



NAPA VALLEY TRANSPORTATION AUTHORITY CAC Agenda Letter

TO: Citizens Advisory Committee
FROM: Kate Miller, Executive Director
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SUBJECT: CASA Compact Recommendations to Address the Housing Crisis

RECOMMENDATION

Information only

EXECUTIVE SUMMARY

In an effort to create meaningful housing solutions for the Bay Area, CASA, The Committee to House the Bay Area, has created the CASA Compact. The CASA Compact is described as a 15-year emergency policy package to confront the region's chronic housing crisis head-on.

CASA is a committee convened by the Metropolitan Transportation Commission-Association of Bay Area Governments (MTC-ABAG) and is made up of Bay Area elected officials, housing industry leaders and policy experts who have met for the last 18 months. The Compact was approved by the CASA Steering Committee on December 12 and will be considered for approval by MTC and ABAG before being sent to the state legislature. The Compact provides a menu of recommendations to address the 3 P's of housing: Protecting, Preserving, and Production. Recommendations include a suite of legislative, financial, policy and regulatory approaches to create, preserve and protect affordable and "the missing middle" housing stock.

FISCAL IMPACT

Is there a Fiscal Impact? No

BACKGROUND AND DISCUSSION

CASA was convened by MTC following the release of the draft Plan Bay Area 2040, the region's long-range transportation and land use plan, which projects the region will see

2.4 million more people, 820,000 new households and 1.3 million new jobs by the year 2040. Plan Bay Area makes aggressive assumptions about policy interventions and strategies to help accommodate growth, but falls short on a number of key performance measures including affordable housing, access to jobs, displacement risk, and housing and transportation affordability.

Since the Great Recession of 2008 the Bay Area has added 722,000 new jobs and only constructed 106,000 new housing units. In 2005, low income households were spending 54% of their monthly income on housing and transportation expenses (with the majority going towards housing). Plan Bay Area forecasts this amount to increase to 67% by 2040. Between 2010 and 2016 the Bay Area added 1 housing unit for every 11 new jobs. The housing crisis has also proven to be a transportation problem, with nearly 190,000 Bay Area workers commuting from outside the Bay Area daily, clogging roads and freeways and overcrowding the Bay Area's transit systems.

On a local scale, Napa is the 12th most unaffordable county in California. There are approximately 72,870 jobs in Napa County and 55,531 housing units. Napa's median home price, as of May 2018, was \$654,000 dollars. A person needs to earn \$95,000 annually to purchase a median-priced home in Napa. The median income of Napa's workforce is \$39,915/year and the fastest growing job sectors are relatively low paying hospitality and retail jobs. All these factors have contributed and continue to contribute to the housing crisis in Napa and the Bay Area.

To combat the housing crisis many of the solutions outlined in the CASA Compact have to be tackled at the voter or state legislature level. The core CASA elements are identified in table 1 below.

Table 1 – Elements of the CASA Compact

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

It is estimated that \$1.5 billion is needed annually to address the Bay Area housing crisis. The CASA Compact outlines a number of potential funding sources to help fund the shortfall. The potential new revenue sources are outlined in Attachment 2.

Local Best Practices: The CASA Compact identifies local best practices. These best practices are intended to provide a toolkit to local governments in meeting some of the goals of the Compact. Included in the Best Practices is the City of Napa's Down Payment Assistance Program, funded with grants from the State of California Department of Housing and Community Development, it 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 the city limits and cannot be bigger than 3 bedrooms and 2 baths.

Next Steps: 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.

SUPPORTING DOCUMENTS


- Attachments: (1) CASA Compact
https://mtc.ca.gov/sites/default/files/CASA_Compact.pdf
(2) Menu of Funding Sources to Implement the Compact

Menu of Funding Sources to Implement the Compact

Potential New Sources of Revenue

Target: \$1.5 billion per year

Property Owners

  \$100 million
1 percent
Vacant Homes Tax on the assessed value of vacant home, region-wide

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



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

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

Key

Voter Approval 
State Legislation 
Policy Benefit 
Fee Imposition 

Developers


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

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

Jurisdictions with an existing linkage fee (which is set aside for housing) will get a credit

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

Employers

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


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

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

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

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

Local Governments


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

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


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

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

Taxpayers

 \$400 million
1/4-cent
Sales Tax, region-wide

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

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

Philanthropy

CZI-TSFF Initiative
Policy and Infrastructure Funds

NOTE: as currently laid out, the ten options on this chart total to \$1.8 billion