Newly Elected Officials Housing Workshop
Tools for Affordable Housing
February 21, 2019

Randy Tsuda, President & CEO
Palo Alto Housing
We’re Palo Alto Housing

• Who we are:
  • We’re a non-profit agency whose mission is to provide and maintain quality affordable housing for a stronger community where individuals and families thrive.

• What we do:
  • Build affordable homes
  • Manage properties
  • Provide resident services
  • Manage affordable housing programs for cities
Our Properties

- 24 properties
- 2500 residents
- 6 projects & 450 units in process
  - Mountain View
  - Redwood City
  - Palo Alto
Tree House—Palo Alto
Oak Court—Palo Alto
Wilton Court—Palo Alto
2821 El Camino Real, Redwood City
Franklin Street Apartments--Mountain View
ROEM Development
1585 Studios—Mountain View
First Community Housing
777 W. Middlefield—Mountain View
FortBay & MVWSD

- 572 market rate units
- 144 units for MVWSD employees
Broadway Plaza—Redwood City
Sobrato Development & MidPen Housing

• 400 market rate units
• 120 affordable units
• 420,000 s.f. office
• +retail & child care
<table>
<thead>
<tr>
<th>Project</th>
<th>Project Cost</th>
<th>Cost/Unit</th>
<th>Local Subsidy</th>
<th>Local Subsidy/Unit</th>
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<tbody>
<tr>
<td>1</td>
<td>$23,800,000</td>
<td>$470,000</td>
<td>$12,500,000</td>
<td>$245,000</td>
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<td>$390,000</td>
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<td>$28,400,000</td>
<td>$425,000</td>
<td>$7,000,000</td>
<td>$105,000</td>
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<td>6</td>
<td>$39,000,000</td>
<td>$625,000</td>
<td>$7,900,000</td>
<td>$125,000</td>
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</tbody>
</table>
Local Contribution

**Funds**

- Commercial linkage fees
- BMR housing fees (ownership & rental)
- Community benefit contributions
- Bond proceeds
- County Measure A

**Reduction of costs**

- City-owned land
- Fee waivers
State & Federal Sources

- Low Income Housing Tax Credit
- Multifamily Housing Program (MHP)—Prop. 1
- Affordable Housing & Sustainable Communities Program (AHSC)
- Veterans Housing & Homeless Prevention Program (VHHP)
- Affordable Housing Program (AHP)—FHL Bank
- CDBG/HOME
Planning Area Opportunities
AUTO WRECKING YARDS
and substandard housing predominate in the area presently. Garbage dumps and industry sprawl into the open space and unpleasant odors drift over the salt marshes.
A concept for the neighborhood development of the
NORTH BAYSHORE
North Bayshore Precise Plan

- Habitat restoration
- Economic development
- Improved transportation
- Complete neighborhoods
North Bayshore Precise Plan

• Address transportation
  • Trip cap
  • 45% SOV cap
  • Dedicated transit lanes
  • Dedicated bike/ped bridges
  • Parking maximums
  • New street network
  • TMA
  • VTA extension
  • Off-ramp redesign
  • Monitoring & penalties

• Create neighborhoods
  • 9850 units
  • 20% affordable housing
  • Retail & services
  • Reduced parking
  • Monitoring & penalties

Fail-safe=congestion pricing
The Challenge...

- VMT: 21%
- Freeway delay: 45%
- Office space: 160,000,000 square feet
- Jobs: 700,000
- Currently: job growth/housing growth = 5/1
East Whisman Precise Plan Plan
Thank you!
Overview

- State and Regional Efforts for Local Affordable Housing
- Importance and Examples of Transit-Oriented Development
- State Funding and Local Opportunities
- Discussion and Q&A
Our State and Regional Efforts for Local Affordable Housing

- 2000 - Housing Trust SV - Co-Founder
- 2002 - Proposition 46 - $2.1 billion
- 2006 - Proposition 1C - $2.85 billion
- 2018
  - Propositions 1 & 2 - $6 billion
  - Big Audacious Goal
- Transit-Oriented Development
Housing Advocacy
2018

- Belmont Artisan Crossing - 250 Homes
- Dublin - St. Patrick Way - 499 Homes
- Los Altos One - 52 Homes
- Milpitas Main Street - 220 Homes
- Mountain View W. Middlefield - 716 Homes
- San Jose Race Street - 206 Homes
- San Jose Shelter Creek - 710 Homes
- San Jose Stevens Creek - 582 Homes
- San Jose Tamien Station - 566 Homes
- San Jose Virginia Street - 300 Homes
  - Total - 4,101 Homes - 23% Affordable
Land Use

- Land Use
  - The relationship between people and the land and how the physical world is adapted, modified, or put to use for human purposes.

From the Institute for Local Government
Transit-Oriented Development or TOD

• TOD or Transit-Oriented Development
  – Moderate- to higher-density development, located within easy walk of a major transit stop, generally with a mix of residential, employment, and commercial opportunities. Typically designed for pedestrians.

From the Institute for Local Government
Why is TOD important?

• Reduction in Greenhouse Gases
• Increased transit ridership
• Less congestion on our streets and roads
• Santa Clara County voters have invested billions in our transit infrastructure
  – SB 1 - $5.2 billion
  – Regional Measure 3 - $4.45 billion
  – 2016 Measure B - $6.3 billion
Gateway at Millbrae Station
State Funding

- Proposition 1
  - Transit-Oriented Development Implementation Fund
  - $150 million secured.
  - Offers loans and grants to local governments and developers for housing projects near transit stations.
Local Opportunities

- The Silicon Valley Leadership Group is currently working on a goal to advocate for 125,000+ homes near transit throughout the nine-county bay area. Potential TOD Opportunities include:
• 25 developable VTA-owned sites
• 6,000 new homes
• 50% of sites need rezoning
• Sites identified are close to Light Rail, Caltrain and future BART stations.

*Estimates provided by VTA
• 250 acres of developable land
• BART-Owned Land Goal:
  – 20,000 new homes by 2040
• Within ½ Mile Goal:
  – 155,800 new homes by 2040

*Estimates provided by BART
Top-4 Priorities

1. TOD Project & Policy Advocacy
2. SB 50 (Wiener)
3. Housing Project Advocacy
4. Gov’s $500M Match Challenge
Discussion and Q&A

• What opportunities do you foresee in your cities where groups like the Leadership Group and SV@Home can partner to ensure successful TOD development?

• What obstacles or challenges must we overcome to create win-win solutions for all?
8th Annual Regional Economic Forum

Friday March 1st, 2019
From 7:10am to 12:15pm

Villa Ragusa
Campbell, CA

For more info: Shannon DeAtley-Johnson
SJJohnson@SVLG.org
WHAT IS CASA?

CASA is a panel of Bay Area leaders across multiple sectors convened by MTC and ABAG in 2017 to identify and unify behind bold, game-changing strategies that address the region’s housing crisis.
Job Growth Far Surpassed New Housing from 2010 to 2016

Ratio
# Jobs Added : # Housing Permitted

- Alameda: 4:1
- Contra Costa: 5:1
- Marin: 20:1
- Napa: 17:1
- San Francisco: 13:1
- San Mateo: 17:1
- Santa Clara: 8:1
- Solano: 5:1
- Sonoma: 12:1
The Region Has Not Built Enough Housing to Meet Demand

2007-14 Housing Need (RHNA)
2007-14 Housing Production
2010-15 Job Growth

Low-Income: 83,942
Moderate-Income: 41,316
High-Income: 216,250

2007-14 Housing Production: 23,433, 11,732, 87,933
2010-15 Job Growth: 89,242

Low-Income: 83,942
Moderate-Income: 41,316
High-Income: 216,250
The Bay Area faces a housing crisis because we have failed at three tasks:

• Failed to **produce** enough housing for residents of all income levels
• Failed to **preserve** existing affordable housing
• Failed to **protect** current residents from displacement
CASA LEADERSHIP TEAM

Private Developer
Mike Covarrubias
TMG Partners

Affordable Housing
Leslye Corsiglia
Silicon Valley @ Home CEO

Philanthropy
Fred Blackwell
San Francisco Foundation CEO

Public Agency
Steve Heminger
MTC/ABAG Executive Director
Three Co-Chairs

Steering Committee
18 members

Technical Committee
32 members

Work Groups
Production Protection Preservation

CBO Outreach
Local Jurisdiction Outreach
Components of Compact

- Elements 1, 2 & 3: Protection
- Element 4: Remove Barriers to ADUs
- Elements 5, 6 & 7: Production Initiatives
- Element 8: Surplus Public Land
- Element 9: Potential Funding Sources
- Element 10: Regional Housing Enterprise
ELEMENT #1: JUST CAUSE EVICTION POLICY

• Ensure Bay Area tenants are protected from arbitrary evictions by adopting region-wide requirement landlords cite specific "just causes" (fault and no-fault) for evictions, e.g. failure to pay rent, violating lease.
ELEMENT #2: RENT CAP

• Establish Bay Area-wide emergency rent cap that limits annual rent increases to reasonable amount in order to decrease number of households at risk of displacement and to prevent homelessness.

• For emergency period (15 years), CPI+5% in any one year with certain exemptions and banking provision.
ELEMENT #3: RENT ASSISTANCE AND ACCESS TO LEGAL COUNSEL

• For low-income tenants facing eviction: access to free legal counsel and emergency rent assistance for tenants with an urgent, temporary financial gap.

• Regional Housing Enterprise (Element #10) would establish policy guidelines and provide funding for programs.
ELEMENT #4: REMOVE REGULATORY BARRIERS TO ACCESSORY DWELLING UNITS (ADUs)

- Extend current Bay Area best practices on Accessory Dwelling Units (ADUs) and Junior ADUs to all jurisdictions in the region.

- Allow an ADU and a Junior ADU on single family lots and multiple ADUs in existing multi-family buildings with ministerial approval.

- Require impact fees for ADUs and tiny homes be charged on a per-square foot basis and only on net new living area above 500 sq. ft.
ELEMENT #5: MINIMUM ZONING NEAR TRANSIT

• Establish minimum zoning for housing in neighborhoods with:
  
  *High quality bus service* – within ½ mile of stop, allow up to 36 ft.
  
  *Major transit stop (rail and ferry stations)* – within ¼ mile, allow up to 55 ft.

• Make housing an eligible use on large, commercially-zoned parcels near job centers and in areas served by high quality transit.

• Retain local development standards such as setbacks, unit sizes and lot coverage if feasible with heights allowances above.

• For “sensitive communities” in or adjacent to a major transit stop, defer height increases above 36 ft. until jurisdiction develops community plan.
Upzoning in Sensitive Community Areas (outlined in red) within ¼-mile of Major Transit Stop (rail/ferry) is limited to 36’ for up to five years.

High quality bus service areas are shown in orange and limited to East Bay, San Jose and S.F.
• Establish ‘good government’ standards for entitlement and permitting of zoning-compliant residential projects, including but not limited to:

  - Require local jurisdictions to create and maintain in publicly accessible format all rules, codes and standards that apply residential applications, including how an application is deemed complete.

  - Rules, fees and historic designation are set at the date of an application’s completeness.

  - For zoning-compliant residential projects, no more than three de novo public hearings should be required.
ELEMEN T #7: EXPEDITED APPROVALS AND FINANCIAL INCENTIVES FOR “MISSING MIDDLE”

• Accelerate approval of zoning-compliant projects that provide on-site affordability for “missing middle” (restrict >20% units to 80-150% AMI), pay prevailing wage and use apprentice labor.

• Incentives offered to offset higher costs to developer:
  • 15 years of property tax increment abatement, modeled on NYC program, aimed at missing middle housing
  • Impact fees capped at a reasonable level
  • Density bonus of 35%
  • Parking minimums reduced to 50% of local requirement
  • Relief from strict liability standards for ownership
ELEMENT #8: UNLOCK PUBLIC LAND FOR HOUSING

• Promote increased utilization of public land for affordable housing through variety of legislative and regulatory changes, as well as the creation of new regional coordination and planning functions.
ELEMENT #9: FUNDING TO FINANCE THE COMPACT

• Raise $1.5 billion/year in new revenue from a broad range of sources, including property owners, developers, employers, local governments and the taxpayers, to fund implementation of the CASA Compact.
## Annual Funding Gap Estimate for CASA Initiatives: $2.5 billion

### Production – Lower-Income Subsidized Housing

<table>
<thead>
<tr>
<th>Avg. funding gap</th>
<th>$150,000 / unit</th>
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</thead>
<tbody>
<tr>
<td>Annual CASA target</td>
<td>14,000 units</td>
</tr>
<tr>
<td>Annual Funding Gap for Production</td>
<td><strong>$2.1 billion</strong></td>
</tr>
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</table>

### Preservation – Market-Rate and Subsidized Affordable Housing

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<thead>
<tr>
<th>Avg. funding gap</th>
<th>$100,000 / unit</th>
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</thead>
<tbody>
<tr>
<td>Annual CASA target (over 8 years)</td>
<td>3,750 units</td>
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<tr>
<td>Annual Funding Gap for Preservation</td>
<td><strong>$375 million</strong></td>
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### Protection – Access to Legal Counsel, Emergency Rental Assistance

| Avg. number of households protected/year | 24,000 |
| Annual Funding Gap for Protection | **$50 million** |
Menu of Funding Sources to Implement the Compact

Potential New Sources of Revenue
Target: $1.5 billion per year

**Property Owners**
- $100 million
  - 1 percent
  - Vacant Homes Tax on the assessed value of vacant home
- $100 million
  - $48 per year
  - Regionwide Parcel Tax

**Developers**
- $200 million
  - Variable Commercial Linkage Fee ($5-$20 per sq. ft.) on new construction with rates varied depending on location to incentivize infill development
- $200 million
  - Flat Commercial Linkage Fee ($10 per sq. ft) on new construction

**Employers**
- $200 million
  - 0.1%-0.75%
  - Gross Receipts Tax
  - variable rates based on sector and firm size
- $200 million
  - $40-120 per job
  - Head Tax
  - variable rates based on number of employees, jobs-housing ratio and transit access

**Local Governments**
- $200 million
  - 25 percent
  - Redevelopment Revenue Set-Aside for affordable housing in TPAs (including portion for schools and special districts)
- $100 million
  - 20 percent
  - Revenue Sharing Contribution from future property tax growth

**Taxpayers**
- $400 million
  - 1/4-cent
  - Regionwide Sales Tax
- $100 million
  - 5-Yr. Term
  - General Obligation Bonds issued by a regional housing enterprise, renewed every five years

**Philanthropy**
- Chan-Zuckerberg-SF Foundation Initiative
- Policy and Infrastructure Funds
**Distribution of New Sources of Funding to Implement the Compact**

**Proposed Allocation of New Revenue Raised by CASA**

<table>
<thead>
<tr>
<th>Local Jurisdiction Incentives</th>
<th>up to 10 percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Partial payments to local jurisdictions to make up for lost revenue due to proposed cap on impact fees. Other incentives.</td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Tenant Protection Services</th>
<th>up to 10 percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Administered by a non-profit entity. Short-term rental assistance and access to legal counsel for low- and moderate-income households.</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Affordable Housing Preservation</th>
<th>up to 20 percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Grants and financing for acquisition and rehab and “expiring” units. Priority to projects in low-income neighborhoods facing displacement.</td>
<td></td>
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</table>

<table>
<thead>
<tr>
<th>Affordable Housing Production</th>
<th>min. 60 percent</th>
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</thead>
<tbody>
<tr>
<td>Grants and financing. Priority to projects in Transit-Priority Areas (TPAs) and High-Opportunity Areas (HOAs). Construction training programs. Land lease/acquisition/disposition program.</td>
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### Distribution of New Sources of Funding to Implement the Compact

<table>
<thead>
<tr>
<th>Local Jurisdiction Incentives</th>
<th>10%</th>
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<tbody>
<tr>
<td>Tenant Protection Services</td>
<td>10%</td>
</tr>
<tr>
<td>Affordable Housing Preservation</td>
<td>20%</td>
</tr>
<tr>
<td>Affordable Housing Production</td>
<td>60%</td>
</tr>
</tbody>
</table>

- 75 percent spent within county of origin
- 25 percent to regional program for revenue-sharing
- Subject to performance/policy outcomes

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**County of Origin**
- 75 percent

**Regional Revenue-Sharing**
- 25 percent
**ELEMENT #10: REGIONAL HOUSING ENTERPRISE**

- Establish a regional leadership entity to fund affordable housing and all elements of the CASA Compact, track and report progress, and provide incentives and technical assistance to local government.
- It would not have direct land use/zoning authority or play a regulatory/enforcement role.
Regional Housing Enterprise

MTC/ABAG Current Roles and Responsibilities

- Data, Research and Technical Assistance
- RHNA and PBA
- Transportation Conditioning, OBag, TOAH, NOAH, HIP
- Legislative Reform and Advocacy

Regional Housing Enterprise Roles

- Revenue Administration and Debt Issuance
- Land Leasing and Disposition
- Enhanced Technical Assistance
- Monitoring and Reporting
- Racial Equity

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.)
CALLS TO ACTION

• Redevelopment 2.0
• Lower Vote Threshold for Housing Funding Measures to 55%
• Address Fiscalization of Land Use (e-commerce and property tax allocation reforms)
• Homelessness
• Grow and Stabilize the Construction Labor Force
CASA Work Windows

- **2018**: CASA Development
- **2019**: Legislative Package
- **2020**: Election #1 Presidential
- **2021**: PBA/RHNA Adoption
- **2022**: Election #2 Gubernatorial
What does the Compact get right?
Are there concepts critical to solving the housing crisis that are missing?
What revenue options do you prefer?
What concerns do you have?
We can’t end homelessness

Housing is the solution
Are you #HousingReady?
#HousingReady Communities build...

**Awareness**
Our homelessness crisis presents a dramatic and urgent challenge in our community.

**Understanding**
We know how to end homelessness.

**Action**
We can ensure new developments are approved and also supported after construction.
Homelessness
Diversity
Crisis
Evidence
Cost
Progress
Neighborhoods
Action
<1 YEAR: 64%
<2 YEARS: 77%

Sources: Home Not Found Cost Study, Homeless Census and Survey
[This slide has been intentionally left blank.]
# HousingReady

## Income Limits

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<tr>
<th>Year</th>
<th>Extremely Low</th>
<th>Low</th>
<th>Moderate</th>
<th>Market Rate</th>
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<tbody>
<tr>
<td>2007-2014</td>
<td>27% of 14k</td>
<td>28% of 10k</td>
<td>22% of 11k</td>
<td>139% of 26k</td>
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<tr>
<td>2015-2023</td>
<td>5% of 16k goal</td>
<td>8% of 10k</td>
<td>5% of 11k</td>
<td>65% of 23k</td>
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### Income Limits
- Extremely Low: $65k
- Low: $95k
- Moderate: $150k

Source: Association of Bay Area Governments (Income Limit for Family of Four)
ELI RENTER HOUSEHOLDS

45,500+

70% SEVERELY RENT BURDENED

EXTREMELY LOW INCOME (ELI)

INCOME $39,900 family of four

RENT $1,350+ 50%+ of take home pay

SOURCE: CALIFORNIA HOUSING PARTNERSHIP CORPORATION
#HousingReady

Housing First

- Employment
- Mental Health
- Community Engagement

- Physical Health & Wellness
- Addiction Recovery
- Family Reunification

Meaningful Daily Activity
90%
# HousingReady

**Destination: HOME**

**Source:** County Office of Supportive Housing
$520 million

53% Health Care
34% Justice System
13% Social Services

SOURCE: HOME NOT FOUND COST STUDY
Community Plan to End Homelessness

1,605
Completed
As of December 2018

927
Coming Soon

6,000
Goal

SOURCE: NEW HOUSING OPPORTUNITIES, COMMUNITY PLAN TO END HOMELESSNESS
a billion dollars
$234,180,000
In Multi-family Housing Development Approved
6 Cities
1,437 New Apartments
484 Units Renovated
19 Housing Developments
$25 Million First-time Homebuyer Program
PATH/Affirmed Housing | San Jose | 84 homes | December 2019
First Community Housing | San Jose | 80 homes | August 2022
Sign up for updates & action alerts
join.housingready.org

Speak out at community meetings
calendar.housingready.org

Use the hashtags
#HousingReady #Time4Yes

Invite others to join the Action Network
SHARE
Are you #HousingReady?

Join us!

housingready.org
bob@housingready.org