



**The Road Ahead:
A 21st Century Housing Strategy
for the San Francisco Bay Area**

October 2020

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EXECUTIVE SUMMARY

In the San Francisco Bay Area, long before the COVID-19 global pandemic swept through our region, safe, stable, and affordable housing was far from accessible to all. In the midst of the pandemic, low-income communities of color are far more likely to experience homelessness and housing instability.

In the San Francisco Bay Area, long before the COVID-19 global pandemic swept through our region, safe, stable, and affordable housing was far from accessible to all. In the midst of the pandemic, low-income communities of color are far more likely to experience homelessness and housing instability. Moreover, they are also less likely to own homes and acquire wealth, due to the Bay Area's unique legacy of racial discrimination in public policy.¹ The economic ramifications of the pandemic have only intensified the stark racial disparities already present in California's housing market.² To lead the region on a trajectory of recovery and prosperity, the Metropolitan Transportation Commission (MTC) and the Association of Bay Area Governments (ABAG) should work together collaboratively to develop a comprehensive regional housing strategy.

The Road Ahead: A 21st Century Housing Strategy for the San Francisco Bay Area outlines why and how MTC and ABAG can develop, approve, and implement a comprehensive housing strategy for the Bay Area that will guide both agencies' existing housing portfolio, the Bay Area Housing Finance Authority (BAHFA), Plan Bay Area 2050, and their various housing programs, policies, and decision-making processes.

A comprehensive regional housing strategy would create greater cohesion and clarity around existing housing programs and establish a clear direction and vision for MTC and ABAG's future housing and transit investments. Most importantly, a comprehensive housing strategy will outline and clarify how both MTC and ABAG plan to use all of the tools at their disposal to promote

¹ Moore, Eli; Montojo, Nicole; and Mauri, Nicole. "Roots, Race, & Place: A History of Racially Exclusionary Housing in the San Francisco Bay Area." Othering and Belonging Institute and Haas Institute for a Fair and Inclusive Society. October 2019. <https://belonging.berkeley.edu/rootsraceplace/introduction>.

² Mesquita, Aureo and Kimberlin, Sara. "Staying Home During California's Housing Affordability Crisis." California Budget and Policy Center. July 2020. https://calbudgetcenter.org/wp-content/uploads/2020/07/CA_Budget_Center_Housing_Affordability_Crisis_COVID19.pdf

the 3Ps (**P**roduction of new homes at all income levels, **P**reservation of existing affordable homes, **P**rotections of tenants from displacement) of housing throughout their work across the region. **Now is the time for bold, courageous, and visionary leadership to set a game-changing 21st century housing strategy guided by the 3Ps of housing.**

The 3Ps framework will help guide our regional planning while also promoting equitable and sustainable growth throughout the region. As we all grapple with the racial reckoning encapsulating our nation, both MTC and ABAG must critically reevaluate how to meaningfully address the role of local governments in denying economic and housing opportunity to communities of color, while also being mindful of the impact of structural anti-Black racism.³

From the impacts of redlining, urban highways, and transit stations that uprooted historical Black and Latinx neighborhoods, to proactively combating the devastating impacts of urban renewal and redevelopment — both agencies face a tremendous opportunity to work together and develop a more equitable normal. MTC and ABAG have decisively moved the needle on regional housing policy through the [CASA](#) (Committee to House the Bay Area) process and the groundbreaking [2005 Transit-Oriented Development \(TOD\) policy](#). While bringing together our racially and ethnically diverse residents and governmental agencies, they face **the unique opportunity to update the TOD Policy and put teeth to the bold, regional housing solutions that finally help address what Governor Gavin Newsom has dubbed “the issue that defines all issues” — housing and homelessness — so everyone has a fair shot at success.**

This approach should guide all of MTC and ABAG’s internal and external efforts to support the production and preservation of affordable housing and protect existing tenants from eviction and displacement. Informed by leading affordable housing experts, studies, and evidence-based research, this paper offers specific policy recommendations that both agencies can implement over the course of the next decade to create a more just, diverse, equitable, and sustainable region for us all.

Key Recommendations

NPH’s recommendations include establishing the following three goals to address our region’s housing affordability emergency:

1. Officially adopt the 3Ps housing framework of affordable housing **p**roduction, **p**reservation, and tenant **p**rotections as an organizing principle for all regional housing plans that guides housing targets, objectives, and policy development. This includes MTC and ABAG’s efforts to develop an expanded housing portfolio to better define the roles of ABAG, MTC, and BAHFA—along with other associated entities such as ABAG’s Advancing California Finance Authority (ACFA).⁴
2. Develop concrete policies, incentives, and conditioning formulas to advance racial equity, strengthen the linkage between transportation and housing, and actualize and implement the 3Ps throughout the region. This includes tying transportation funding to specific local housing outcomes and incentivizing jurisdictions to adopt their own affordable housing production, preservation, tenant protection; and
3. Design an innovative, collaborative, integrated, and engaging regional planning process with targeted, outcome-driven goals and evaluation criteria, with the goal of cultivating multi-sector partnerships, leveraging public and private efforts, deepening impact, and facilitating cross-sector, cross-jurisdictional cooperation.



³ Anti-Black Racism is understood as both stripping Blackness of value through dehumanization and systematically marginalizing Black people. This form of anti-Blackness manifests itself as overt racism. Beneath this anti-Black racism is the covert structural and systemic racism which predetermines the socioeconomic status of Black Americans and is held in place by anti-Black policies, institutions, and ideologies. See Kendi, Ibram, X. “How To Be An Anti-Racist.” One World. 2019.

⁴ In 1978, ABAG created the Finance Authority for Nonprofits, or FAN, to provide conduit financing for the capital financing needs of local jurisdictions. Since then, FAN has provided \$8 billion in low cost investment capital for affordable housing, hospitals, schools and other local infrastructure needs. Association of Bay Area Governments. <https://abag.ca.gov/our-work/financing/acfa-advancing-california-finance-authority>

To support these goals, NPH recommends that MTC and ABAG take the following high-level actions to operationalize these goals and demonstrate how both agencies will proactively elevate and prioritize affordable housing and ensure that all 101 cities and nine counties in the Bay Area do their fair share to address the regional housing crisis:

- Detail how discretionary regional investments will be made and how MTC and ABAG will engage with the broad network of regional stakeholders in their long-range planning processes to further a comprehensive housing agenda that guides fair, affordable, and sustainable growth throughout the region;
- Determine how each agency will make transportation and land use investments and use their authority and accountability mechanisms to hold local jurisdictions accountable for building and promoting stronger, more diverse and connected communities; and
- Establish a clear timeline and process for developing and adopting a housing strategy that is vetted by the public as well as through MTC and ABAG’s decision-making bodies.

Areas for MTC/ABAG to Clarify



Over the course of the next decade, the affordability challenges facing our region are likely to worsen, compounded with the impact of the COVID-19 pandemic and the expected economic downturn, as local budgets are increasingly constrained. A comprehensive regional housing strategy is not only crucial to support local jurisdictions and agencies throughout our post-COVID recovery, but also safeguards our ability to get ahead of our housing crisis — by delivering the bold regional housing we desperately need to flourish as a collective region through the next decade.

While we recognize that MTC and ABAG are already engaged in this work, we present the following strategic ways to focus their efforts — so that they can expediently maximize outcomes, while meeting this dire moment.



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THE ROAD AHEAD: A 21st Century Housing Strategy for the San Francisco Bay Area

Housing is the foundation for healthy, strong communities. Research shows that stable, affordable housing improves outcomes in health, as residents have access to a safe place to live; children’s education, as children benefit from a stable living situation; and the environment, as affordable housing is often built near transit leading to fewer cars on the road. Housing, and affordable housing especially, has been proven to revitalize distressed areas, reduce traffic and improve air quality, and promote economic and social integration while building community. For the Bay Area, housing opportunities give our region a competitive edge and help keep our communities diverse and equitable.

Yet even with these clear and proven benefits, California and the Bay Area, specifically, grapples with a severe housing shortage.⁵ In the Bay Area, this is particularly felt by low-income communities of color, due to historic and systemic housing discrimination and structural and institutional market barriers in accessing credit and pathways to homeownership that produce the current housing

⁵ The nonpartisan Legislative Analyst’s Office estimated that it would cost between \$15 and \$30 billion annually to build affordable housing for the most severely rent-burdened in California. See Uhler, Brian. “Perspectives on Helping Low-Income Californians Afford Housing.” Legislative Analyst’s Office. February 9, 2016. <https://lao.ca.gov/publications/report/3345>.

disparities and wealth inequality found throughout the region. As only 6.5% of the state's population, African-American residents disproportionately experience the state's housing crisis, as they comprise nearly 40% of Californians suffering from homelessness.⁶

These racial and economic disparities impact us all. The housing affordability crisis takes a toll on our teachers, students, service workers, police officers, fire fighters, and others struggling to find affordable housing within a reasonable distance from their jobs. Of the entire nation, the Bay Area has the most mega-commuters — those who travel over 90 minutes each way to get to and from work. Our residents should be able to get home in time to put food on the table.

Unfortunately, our communities are suffering. Income inequality is widening. Even before the pandemic, our economy was starting to show signs of distress with rents and home prices, hour-long commutes, gridlock, and public transit overcrowding pushing out many long-time residents and elders of color who form the very fabric of our vibrant, racially and ethnically diverse neighborhoods.

Our housing shortage is truly a regional problem. Every city and county in the Bay Area, including parts beyond, is impacted by our affordable housing shortage. We urgently need a bold, visionary, regional solution for a regional crisis of epic proportions. Fortunately, these challenges, while stark and decades in the making, are not insurmountable.

Critical progress has already begun — as landmark legislation, spurred in part by MTC and ABAG's efforts, has already built critical momentum and won passage at the state, regional, and local levels.

Consequently, despite this progress, much work remains to be done. It is critical that MTC and ABAG also embrace bold, anti-racist, regional and local policies focused on aggressively tackling racial and economic justice to redress the harm and affordable housing shortage that our region's historically discriminatory policies have produced today.



⁶ Cimini, Kate. "Black people disproportionately homeless in California." CalMatters. October 5, 2019. <https://calmatters.org/california-divide/2019/10/black-people-disproportionately-homeless-in-california/>.



THE OPPORTUNITY AHEAD:

MTC and ABAG's Role in Spearheading a Bold Vision for the Region

Legally, institutionally, and in their leadership role,⁷ MTC and ABAG are led by their missions to build stronger communities. By building a comprehensive, organized strategy that makes clear their shared housing commitment by elevating and prioritizing affordable housing opportunities for Bay Area residents, especially low-income residents of color, both agencies can articulate an overarching housing vision for the programs and policies they each implement. Utilizing tools like the newly created Bay Area Housing Finance Authority (BAHFA) and ABAG Housing Committee, both agencies can truly work collaboratively.

It is critical that MTC and ABAG each clarify their own internal processes and priorities to support their institutional goals, while developing actionable responses. Together, both agencies should provide updated toolkits and resources for local jurisdictions that identify best practices — aggressively using existing networks and Bay Area Housing Finance Authority (BAHFA) to ensure local jurisdictions are aware of invaluable tools and technical resources. It will take all of us to solve a problem that belongs to all of us.

A Critical Moment

The COVID-19 pandemic and economic downturn has exacerbated our existing housing crisis and placed vulnerable tenants, especially low-income residents of color, already suffering severe housing instability or

homelessness, in an even more precarious situation. As we have all been challenged to adjust to sheltering in place and social distancing practices to prevent the spread of this highly contagious and deadly virus, far too many families are on the verge of disaster and devastation.

Forced to close many non-essential businesses, cities and counties now have even less resources to devote to affordable housing, while the region's essential workers, many of whom are housing cost-burdened or living in unsafe, overcrowded housing conditions, are still forced to risk the health and safety of their families and livelihoods to provide critical services to our region. Furthermore, the public health crisis has forced us to confront the issues of poverty and homelessness with even more deliberate speed while our elected leaders are quickly seeking to secure emergency housing for our unhoused neighbors to curb the spread of COVID-19.

More crucially than ever, MTC and ABAG are poised to make big, bold meaningful changes for the Bay Area to lead us out of this crisis, plan for future emergencies and natural disasters, and chart a recovery path forward to ensure that our region remains resilient and recommitted to racial justice and economic equity.

⁷ [Senate Bill 375 \(Steinberg\), "The California Sustainable Communities and Climate Protection Act of 2008,"](#) established a statutory mandate for MTC and ABAG to come together to curb greenhouse gas emissions in the Bay Area and across the state. MTC and ABAG have stated that it is their intent to work closely together to address not just climate change, but the threat of sea level rise, soaring housing costs, inadequate housing production at all levels, encroachment on open space, aging transit systems, freeway congestion, and more. In 2017, ABAG and MTC staff were consolidated and began working together as one integrated team to promote collaboration and integration on common goals, and to achieve operating efficiencies. Comprised of major employers, for-profit and nonprofit housing developers, labor and environmental leaders, public policy and affordable housing advocates, transportation experts, charitable foundations and elected officials, CASA was convened in 2017 by MTC and ABAG to tackle the region's housing crisis head on. The 21-member CASA Steering Committee finalized a 10-point set of policy recommendations known as the CASA Compact designed to increase housing production at all levels of affordability, preserve existing affordable housing, and protect vulnerable populations from housing instability and displacement. The CASA effort has become a cornerstone for dozens of housing-related bills passed by the state Legislature.

The Opportunity is Now!



Plan Bay Area 2050: A Roadmap for the Bay Area’s Future

MTC and ABAG are in the process of developing and approving [Plan Bay Area 2050](#),⁸ which will direct the appropriation of over \$300 billion in urgently needed transportation investments over the next two decades, while helping cities and counties identify where to locate new homes and jobs and focus growth. Plan Bay Area 2050 (and the RHNA process discussed in detail below) represent critical opportunities to develop bold, regional housing strategies, policies, and investments that fundamentally impact the long-term prosperity of our region for the next three decades.

The Regional Housing Needs Allocation: Planning for the Future Housing Needs of our Region

The Regional Housing Needs Allocation (RHNA) process⁹ offers our region a tangible opportunity to actively plan for our future housing needs for the next eight years — while actively designing strategies to address existing housing affordability, patterns of residential segregation, and exclusionary zoning practices.

During the fall of 2019, ABAG began convening the [Regional Housing Needs Allocation](#) Housing Methodology Committee (HMC), which determines how many homes each of the Bay Area’s 101 cities and nine counties need — so residents at all income levels have a home over the next eight years.¹⁰ A state-mandated process, each jurisdiction is assigned their own regional housing needs allocation (RHNA), the minimum number of housing units each local government must accommodate through zoning and appropriate development strategies in the Housing Element of their General Plan.

The success of our region crucially depends on the current RHNA cycle, as it includes more oversight from the California Department of Housing and Community Development (HCD) and new requirements to affirmatively further fair housing,¹¹ desegregate our communities, and promote mixed-income cities and racial equity.



⁸ Plan Bay Area is the state-mandated Sustainable Communities Strategy (SCS), a regional transportation plan, which offers a framework for how transit investments and growth in urban areas will help reduce traffic congestion and greenhouse gas emissions. The effort grew out of the California Sustainable Communities and Climate Protection Act of 2008, California Senate Bill 375 (Steinberg), which requires each of the state’s 18 metropolitan areas – including the Bay Area – to reduce greenhouse gas emissions from cars and light trucks.

⁹ Since 1969, California has required that all local governments (cities and counties) adequately plan to meet the housing needs of everyone in our community through the RHNA and the Housing Element process. Our regional housing challenges are only compounded by the current efforts of NIMBY (Not In My Backyard) residents in historically exclusionary communities that block affordable housing development projects and efforts to upzone suburban jurisdictions in favor of “slow growth.”

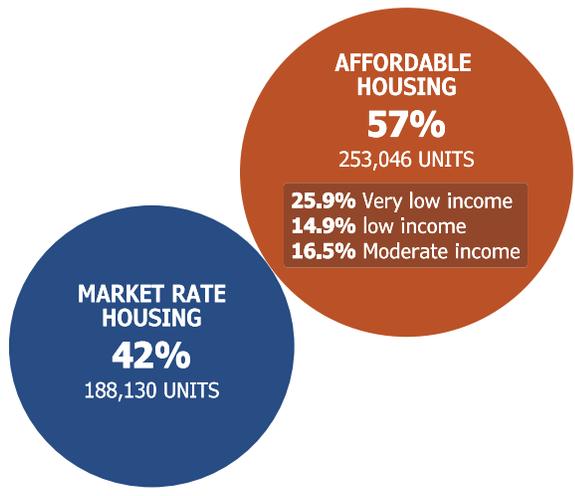
¹⁰ Enabled in the FY 2019-2020 state budget trailer bill advanced by Governor Gavin Newsom, the Regional Early Action Planning Grants Program (REAP) is the regional component of the Local Government Planning Support Grants program.

¹¹ AB 686 (Santiago) requires that local jurisdictions take actions that affirmatively further fair housing in their communities and devise strategies to overcome patterns of segregation and foster inclusive communities free from barriers that restrict access to opportunity” for communities of color, persons with disabilities, and others protected by California law.

In June 2020, HCD provided ABAG with its Cycle 6 Regional Housing Needs Determination (RHND) for the Bay Area. The RHND is the number of housing units assigned to the entire region, allocated to individual jurisdictions by the HMC.

The RHND as determined by HCD between 2022 and 2030 has been identified as **441,176 housing units**.¹²

OF THE TOTAL IDENTIFIED NEED¹³



As a result of an influx of state resources to assist jurisdictions in meeting their housing planning goals, ABAG now has discretion over \$24 million of one-time funds from the state budget to enhance the RHNA process and accelerate housing production in the Bay Area. ABAG received an advance of \$5.9 million, but these funds are already earmarked for RHNA and housing element technical assistance. With these resources, MTC and ABAG can exercise true leverage over jurisdictions that have failed to meet their RHNA goals — by implementing “carrot and stick” tactics to produce the housing outcomes that our region must achieve to reduce racial and economic inequality.

Public Land for Public Good

Another untapped resource is the region’s nearly 700 acres of land owned by local governments, transit agencies, and other public entities which could result in over 35,000 new affordable units. In [MTC’s Workforce Housing Action Plan](#), staff identified a suite of policies to encourage land owning jurisdictions and agencies to prioritize affordable housing. As a result of [Assembly Bill 1486 \(Ting\)](#), the Bay Area can promote affordable housing development on hundreds of acres of unused public land.

To meet the Action Plan recommendations and AB 1486 requirements, MTC should require that agencies adopt public land ordinances as a condition for regional funding. Now is the time to operationalize this Action Plan by updating the region’s TOD Policy in tandem with the development of a bold, comprehensive housing strategy that guides all major transportation infrastructure investments with tangible housing outcomes and an ambitious and visionary path forward.

MTC and ABAG’s housing strategy should incentivize public agencies to make a conscious and consistent effort to prioritize housing construction on as many parcels as possible. Overall, MTC and ABAG should use all of its leverage to incentivize all Bay Area jurisdictions and agencies under its purview to aggressively pursue housing development on surplus public lands.



¹² This cycle’s RHND was 135% that of [Cycle 5](#), which determined that the RHND between 2014-2022 was 187,990 units, with 46,680 housing units for very low-income households and 28,940 for low-income households.

¹³ State law defines the following RHNA income categories:

- Very Low Income: households earning less than 50 percent of Area Median Income (AMI)
- Low Income: households earning 50 - 80 percent of AMI
- Moderate Income: households earning 80 - 120 percent of AMI
- Above Moderate Income: households earning 120 percent or more of AMI

Bay Area Housing Finance Authority

The agencies will also be working with local and regional stakeholders to identify new opportunities available through [Assembly Bill 1487 \(Chiu\)](#), passed in 2019. AB 1487 created the Bay Area Housing Finance Authority (BAHFA), which now serves as a regional housing authority governed jointly by ABAG and MTC. BAHFA has the ability to bring innovative and significant revenue opportunities to voters through a regional nine-county ballot measure.

The authority was founded to provide technical assistance and add capacity to local jurisdictions in their efforts to address the housing affordability crisis. Both ABAG and MTC are in the process of reevaluating their respective governance structures to be more responsive to the statutory and policy demands placed on both agencies. In light of the Governor's goal¹⁴ of building 3.5 million new homes¹⁵ and the Bay Area's Regional Housing Needs Determination of 441,176 new homes by 2030, it is imperative that the region plan for significantly more homes than in previous RHNA cycles, underscored by a bold vision for a more racially just and equitable economy.¹⁶

Changing Public Opinion

The racial unrest that swept the nation after the murder of George Floyd, yet another unarmed African-American man, violently killed by law enforcement while in police custody in Minneapolis, Minnesota,¹⁷ resulted in a sweeping sea change in public opinion on racial and economic justice. Coupled with the startling realization that communities of color across the country were being disproportionately impacted by the deadly coronavirus and on the verge of what some were calling a "tsunami of evictions," scores of young activists of all racial and economic backgrounds took to the streets in protest. Outraged by Floyd's killing and continuing instances of high-profile brutality and murders of



¹⁴ Newsom, Gavin. "The California Dream Starts at Home." Medium. October 20, 2017.

<https://medium.com/@GavinNewsom/the-california-dream-starts-at-home-9dbb38c51cae>. See also, Brock, Keeling. "Gov. Gavin Newsom calls for Marshall plan for affordable housing." Curbed SF. January 7, 2019.

<https://sf.curbed.com/2019/1/7/18172655/gavin-newsom-housing-homeless-california-speech-promises-governor> and Levin, Matt. "Newsom wanted to go bold on housing. Have he and lawmakers delivered so far?" CalMatters. September 19, 2019. <https://calmatters.org/housing/2019/09/newsom-california-housing-done-not-done/>.

¹⁵ According to the McKinsey Global Institute, California needs to build 3.5 million housing units by 2025 — more than three times the current pace to address its shortage and regain any semblance of affordability. See Woetzel, Jonathan; Mischke, Jan; Peloquin, Shannon; and Weisfield, Daniel. "Closing California's housing gap." McKinsey and Company. October 2016. <https://www.mckinsey.com/featured-insights/urbanization/closing-californias-housing-gap>.

¹⁶ Bromfield, Heather and Moore, Eli. "Unfair Shares: Racial Disparities and the Regional Housing Needs Allocation Process in the Bay Area." Berkeley, CA: Haas Institute for a Fair and Inclusive Society, University of California, Berkeley. 2017. https://haasinstitute.berkeley.edu/sites/default/files/haasinstitute_unfairshares_rhnabayarea_publish.pdf.

¹⁷ Hill, Evan, Tiefenthäler, Ainara; Triebert, Christiaan; Jordan, Drew; Willis, Haley; and Stein, Robin. "How George Floyd Was Killed in Police Custody." New York Times. August 13, 2020. <https://www.nytimes.com/2020/05/31/us/george-floyd-investigation.html>.

unarmed Black residents by law enforcement, protests and riots erupted in cities across the nation, as organizers, activists, community leaders, clergy, businesses, elected officials and even celebrities joined together to proclaim “Black Lives Matter.”

We now have an awakened national consciousness that has coalesced around an urgent desire to address, head on, the intersecting issues of housing and racial justice.¹⁸ In fact, prior to the pandemic, recent polling by EMC Research (commissioned by NPH) indicated that not only did 79% of voters surveyed identify affordable housing as a funding priority for the region, but nearly three-quarters (74%) *would additionally support a regional approach to housing in the Bay Area*. Alarmingly, over half (52%) are also concerned about their own ability to find a safe, stable and affordable home, and these numbers are likely to be even higher now.

Voters in the region have demonstrated support for housing resources and strong political will for housing solutions. In 2018, voters passed [Proposition 1](#) and [Proposition 2](#), two statewide affordable housing revenue measures that secured \$6 billion in new affordable housing investments and homelessness solutions for Californians. Since 2015, Bay Area voters have approved over \$3 billion in additional revenue to our Bay Area communities in 15 city and county revenue measures, most of them with a 2/3 supermajority voter threshold.

A Strong Track Record of Success

MTC and ABAG have long been transformational regional leaders in affordable housing. Over the past twenty years, MTC has taken significant steps to address the region’s interlinked housing and transportation crises including:

- In 2005, [MTC adopted Resolution 3434](#), also known as its first regional Transit-Oriented Development (TOD) Policy, which had the effect of increasing the region’s housing capacity by 26,000 homes near transit and kick-starting [Priority Development Area \(PDA\)](#) plans. The policy applied to transit expansion projects known as “Resolution 3434 Corridors,” which included rail, bus rapid transit, and ferry extensions affecting over \$11 billion in transit investments.



- In 2009, MTC created the [Transit Oriented Affordable Housing Fund \(TOAH\)](#), a nationally-recognized program to bank land near transit – seeded by MTC with \$10 million and matched with \$40 million in private investment, securing land for nearly 1,000 new affordable homes.
- In 2017, MTC created the [Bay Area Preservation Pilot \(BAPP\)](#), a program which addresses the threat of rising rents and real estate speculation by shifting properties to long-term affordability and increasing housing stability overall.

In addition to major regional planning efforts, many of MTC’s transportation investments give it a direct lever to influence what actions the Bay Area’s cities and counties, transit operators, and congestion management agencies¹⁹ must take to increase access to transit and affordable housing. For example, when MTC created the [One Bay Area Grant Program \(OBAG\)](#), it required that to be eligible for certain local streets and roads funding, Bay Area cities and counties had to have state-approved housing elements, or local plans for how they would house all of their residents. When the program started in 2013, 28 jurisdictions were out of compliance with state housing element law; within three years, all Bay Area jurisdictions became compliant with this critical state law.

In 2017, MTC and ABAG successfully convened [CASA](#),

¹⁸ Cohn, Nate and Quealy, Kevin. “How Public Opinion Has Moved on Black Lives Matter.” New York Times. June 10, 2020. <https://www.nytimes.com/interactive/2020/06/10/upshot/black-lives-matter-attitudes.html>.

¹⁹ Congestion management agencies, or CMAs, are county-level organizations responsible for preparing and implementing congestion management programs. The county CMAs also are responsible for overseeing and delivering transportation sales tax measures that the voters have approved.

a groundbreaking, blue-ribbon committee comprised of 50 cross-sectoral organizations made up of local government officials, developers, major employers, labor interests, housing and policy experts, social equity advocates, and non-profit affordable housing providers. CASA met for 18 months to devise regional solutions to the Bay Area's housing affordability crisis.

CASA produced the [10-element Compact](#),²⁰ a 15-year emergency policy package to confront the housing crisis in the Bay Area, that described game changing policy solutions for local cities and counties that could fundamentally address how the Bay Area houses its residents. Many of CASA's recommendations have now become [state law](#), such as AB 1487 (Chiu) which created the Bay Area Housing Finance Authority (BAHFA), demonstrating that when MTC and ABAG are fully engaged in housing issues they can make a significant difference for Bay Area residents and Californians throughout the state.²¹ MTC now has the opportunity to continue the work of CASA through the development of a comprehensive housing strategy for the region.

Next Steps

Given the success of the CASA process, policies won at the state, regional, county and local levels, and the opportunities afforded by the creation of BAHFA — a comprehensive housing strategy is the natural next step. MTC and ABAG can strategically expand their agencies' existing housing portfolio, while prioritizing racial equity, affordable housing accessibility, and equal opportunities for all Bay Area residents in all programs under their control.

The Road Ahead: A 21st Century Housing Strategy for the San Francisco Bay Area provides recommendations on how a comprehensive housing strategy can guide efficient and effective regional decision-making by embedding an overarching housing approach for each of MTC and ABAG's existing and future programs.

Specifically, this strategy offers transparency, technical guidance, and clear direction to local jurisdictions, as well as ensures that MTC and ABAG do not miss key opportunities to help the region address its most urgent housing needs in the midst and aftermath of the COVID-19 public health crisis. Missed opportunities in the past have shown just how far-reaching and long-lasting the implications can be, such as

when the Commission approved the [2019 Transportation Improvement Program](#), known as RTIP, without any new housing conditions, after having studied the possibility for 18 months.

As these transportation funding cycles come and go without strong linkages to housing outcomes, our regional housing challenges only become more severe, specifically for our low-income neighbors of color. MTC and ABAG have the regional leverage and influence to ensure that our entire region promotes equitable transportation investments in a way that simultaneously addresses our region's most pressing housing needs.

Opportunities are quickly approaching for MTC and ABAG to make sure that affordable housing is an integral part of all of their policy plans, as guidelines are revised and programs are reevaluated. Building on their previous successes, MTC and ABAG have a unique opportunity to address the Bay Area's interconnected transportation and housing needs by adopting a bold, visionary housing strategy to hold all of the pieces of their housing goals together.

A comprehensive regional housing strategy must contain an explicit plan to advance racial and economic justice, address housing disparities, reverse patterns of segregation and discrimination, and expedite the development of 3Ps policies with bold and concrete outcomes. This strategy should create greater cohesion and clarity around existing housing programs and establish a clear direction and vision for MTC and ABAG's future housing and transit investments. Most importantly, a comprehensive housing strategy will outline and clarify how both MTC and ABAG will use all of the tools at their disposal to promote the 3Ps of affordable housing throughout their work across the region.



²⁰ Please see Appendix A for a detailed explanation of the CASA Compact.

²¹ In October 2019, Governor Gavin Newsom signed 18 bills, inspired by the CASA Compact to boost housing production. NPH-sponsored or supported bills included SB 330 by Senator Nancy Skinner (D-Berkeley), AB 1763 by Assemblymember David Chiu (D-San Francisco), AB 1486 by Assemblymember Philip Ting (D-San Francisco), and AB 68 by Assemblymember Philip Ting (D-San Francisco), among others.



KEY OBJECTIVES OF A HOUSING STRATEGY FOR THE SAN FRANCISCO BAY AREA

Advancing Racial Equity and the 3Ps Framework

To lead our region on a trajectory to address our housing crisis and post-COVID recovery and implement the solutions called for in Plan Bay Area 2050 — MTC and ABAG must work collaboratively to develop, approve, and implement an explicit housing strategy, in close collaboration with racial and housing justice advocates and local jurisdictions. Both agencies have already established a solid foundation of multi-sector collaboration with groundbreaking legislative wins resulting from the 18-month CASA process. The resulting 3Ps framework — geared toward cities and counties— offers a comprehensive, multi-faceted, multi-sector approach to help us address both crisis and recovery: to **produce** new homes, **preserve** existing affordability, and **protect** tenants from displacement and homelessness in ways that fundamentally address the Bay Area’s housing needs.

Moving the 3Ps Framework Forward

As both MTC and ABAG desire to more concretely address exclusionary zoning practices and policies that harm low-income communities of color, the 3Ps Framework provides a concrete path to bring the Bay Area’s diverse residents and governmental agencies together, and thus fulfill their commitment to unify our region in the aftermath of COVID-19.²²

More crucially — by utilizing the 3Ps as the organizing principle for BAHFA, Plan Bay Area 2050, the Regional TOD Policy update, the agencies’ expanded housing portfolio, and all other existing and future internal programs and processes — MTC and ABAG will provide the leadership our region desperately needs now, as we face one of the darkest, historically unprecedented moments of all time.

²² Haggerty, Scott and Arreguin, Jesse. “MTC, ABAG Leaders Issue Statement in Support of Social Justice Activism.” Bay Area Metro. June 9, 2020.

Key Housing Strategy Policy Recommendations

The policy recommendations below are designed to be incorporated — as a trio — into MTC and ABAG’s Housing Strategy for the Bay Area to address the current housing shortage. These benchmarks were established during the CASA process to **protect** tenants from displacement, **preserve** existing affordability, and **produce** new affordable homes in the region.

- 1. Protections:** To maintain our region’s cultural and economic vibrancy, MTC and ABAG must protect the **300,000 low-income households**²³ who are considered extremely rent-burdened (spending over 50% of their income on housing) and most at risk of being displaced or becoming homeless.
- 2. Preservation:** To preserve the existing affordability of much of our existing housing stock, MTC and ABAG must preserve **30,000 affordable homes** (26,000 of which are market-rate affordable units, and 4,000 are at-risk, deed-restricted, affordable)²⁴ over the next 5 years.
- 3. Production:** To house our region and meet our Regional Housing Needs Determination (RHND) of **441,176 housing units by 2031**²⁵ as called for by the State, our region must produce at least **55,000 homes per year beginning in 2023**²⁶ (at least **22,000** of which must be affordable to lower-income, and at least **9,000**²⁷ affordable to moderate-income households — including our teachers, service workers, elderly residents, and other community members who historically struggle to get by.)²⁸

Equipped with the regional tools above — BAHFA, Plan Bay Area 2050, the TOD Policy Update, and the prospect of future regional housing and transportation funding

measures — both agencies can develop concrete policy plans that aim to operationalize the agencies’ commitment to racial equity and achieving its 3Ps goals. These plans should include tying transportation funding to the achievement of specific housing outcomes, developing an integrated and collaborative regional planning process, and developing a targeted, outcome-driven, and meaningful stakeholder engagement process informed by the goals and lessons learned through the CASA process and the development of BAHFA. MTC and ABAG’s housing strategy should detail how all discretionary regional investments will be made and how MTC and ABAG will engage with BAHFA and the broad network of local and regional stakeholders, agencies, and jurisdictions it interfaces with to advance a bold, unified housing vision for the entire Bay Area.

NPH’s regional policy team devised specific housing policy recommendations, utilizing our position as regional convener of the affordable housing community. Each one touches upon key objectives that should be implemented by each of the broad stakeholder groups that interface with MTC and ABAG, discussed in detail below.



²³ The Committee to House the Bay Area. “CASA Compact. A 15-Year Emergency Policy Package to Confront the Housing Crisis in the San Francisco Bay Area.” January 2019. https://mtc.ca.gov/sites/default/files/CASA_Compact.pdf.

²⁴ See above.

²⁵ Kirkeby, Megan. California Department of Housing Community and Development (HCD). “Final Regional Housing Need Determination.” June 2020. [https://www.hcd.ca.gov/community-development/housing-element/docs/ABAGRHNA-Final060920\(r\).pdf](https://www.hcd.ca.gov/community-development/housing-element/docs/ABAGRHNA-Final060920(r).pdf).

²⁶ The California Department of Housing Community and Development’s Regional Housing Needs Determination for the 6th Cycle Housing Elements requires that the San Francisco Bay Area produce 441,176 housing units during the eight year planning cycle, which equates to 55,147 units per year.

²⁷ The San Francisco Bay Area must produce 114,442 units for very-low income households, 65,892 units for low-income households, 72,712 units for moderate-income households, and 188,130 units for above moderate-income households. For the purposes of this paper, the total number of very low-income and low-income units (22,541) needed during the eight year period are grouped together to produce the 20,000 figure and the total number of moderate-income units needed during the eight year period (9,089) are divided by the eight year planning cycle to produce the 9,000 figure. The total number of above moderate-income units needed during the eight year period are not included in these figures as the focus of this paper is on affordable housing.

²⁸ The California Department of Housing Community and Development’s Allocations for the 5th Cycle Housing Elements called for the San Francisco Bay Area to produce 187,900 units during the period of 2014 - 2022, of which 75,620 of those units should be designated for affordable housing.

MTC & ABAG: LEADING THE NATION IN BOLD, VISIONARY HOUSING SOLUTIONS



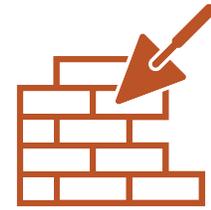
PROTECT 300,000 LOW-INCOME RESIDENTS

(>50% income spent on housing)



PRESERVE 30,000 AFFORDABLE HOMES BEFORE 2025

(86% market-rate, 14% at-risk/deed-restricted)



PRODUCE 35,000 HOMES A YEAR

(40% lower-income, 20% moderate, 40% market rate)

WHO:

Seniors, families with young children, low-wage workers, people of color
Often one car, medical or vet bill away from becoming homeless

Use funding streams like One Bay Area Grant 3 (OBAG) to reward jurisdictions implementing anti-displacement strategies over & above state programs

Supply technical assistance so local jurisdictions can implement just-cause for eviction & rent caps (AB 1482)

Leverage Housing Incentive Pool Program & Bay Area Preservation Pilot Fund & fuel preservation funding sources like TOAH & BAPP

Use funding formulas to prioritize projects in jurisdictions with strong preservation policies

Supply technical assistance so local jurisdictions can implement demolition controls, relocation assistance, & 1-1 replacement requirements (SB 330)

Create minimum standards & incentivize cities/counties to ask impacted residents where preservation is most needed

Tie funding requirements to base-line ordinances (eg. condo conversion, SRO preservation, demolition controls, short-term regulations, tenant & nonprofit right of refusal to purchase units coming off-market)

Sustain existing portfolio (TOAH, BAPP, Jumpstart, HIP, OBAG, etc)

Tie OBAG funding streams to CMA compliance

Enforce that CMAs expect full compliance in return for regional funding

Reward cooperative jurisdictions by accepting their housing allocations, zone & approve housing

Build transit villages in communities experiencing the most growth

PROTECTIONS

MTC and ABAG must use all of the levers at their disposal to expand bold housing policies, programs, and initiatives throughout the region that protect our most vulnerable low-income communities and residents of color by ensuring they can stay in their neighborhoods, avoid unjust evictions, prevent homelessness, prevent or mitigate the impact of displacement, recover from the economic impact of COVID-19, and repair the damage done by the region's legacy of racial exclusion and housing discrimination.

GOAL

Maintain our region's racial, ethnic, cultural and economic vibrancy by protecting the 300,000 lower-income households, especially households of color, who are considered extremely rent-burdened (spending over 50% of their income on housing) and most at risk of being displaced.

This population disproportionately includes elderly residents, working class families with young children, low-wage essential workers, and Black, Indigenous, Latinx, and Asian/Pacific Islander residents who have historically been the victims of housing discrimination, redlining, and racial segregation. By spending over half of their income on housing, these residents often lack any savings and can be one vet bill, one car repair, or one medical bill away from becoming homeless.

MTC and ABAG have already identified tenant protections and anti-displacement as critical to their work going forward.²⁹ The agencies' housing strategy should utilize their broad reach to incentivize all jurisdictions under their purview to prioritize the adoption of strong tenant protections, anti-displacement, and housing stability policies region-wide to address historical patterns of racial segregation and stem the tide of evictions and displacement of sensitive communities, particularly in the aftermath of the pandemic and resulting economic crisis.

²⁹ Please see Appendix A for more details on each of these programs.

★ RECOMMENDATION

Condition transportation funding to incentivize jurisdictions to adopt strong anti-displacement policies that foster inclusive communities free from barriers that restrict access to opportunity.

MTC's One Bay Area Grant 2 ("OBAG 2") program is set to distribute \$862 million in federal transportation funding for regional and county-level projects and programs between 2018-2022. The One Bay Area Grant 3 program should reward jurisdictions based on meeting stronger tenant protection standards as well as policies that permit or preserve the most housing units at the very low-, low-, and moderate-income levels. MTC and ABAG staff should consult with community stakeholders from impacted communities and provide robust technical assistance tools, webinars, educational materials, and ongoing training for jurisdictions and advocates to encourage the adoption of these policies at the local level.

EXAMPLES

What this strategy would look like in practice:

1. Ensure low-income residents, especially residents of color who live in sensitive communities at risk of gentrification, are protected from rent gouging, unjust evictions and displacement by expanding existing rental assistance programs and promoting regional best practices.
 - a. Use Plan Bay Area 2050, the Regional Housing Needs Allocation process, the Transit-Oriented Development Policy update, and BAHFA to partner with leaders and representatives of low-income communities most at risk of displacement and destabilization and equity organizations to implement a regional anti-displacement and community stabilization strategy; and
 - b. Factor COVID-19 public health emergency and recovery, as well as existing and new opportunities to prevent displacement and evictions, protect existing tenants, and tie transportation investments to the development of a robust set of local anti-displacement policies that address our region's legacy of racial exclusion and discrimination.

2. Develop proactive policies to address the legacy of racism, disinvestment, segregation, gentrification, and the displacement of longtime residents and vulnerable residents of color:

a. Cities and Counties

Create culturally-competent technical assistance tools for local jurisdictions and community stakeholders to adopt jurisdiction-specific, anti-displacement ordinances to assist in implementing the just-cause for eviction and rent cap provisions instituted by AB 1482 (Chiu).

b. Congestion Management Agencies

Ensure that the county-level portion of OBAG funding encourages congestion management agencies to prioritize jurisdictions with PDAs that adopt tenant protections and anti-displacement strategies over and above state programs.

c. Transit Operators

Provide technical assistance and guidance to transit operators to proactively develop transit-oriented development policies and plans that mitigate displacement pressures, such as rent increases occurring as a result of new commercial and residential development that occurs on their land and around their station areas.



PRESERVATION

MTC and ABAG must use all the levers at their disposal to expand bold housing policies, programs, and initiatives that preserve the region's existing stock of affordable homes, regardless if those homes were built by the private market, affordable housing developers, or local housing authorities.

GOAL

Proactively address the harmful effects of disinvestment, gentrification and displacement in low-income communities by preserving and expanding the affordability of our region's housing stock. The Bay Area must preserve at least 30,000 affordable homes (26,000 of which are market-rate affordable homes, and 4,000 of which are at-risk, deed-restricted, affordable) over the next 5 years. With the Housing Incentive Pool Program and the Bay Area Preservation Pilot Fund³⁰ established in 2018, MTC and ABAG have begun to marshal their resources and investments to preserve the region's affordable housing units. These programs must be scaled up with new resources to meet the needs of our region.

★ RECOMMENDATION

Build on existing programs that safeguard the affordability of existing homes near high-quality transit by promoting affordable housing preservation policies and proactively identifying priority preservation areas to help local jurisdictions target investments and better leverage scarce resources.

Using its regional transportation funding formulas, MTC can establish clear preferences for projects located in jurisdictions that have adopted strong preservation policies, strengthen and scale the BAPP program, and encourage the creation of technical assistance resources for jurisdictions to safeguard existing affordability. Overall, ABAG and MTC need to consider ways to dramatically scale up their investments in affordable housing preservation, especially in transit-rich neighborhoods, which are most vulnerable for gentrification and exploitation by the speculative private market.

💡 EXAMPLES

What this strategy could look like in practice:

1. Cities and Counties

- Provide technical assistance to local jurisdictions and agencies to ensure local implementation of preservation aspects of recent state housing legislation.
- Design model anti-demolition ordinances to preserve existing affordable housing, relocation assistance programs for displaced tenants, and guidance on 1-1 replacement requirements codified through [SB 330 \(Skinner\), the Housing Crisis Act of 2019](#), which prohibits local governments from downzoning unless they upzone elsewhere, stops them from changing the rules on builders who are in the midst of going through the approval process, and limits the application of subjective design standards that drive up the cost of building.
- Create educational resources for jurisdictions to learn about existing preservation policies and provide model ordinances and best practices for ready adoption by local governments.
- Add incentives and minimum regional standards for cities and counties to directly ask impacted residents where preservation is most needed.
- Create minimum regional standards around base-line preservation ordinances by conditioning transportation funding, including: condo conversion ordinances, single room occupancy (SRO) preservation ordinances, demolition controls, short-term rental regulations, and tenant and non-profit right of refusal to purchase rental units being removed from the rental market.
- Ensure appropriate levels of funding for current preservation funding sources such as the [Transit Oriented Affordable Housing Fund \(TOAH\)](#) and [Bay Area Preservation Pilot \(BAPP\) Program](#), and provide additional points for projects in station areas that have affordable housing preservation policies in their plans.³¹

³⁰ Please see Appendix A for more details on each of these programs.

³¹ Please see Appendix A for more details on each of these programs.

2. Congestion Management Agencies (CMAs)

Ensure that CMAs provide funding for projects in Priority Development Areas (PDAs) to jurisdictions that have adopted condo conversion ordinances regulating the conversion of apartments to condominiums, low-cost loan programs for affordable housing rehabilitation and/or preservation.

3. Transit Operators

Provide transit operators with guidance and technical assistance to incentivize jurisdictions to consider the impacts of new transportation investments on the prices of the existing housing stock and rents and to develop preservation strategies in compliance with MTC and ABAG's housing strategy.



PRODUCTION

MTC and ABAG must use all of the levers at their disposal to expand bold housing policies, programs, and initiatives that expedite the construction of permanently affordable homes throughout the region, especially in exclusionary, high-opportunity areas that have not built their fair share or met their RHNA goals.

GOAL

To help address the Bay Area's severe housing shortage that disproportionately impacts teachers, service workers, elderly residents, and other low-income residents of color, create more housing opportunities in high-resource communities, producing at least 55,000 homes each year (22,000 of which must be affordable to lower-income and 9,000 to moderate-income households).

MTC and ABAG already have an impressive portfolio of housing programs, including TOAH, BAPP, Jumpstart, HIP, the PDA Planning Program, and OBAG,³² which are already encouraging affordable housing production throughout the region. In addition to overseeing the Regional Housing Needs Allocation Process, MTC and ABAG provide critical technical assistance for cities and counties and needed data and research on housing permits and housing policies throughout the region. MTC and ABAG's housing-related data and technical assistance programs have resulted in the critically-needed collection of annual regional housing data since 2014 and an unprecedented regional housing database tracking over 26 housing policies across all 9 counties and 101 cities.

★ RECOMMENDATION

Reduce traffic congestion and overcrowding on public transit by developing policies to increase the affordability and livability of our communities for our most marginalized residents and low wage workers.

To ensure all actors do their part to address the regional housing crisis, MTC and ABAG should condition all appropriate transportation funding streams to incentivize cities and counties, congestion management agencies, and transit agencies to comply with new housing laws,

and adopt proactive and actionable implementation plans for building more homes in high-opportunity areas, especially homes affordable to lower-income households on publicly-owned land and transit-rich communities.

💡 EXAMPLES

What this strategy could look like in practice:

- 1. One Bay Area Grant Program (Cycle 3):** The assessment of this program presents a critical opportunity for MTC to require that funding to Congestion Management Agencies be contingent upon housing law compliance and affordable housing production outcomes. Actual housing production should be weighted more heavily in the county-level scoring to significantly shift dollars toward counties achieving better housing results.

In coordination with the regional growth framework update, Plan Bay Area 2050, and the RHNA process, MTC should ensure that OBAG 3 formulas set the stage for the full range of programs and incentives at MTC's disposal to further incentivize affordable housing production. Put frankly, OBAG 3 funding incentives must drive affordable housing production in the region. Currently, the amount of housing that a county has actually produced accounts for approximately 30% of the distribution formula for the OBAG 2 county-level program funding. OBAG 3 guidelines should be refined to ensure that the amount of housing that a county actually produces accounts for at least 50% of the distribution formula.

While OBAG 2 criteria are an improvement over OBAG 1 criteria, which weighted housing production at only 25% of the scoring, there are opportunities for further refinements. Alarmingly, counties that produce zero housing can still receive a significant proportion of the total county-level funding if their population is large and they have significant unmet RHNA goals. MTC should prioritize the vast majority of transportation funding directly to cities and counties who actually meet housing outcomes. MTC can also weigh actual housing production more heavily in the county-level scoring to significantly shift dollars toward counties achieving better housing results.

³² Please see Appendix A for more details on each of these programs.

2. 2022 Regional Transportation Improvement Program (RTIP):

While MTC chose not to condition transportation funds on housing outcomes in the 2020 RTIP cycle,³³ discussions in 2021 on the 2022 RTIP cycle should be fully informed by new housing policies that provide stricter housing element compliance. MTC and ABAG's housing strategy require compliance with all applicable housing laws where jurisdictions receive regional funding.

3. Priority Development Areas (PDAs):

MTC has invested more than \$800 million in PDAs.³⁴ MTC and ABAG's housing strategy should emphasize that both agencies expect to see both 1) full compliance with all applicable housing laws where jurisdictions are recipients of PDA grant funding, and also 2) significant outcomes from jurisdictions throughout the region in producing their fair share of housing at all income levels.

Eligibility requirements should be modified so that projects must be located in PDAs or jurisdictions that are actually producing housing — rather than those that have adopted minimum policy standards that are largely already state-mandated. Priority should be given to cities that have produced at least 50% of their low- and very low-income RHNA allocations in Cycle 5, or have made efforts to identify surplus and underutilized land for affordable housing development.

4. Using "Carrot and Stick" Incentives:

Additional ways to ensure our region has adequate homes that are affordable to lower-income households include:

a. Rewarding Cities and Counties that Do Their Fair Share

- Reward jurisdictions that affirmatively further fair housing by accepting afford-

able housing allocations through the RHNA process and actually zone and approve very low- and low-income housing, and build affordable homes. In addition to production performance metrics, other local requirements that could be considered as prerequisites for funding eligibility may include adopted ordinances related to density bonus, accessory dwelling units, and minimum densities;

- Prioritize regional funding to cities and counties with adopted inclusionary policies at all PDAs³⁵ of at least 15% affordable units at low and very-low income and where PDAs have the appropriate densities and a balanced number of affordable housing units in close proximity to the region's job centers; and
- For competitive grant funding, additional points should be assigned to cities that are directly working to address the jobs-housing fit,³⁶ prioritizing those who have decreased their jobs-housing fit ratio relative to a regional standard.

b. Encouraging Congestion Management Agencies (CMAs) to become active participants in furthering housing outcomes by:

- Rewarding jurisdictions that adopt additional policies to spur affordable housing production with additional transportation funding.³⁷
- Prioritizing funding for jurisdictions that have PDAs with baseline inclusionary policies and have permitted the most housing units at the very low-, low-, and moderate-income level relative to other jurisdictions in their county.

³³ MTC, in cooperation with Caltrans and the Bay Area's county transportation agencies (CTAs) is currently developing the 2020 RTIP, which will provide \$70 million in new programming capacity for fiscal years 2020-21 through 2023-24 and significant investments in the region's transportation infrastructure.

³⁴ Commonly known as PDAs, these are areas within existing communities that local city or county governments have self-identified and approved for future growth. These areas typically are accessible by one or more transit services, established job centers, shopping districts and other services. Together, PDAs, Priority Conservation Areas (PCAs) and the new Priority Production Areas (PPAs) comprise Plan Bay Area 2050's Regional Growth Framework, the Bay Area's strategy for coordinating housing and job growth. This framework will shape the investments and growth pattern to be detailed in Plan Bay Area 2050.

³⁵ The Bay Area's sustainable growth framework is built around Priority Development Areas (PDAs) and Priority Conservation Areas (PCAs). PDAs are existing neighborhoods near transit nominated by local jurisdictions as appropriate places to concentrate future growth.

³⁶ Jobs-housing fit refers to the ratio of low-wage jobs (less than \$3,333/month) within a jurisdiction to the number of low-cost rental units (less than \$1,500/month) in the jurisdiction, while jobs-housing balance refers to the ratio of jobs within a jurisdiction to housing units in the jurisdiction.

³⁷ These could include policies like: fast track permitting of affordable housing developments, waiving or deferral of fees for affordable housing, flexible design standards, additional density bonuses, construction of second units by right (in single-family neighborhoods), subsidies from the city's housing fund and trust fund, mitigation fees (e.g., development impact fee to fund workforce or affordable housing), first-time homebuyer programs, and the implementation of a code enforcement relocation program.

- Meeting diverse and mixed-income housing needs, as an essential part of improving mobility and connectivity while addressing our region's climate crisis.
- Building transit villages that are complete, sustainable, connected communities located near mass transit with transit-oriented and walkable job centers and amenities.
- Prioritizing transportation investments that accommodate accessibility in communities experiencing both high growth and decades of historical disinvestment.
- Accommodating diverse housing growth at all income levels by assisting local jurisdictions in meeting the needs of a growing and diverse population.
- Meeting housing allocation and production needs in tandem with economic development and a host of amenities that bring vitality to a community.

c. Partnering with Transit Operators to Develop Smart Growth Policies

Encourage transit operators to develop policies and working groups to incentivize jurisdictions to develop transit-oriented development supportive land use and zoning policies that prioritize the development of affordable housing on public land, with a focus on density and inclusionary zoning requirements and centering community voices. The Bay Area has the potential to open up nearly 700 acres of surplus land in the region to the construction of up to 35,000 new affordable units.



Tracking the Housing Strategy with a Racial Equity and Inclusion Lens

As MTC and ABAG explore potential new governance models, the recommendations in this paper can help inform their shared commitment to jointly tackle structural anti-Black racism and the regional housing challenges disproportionately impacting low-income communities of color. Both agencies must seize upon this historically unprecedented moment to establish a region-wide housing strategy that guides the region to grow in a racially just, fair, equitable and sustainable manner.

To fully vet the housing strategy, MTC and ABAG should build off the success of CASA and the momentum of BAHFA, while working closely with diverse stakeholder groups, grassroots community-based organizations, socially responsible businesses, and local jurisdictions to create technical advisory committees, new grant programs, and technical assistance tools. It will be critical that both agencies' establish robust benchmarks and metrics and clear timelines that encourage public engagement, accountability, transparency and monitor progress, identify gaps, and assess the current localized neighborhood needs of communities of color and low-income communities, as identified by the most impacted residents of those communities.

As MTC and ABAG continue to build capacity to appropriately staff the significant work ahead, it is critical that the housing and planning departments are adequately resourced and equipped with the tools that they need to develop targeted solutions to redress harm and ensure more racially equitable outcomes. Additionally, ABAG's new Housing Committee should be prioritized as a critical forum for discussing and evaluating the success of MTC and ABAG's housing strategy and expanded housing portfolio, discussing various regional housing issues, identifying data, research, and technical assistance needs, and assisting cities and counties in planning for their housing elements.

This work is especially critical as both agencies commit to reexamining data and assumptions in order to proactively advance housing justice policies and racial equity programs, as well as identify gaps and shortcomings in past programs to address patterns of racial segregation and structural anti-Black racism. To accompany this strategy, we recommend that MTC and ABAG unveil a detailed timeline and benchmarks, as well as a transparent process for developing and adopting a comprehensive, visionary housing strategy that is publicly vetted through MTC and ABAG's various decision-making bodies and regional stakeholders and inspires confidence and community buy-in from the vast constellation of entities under MTC and ABAG's influence.



NPH and our partners look forward to working with MTC and ABAG to ensure that housing and homelessness issues throughout our region receive the appropriate attention and resources that are necessary to be successful in these endeavors.

CONCLUSION

As we gain a deeper understanding of the ramifications of COVID-19 and reckon with a renewed racial consciousness, MTC and ABAG must examine their role in spurring affordable housing production and supporting the creation of racially equitable and prosperous communities. In the midst of the unprecedented impacts of the COVID-19 pandemic on our most vulnerable communities, the Bay Area stands at a crucial turning point. Whether we successfully enact these urgently-needed transformative policies and investments is dependent on both agencies fully embracing a comprehensive housing strategy that aggressively encourages affordable housing production and community stability for low-income residents of color — while also increasing their access to high-resource and high-opportunity neighborhoods. To be successful, these policies and investments must account for the region's intertwined legacies of racism and economic inequality.

Two dozen public transit agencies operating in the region, as well as the 101 jurisdictions and nine counties, will benefit from this clear vision for implementing the 3Ps framework throughout the region. MTC and ABAG have an exciting opportunity to embark on a courageous policy-making process that will guide private and public transportation investments for the next generation — by setting clear standards that support economic recovery, encourage smart growth, rectify past injustices and current disparities, and prioritize equitable community-oriented housing development near high-quality transit.

NPH, on behalf of our 750 members, and in collaboration with our partners at All Home, Public Advocates, Enterprise Community Partners, Greenbelt Alliance, Urban Habitat, SPUR and others, look forward to partnering with both agencies to fulfill their missions. Together we build a stronger, more equitable, more sustainable economy that works for everyone — including low-income communities of color.



Together, MTC and ABAG are poised to rise above our regional challenges, while bridging historical divisions, strengthening cross-sectoral cooperation and facilitating greater collaboration across local governments. As two of the premiere regional transportation and land use agencies in the nation, MTC and ABAG's bold leadership — to develop a comprehensive, transformational 21st century housing strategy that meets the dire challenges of this difficult moment in our region's history — could present a shining example to other agencies who look to model their work on MTC and ABAG's lead, with unimaginable, beneficial ripple effects throughout the nation and possibly, the world.

Together, let's seize this epic moment of crisis and historically unprecedented opportunity to build truly healthier, stronger, more equitably connected communities.

The Bay Area anxiously awaits your bold and unflinching leadership!

APPENDIX A : EXISTING REGIONAL BAY AREA HOUSING PROGRAMS

Transit Oriented Affordable Housing Program

The Transit-Oriented Affordable Housing (TOAH) program, a \$50 million-dollar revolving loan fund launched in 2011, has resulted in nearly 900 **affordable** units created or **preserved to-date**. With a \$10 million seed investment, MTC has made a critical investment in the affordable housing stock in the region.³⁸ MTC should double down on this important investment and commit to devoting additional resources to this program.

Jumpstart

The Jumpstart Program is a reward program for county-approved **housing bond programs**. To maximize affordability, Jumpstart funds are leveraged 9:1, spent in communities undergoing or at risk of displacement, and deployed in the targeted geography of **Transit Priority Areas (TPA)** and **Priority Development Areas (PDA)**. In San Francisco, \$5 million was awarded to a Mission District project. In Santa Clara, \$3 million was awarded to the Quetzal Gardens project. In Alameda, \$2 million was awarded to an evolving loan fund. MTC should double down on this important investment and commit to devoting additional resources to this program.

Housing Incentive Program

The Housing Incentive Program (HIP) **incentivizes housing production** through \$76 million in **transportation funding**, \$71 million which is distributed on a per-unit basis to 15 jurisdictions that issue certificates of occupancy for the greatest number of eligible housing units — newly-built and preserved as affordable to low, very low and moderate-income households from 2018–2022. Additionally, \$5 million is dedicated for infrastructure improvements around affordable housing developments available through competitive grants in concert with County Management Agencies (CMA). MTC should double down on this important investment and commit to devoting additional resources to this program.

One Bay Area Grant Program

The One Bay Area Grant Program (OBAG) strengthens ties between local transportation investments and regional goals for housing and **greenhouse gas emissions (GHG) reduction**. While local housing achievements result in a larger pot of county funding, CMAs must consider housing in addition to several other factors. As MTC and ABAG's marquee housing program, OBAG has a three-pronged approach:

- Focus investments in PDAs,
- Reward housing efforts, and
- Provide flexibility for local priorities.

One Bay Area Grant Program Cycle 2

The second cycle of MTC's One Bay Area Grant Program, known as (OBAG 2) adopted in November 2015, included new **Anti-Displacement Scoring Criteria**, for projects in PDAs/TPAs, that must give added weight to jurisdictions with anti-displacement policies. The second round of OBAG funding is projected to total roughly \$916 million to fund projects from 2017-18 through 2021-22.

Bay Area Preservation Pilot Program

In 2018, MTC approved the creation of the Bay Area Preservation Pilot (BAPP), a \$49 million revolving loan fund managed by Enterprise Community Loan Fund and the Low-Income Investment Fund (LIIF). MTC provided a \$10 million capital investment and estimates indicate that 200-400 units have already been **preserved**. Through BAPP, funds are leveraged 5:1 and deployed in the targeted geography of Transit Priority Areas (TPA) and Priority Development Areas (PDA). The initiative's aim is to demonstrate that public sector investments can help stabilize communities and mitigate displacement pressure for the region's most vulnerable residents.

PDA Planning Program

MTC's PDA Planning Program provides grants to cities and counties to help them develop local land-use plans and policies for areas surrounding future rail stations and ferry terminals. Established in 2005, the program originally was known as the **Station Area Planning Grant Program** following the Commission's adoption of a Regional Transit Expansion Policy as part of the Regional Transit Expansion Program (Resolution 3434).



CASA Compact

The CASA Compact was a **15-year emergency policy package**, finalized in 2018 to confront the housing crisis in the San Francisco Bay Area. CASA, also known as the Committee to House the Bay Area, was a blue-ribbon task force of elected and civic leaders convened by the Association of Bay Area Governments (ABAG) and the Metropolitan Transportation Commission (MTC). The CASA Compact included a series of policy reforms that would allow the Bay Area to build more housing at all income levels while protecting tenants and low-income communities from unjust evictions and displacement. Many of the ideas from the CASA Compact became state laws in 2019.

³⁸ TOAH 2 was restructured in December 2017 to be more responsive to the market. The current fund consists of approximately \$40 million.

APPENDIX B: ADDITIONAL POLICY RECOMMENDATIONS FOR MTC & ABAG

Listed below are additional policy recommendations for MTC and ABAG to achieve a visionary and comprehensive housing strategy that could be immediately operationalized by each of the broad stakeholder groups served by both agencies:

- Give priority to cities and counties that have local plans to prioritize **public lands for affordable housing** (i.e. SF's Measure K);
- For competitive grant funding, additional points should be assigned to cities that are directly working to address the **jobs-housing imbalance**, prioritizing those who have decreased their **jobs-housing ratio** relative to a regional standard;
- Dedicate more funding to the **Housing Incentive Pool (HIP) Program** to further incentivize the production of affordable housing;
- Ensure that county-level portions of OBAG funding encourage congestion management agencies to incentivize projects and jurisdictions to use **publicly owned sites for affordable housing production**;
- Assign additional points for proposals that specifically enhance CMA staffing needs and technical capacity to promote and implement housing development on public lands;
- Assist CMAs in developing Facilities Master Plan studies to inventory current properties, project future needs, and consider the potential to offer unneeded sites for housing;
- Prioritize jurisdictions that have local funding available for the preservation of **existing deed-restricted affordable homes**;
- Incentivize jurisdictions to share data or create **local preservation databases** on non-deed-restricted affordable units that are at risk of being converted to market rate;
- Create incentives for cities and counties to pass **Affordable Housing Preservation Ordinances** and **Ground Lease First** policies through conditional transportation funding;
- Encourage all jurisdictions through **conditioning of transportation funding** incentives to adopt condo conversion ordinances, SRO preservation ordinances, demolition controls, and short-term rental regulations, tenant and non-profit right of refusal to purchase rental units being removed from the rental market;
- Convene a regional TOD **affordable housing community preservation task force** and proactively partner with jurisdictions and community stakeholders to advance local preservation policies, in addition to state tools, and explore external private sector funding sources; and
- Ensure appropriate levels of funding for current preservation funding sources such as the **Transit Oriented Affordable Housing Fund (TOAH)** and **Bay Area Preservation Pilot (BAPP)** program, and provide bonus eligibility for projects in station areas that have affordable housing preservation policies in their plans.



ENDNOTES

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