limit be set at? The range of annual rent increases discussed among Working Group members ranges from some percentage of the Consumer Price Index (rent stabilization ordinances usually peg the number to a percentage of the CPI, up to 100%) to a statewide emergency limit of 10% of the total rent. This range represents the distinction between what is thought of as Rent Stabilization and what is thought of as Anti-Gouging. Banking: Should a landlord be able to bank rent increases (banking vs. use it or lose it)? If banking is allowed, what is the yearly cap? Preemption of local ordinances (if statewide): Statewide anti-gouging should not preempt more restrictive local ordinances. Note: Rent stabilization/anti-gouging laws are required to allow landlords to earn a "fair return" on their investment. Therefore, landlords can raise the rent by a set percentage each year and pass through certain additional costs.
1.6	Resources Needed <i>What costs will be incurred and by whom? Note any funding sources that are readily available, if known.</i>	No cost to low cost for the state and/or local jurisdictions. Note: Jurisdictions usually charge landlords a low per unit fee to cover the costs of administering rent stabilization/anti-gouging and just cause ordinances (i.e., through a Rent Board), making the policy no cost for the jurisdiction. This fee is often partially passed through to tenants. Statewide anti-gouging could do something similar. Statewide enforcement could be funded through civil penalties.
1.7	Scale of Impact <i>(as measured by Plan Bay Area goal alignment)</i>	Protect: Hundreds of thousands to millions of households annually. Statewide anti-gouging would protect 1.2 million Bay Area tenant households and 5.88 million tenant households statewide.
1.8	Potential Vehicles for Implementation <i>Check all that apply</i>	<input type="checkbox"/> Legislation <input type="checkbox"/> Regional Funding <input type="checkbox"/> Statewide Funding



		<ul style="list-style-type: none"> <input type="checkbox"/> Regulatory Reform <input type="checkbox"/> Education and Advocacy <input type="checkbox"/> Pilots & Spreading Best Practices <input type="checkbox"/> Other: MTC funding conditions and technical assistance <p>Possible Vehicles Include the Following:</p> <ul style="list-style-type: none"> ● <u>Legislation</u>: Statewide or Bay Area-wide legislation introduced by a Bay Area legislator. ● <u>Conditions</u>: Condition discretionary MTC funds on local adoption of rent stabilization/anti-gouging ordinances. ● <u>Technical Assistance</u>: Draft and disseminate best practices and a model rent stabilization/anti-gouging ordinance to local jurisdictions.
1.9	<p>Time Frame <i>Time needed for action to be approved and implemented.</i></p>	<p><i>Select one</i></p> <ul style="list-style-type: none"> <input type="checkbox"/> Short-Term (0-2 years) <input type="checkbox"/> Med-Term (3-5 years) <input type="checkbox"/> Long Term (6-10 years)
1.10	<p>Feasibility <i>Select one and describe your rationale for why this level of feasibility is anticipated.</i></p>	<p><i>Select one</i></p> <ul style="list-style-type: none"> <input type="checkbox"/> Easy <input type="checkbox"/> Medium <input type="checkbox"/> Difficult <p><i>Rationale</i>: Rent stabilization/anti-gouging is high impact and no new net cost to local jurisdictions, but could potentially require additional technical implementation.</p>



1.1	Title of Proposed Action or Policy <i>E.g., Rent Stabilization</i>	Condition MTC Funds on Local Adoption of Tenant Protections
1.2	Brief Description <i>1-3 sentence summary of action or policy</i>	<p>MTC conditions discretionary transportation dollars (estimated at \$74 billion through 2040) to local jurisdictions on their adoption of locally appropriate tenant protection policies, such as rent stabilization/anti-gouging, just cause, right to legal counsel, and rent/relocation assistance. By conditioning discretionary transportation funds, MTC can incentivize local jurisdictions to take meaningful action to ensure that low-income residents can remain in their communities and close to jobs, schools and services.</p> <p>Note: MTC first conditioned transportation funds on housing through the OBAG program in 2012, including possession of a state-certified housing element. This condition resulted in 28 previously non-compliant jurisdictions coming into compliance.</p> <p>A broader proposal for MTC to adopt a new transportation investment policy that conditions transportation funds to achieve the goals for all three Ps will be developed in coordination with the ad hoc Preservation Work Group and the Production Work Group.</p>
1.3	Supports these CASA goals: <i>(check all that apply)</i>	<input checked="" type="checkbox"/> Protection <input type="checkbox"/> Preservation <input type="checkbox"/> Production
1.4	Desired Effect <i>What problem would this solve? Who would benefit? If applicable, identify any specific populations who will especially benefit.</i>	Conditioning MTC's discretionary transportation funds would incentivize local jurisdictions to adopt specific tenant protection policies and programs.
1.5	Key Questions and Points of Concern <i>What key questions or issues need to be resolved? What are the major sticking points and areas of negotiation?</i>	<p>Funds: Which discretionary funding sources are conditioned? Which tenant protection policies are included?</p> <p>Note: In October 2017 the Commission voted to direct MTC staff to examine all discretionary funding sources (estimated at around \$74 billion between now and 2040) and develop conditions recommendations based on all 3 Ps by June 30, 2018 for Commission review.</p>
1.6	Resources Needed <i>What costs will be incurred and by whom? Note any funding sources that are readily available, if known.</i>	No direct financial resources necessary. MTC can impose conditions on existing funding.
1.7	Scale of Impact <i>(as measured by Plan Bay Area goal alignment)</i>	Protect: Would incentivize local jurisdictions to pass tenant protection policies, which could protect hundreds of thousands to millions of people.



1.8	<p>Potential Vehicles for Implementation <i>Check all that apply</i></p>	<ul style="list-style-type: none"> <input type="checkbox"/> Legislation <input type="checkbox"/> Regional Funding <input type="checkbox"/> Statewide Funding <input type="checkbox"/> Regulatory Reform <input type="checkbox"/> Education and Advocacy <input type="checkbox"/> Pilots & Spreading Best Practices <input type="checkbox"/> Other: MTC Commission action <p>Note: MTC could vote to condition certain funding sources on protection policies tomorrow. Other sources may require state legislation in order to condition. This issue will come before MTC later this summer.</p>
1.9	<p>Time Frame <i>Time needed for action to be approved and implemented.</i></p>	<p><i>Select one</i></p> <ul style="list-style-type: none"> <input type="checkbox"/> Short-Term (0-2 years) <input type="checkbox"/> Med-Term (3-5 years) <input type="checkbox"/> Long-Term (6-10 years)
1.10	<p>Feasibility <i>Select one and describe your rationale for why this level of feasibility is anticipated.</i></p>	<p><i>Select one</i></p> <ul style="list-style-type: none"> <input type="checkbox"/> Easy <input type="checkbox"/> Medium <input type="checkbox"/> Difficult <p><i>Rationale:</i> MTC has conditioned funds in the past and is currently considering ways to expand this no-cost course of action. It is an approach that can benefit all three Ps. Implementation would require staff time and education of local jurisdictions.</p>



Protection Working Group Action Plans

Policy Brief Summary

Like most solutions to the housing crisis, solving for the protection of 300,000-500,000 Bay Area residents who are rent-burdened and vulnerable to displacement requires thinking about policies that work in tandem with each other, as no one policy can adequately stabilize people in their homes. This policy package works together as a “system” of protections. In April, we will introduce another policy package that works as a different system of protections.

This system of protections can be characterized as “stabilization policies”. These stabilization policies include: Just Cause for Eviction, Rent Stabilization or Anti-Gouging, and Addressing Costa Hawkins. Together, these policies can protect hundreds of thousands to millions of residents, depending on the intensity of the application (e.g., extending protections to corporate-owned single-family homes) or the scale (e.g., regional or state). The benefit of these policies is that they can be applied at various scales and implemented such that there is no new net cost to local jurisdictions. They also can be enacted in complementary ways with production (market-rate and affordable) so that tenants are protected from displacement while longer-term production processes unfold.

All of these policies have been discussed in the Protection Working Group and there is agreement on the principles of each policy option, though some details still need to be worked out. Those details are noted below.

Finally, general discussion across the Technical Committee has indicated that MTC has an important role to play in catalyzing protection, preservation and production. The final policy brief in this package includes a recommendation for MTC to condition funds to incentivize the passage of protections policies (those included here and others). However, conditioning MTC funds can and should be part of all three Ps. We anticipate those recommendations will come from the other working groups.

Strategies for Implementing Tenant Protections

Over the course of several months, the protection and preservation working group has identified a variety of strategies that could be implemented to help tenants facing displacement. Many of the strategies are currently being implemented on a local basis – either at the City or County level and we think there may be multiple ways to expand some of them to more communities in the region. This paper is intended to discuss some of the strategies that CASA might consider to encourage broader adoption of tenant protections.

State Legislation: The “holy grail” for several of the P&P working group policies is statewide legislation or state legislation that would allow for regional requirements. The policies that fall into this category are anti-gouging legislation and a statewide just cause for eviction ordinance. State legislation is a heavy lift and could take several years. In the current session there is at least one bill pending that is relevant to our work. The near term decision for CASA is whether or not it wants to endorse and/or inform the content of existing bills. The longer term decision is whether CASA would sponsor specific bills in this area.

State Action that Provides Local Incentives for Adoption: This category includes two options: 1) state funding incentives (carrots) and 2) state planning and regulatory action (“quasi-sticks”).



Funding Incentives: On the incentive front, the State could take a page out of the MTC playbook and provide financial incentives to cities who adopt regulations/ordinances that protect tenants. This could come in the form of increased transportation or other infrastructure funding. The state could also consider how permanent source funding from SB 2 and Bond funding in SB 3 might be used to fund preservation activities.

Planning/Regulation: On the planning and regulatory front, HCD could consider how tenant protection and preservation warrant credit in Housing Elements. Local jurisdictions have to meet a menu of options for certification of their housing elements – protection and preservation. As it stands now, preservation, in most instances, does not get as much credit as new production. HCD could consider how it provides more incentives for acquisition strategies that protect and preserve restricted and Naturally Occurring Affordable Housing. On the protection side of this adopting specific tenant protections like Just Cause Ordinances or funding tenant defense funds could be given credit for certification. We have a meeting scheduled with HCD to discuss all of these options.

Regional Incentives and Role in Local Adoption: Similar to HCD, MTC could adopt a strategy to create incentives for local adoption of tenant protections. These range from awarding housing funding to communities that adopt protections (similar to the recommendation for the State) to helping create more regional infrastructure to track displacement and preservation opportunities. MTC could also directly fund a preservation fund with some of its housing dollars or eligible transportation funding.

Information Sharing: Over the course of the past few months it has become very clear that many jurisdictions are struggling with this issue and some, like San Jose and Alameda County, have adopted specific solutions. We think CASA should consider convening an information sharing session with interested Bay Area Cities and Counties to talk about protection and preservation strategies and what cities can do. We believe it will save time and resources for the local jurisdictions to have an understanding of what others are doing and may provide opportunities for broader collaboration between cities and at the county and regional level.

Expanded Technology Infrastructure: Finally, many of the cities who have already implemented just cause, tenant protection, and rent stabilization ordinances have created substantial data tracking needs, but not all of them have the capacity or funding to pay for the technology that would allow them to leverage the data. While some smaller, wealthier cities like Berkeley and Santa Monica have been able to harness technology, cities like Oakland have boxes of eviction notices and limited ways to deal with this. We believe that this area warrants further exploration by the tech and foundation community on how to leverage cost effective database solutions that can assist the local jurisdictions in tracking and analyzing tenant eviction and protection data.

Attachment 5: Action Plan Calendar

March 28th CASA Technical Committee Meeting

Technical Committee Meetings	March 28 th	April 18 th	May 16 th	June 20 th	July 18 th
Themes		Fiscalization of Land Use / Tax Policy	Streamlining / Regulatory Relief	Funding / Financing	Incentives and Toolkits
Key Elements of the CASA Compact (version 2.0)					
Protection					
1. Permanent anti-gouging rent cap w/ catch-up provision	X		X		
2. Stronger just cause eviction requirements	X		X		
3. Tenant services and right to counsel				X	
4. Short-term rental and relocation assistance				X	
5. Rent stabilization incentives for landlords				X	
Preservation					
6. Regional tracking and notification system					X
7. Flexible housing preservation funding				X	
8. One-to-one replacement requirement					X
9. First right of refusal to non-profit organizations and tenants					X
10. Tax on vacant and under-utilized units and parcels		X		X	
Production (market-rate and affordable)					
11. More types of housing in different neighborhoods	X		X		
12. Permit streamlining to reduce development costs			X		X
13. Targeted incentives and requirements for jurisdictions					X
14. Innovation and use of technology to reduce costs	X				X
15. Growth in professional and construction workforce	X			X	
16. Infrastructure funding and financing tools		X		X	
17. CEQA reform			X		
18. RHNA reform		X	X		
Production (affordable)					
19. Affordable housing production funding				X	
20. Tailored policy and implementation toolkit for local jurisdictions					X
21. Public and surplus lands for affordable housing		X			