May 26, 2017

To: MTC/ABAG Plan Bay Area 2040
From: Bernard Choden

RESPONSE TO DRAFT PLAN BAY AREA 2040

The mission of the draft Plan Bay Area 2040 is a worthy one. It indicates increasing awareness of the need for urgent action in the twin crises faced by governments, businesses and residents in our region. These two problems are (1) climate change and (2) price inaccessibility for living and working space.

To date, neither public nor private means have been able to solve these crises. We need to mandate a strong regional authority that can prescribe and assist mitigation. It has to be representative and democratically elected.

Attached is my Plan critique of the current document as well as past comments that remain relevant today on the 2015 and 2013 MTC/ABAG Plan Bay Area. There was no response to these past comments but I am hopeful that there is now an opportunity for a responsive dialogue and progress on legislative actions to evolve to a regional government.

Thank you for your attention.

Bernard Choden

TO: MTC/ABAG Draft Plan Bay Area 2040.
RE: Appended current comments.

Financial resources from Federal and State governments cannot be relied upon to address regional needs. Such needs are within the scope of MTC/ABAG responsibilities regarding business, government and residential affordability and sustainability within the holding capacity of our increasingly endangered environment. The comments, below update those appended from my previous reviews.

AFFORDABILITY: According to the SF. Housing Element about 80% of households are unable to afford housing (approximately 280,000 households). San Francisco has among the highest costs of housing and construction in the nation.

According to the U.S. Census, about 8% of all households in S.F. change homes annually presumably for reasons of excess housing costs, disabilities, aging or changes in family size, access to employment and services and other needs. The extent of these needs have been unacknowledged by the Bay Plan and the S.F. Housing Element. Unaffordable housing cost is responsible for the homeless who live on the streets or in cars to have access to jobs and services. This is a problem unsolvable by market based solutions, which seem to be an erroneous underlying assumption of the Bay Plan..

DISAPPEARING FEDERAL RESOURCES: Former affordable housing resources such as "affordable housing tax credits" and Section 8 have uncertain futures. The Bay Plan needs to identify adequate alternatives.

EXPANDED METHODS OF ANALYSIS: Tangible goods (relevant to the entire public) and intangible goods (largely exchanges between non-governmental or private entities) need different means of analysis and applications as sources of finance resources and benefits. They also generate different critical and crucial priorities of mitigations that need to be included now in the Bay Area Plan.

To repeat previous comments, a form of "input-output" goods interactions studies should be permanently established. (See works by Walter Isard and Wassily Leontief). Obviously this is necessary to objectively estimate both needs and benefits resulting from public policy. This would also provide insight on the inflationary effects of unchecked enterprise speculation and remedies for such inflation.

An appropriate form of prioritization for public policies is appended (Markov Chain) and can facilitate decisions on which policies are most critical.

REGIONAL GOVERNANCE: To enable a broader and more democratic mandate, the regions' counties should form a regional government using "Joint Powers Agreements." Counties, being Administrative Districts of the State, have broader powers than cities to provide resolution of regional critical needs that cities are unable or unwilling to provide. This process will resolve the latent illegalities under SB 375 of the operational agency of MTC/ABAG dictating to San Francisco, a unique Administrative District of the State for planning oversight and environmental impacts of development and preempting local public challenges to environmental impacts.

IMPLEMENTATION: Assistance to local institutions can be provided by the joint County jurisdictions through the use of Local Agency Formation Commissions. Such a Commission could provide for a regional Urban Development Authority as a public/private partner in the execution of regional programs such as subsidies and insurance for affordable housing or toxic soil remediation.

MEDIATION: An aid to public responses to government actions, such as cumulative environmental activities, the new regional agencies could create the position of a public "Tribune" or " Ombudsman "to monitor and direct government responses. It would enable cost effective and more timely justice, which is presently often lacking.

Implementing SB375 San Francisco Bay Area Plan:

Summary Critique: The mission of the Bay Area Plan is worthy: countering climate change and reduction of gas emissions. But the analysis behind the plan and the tools proposed are incomplete and defective.

The Bay Area Plan is simplistic, lacks meaningful analysis of the region, ignores basic tenets of good planning and does not provide for public participation. The Plan does not provide a meaningful understanding of opportunities and constraints and underplays negative factors, particularly seismic risks and their mitigation.

The Plan fails to identify the resources necessary to implement it, does not identify an institutional and economic framework for carrying it out and fails to include the means to mitigate the severe negative effects of its implementation.

In our region, human and natural ecologies are mutually dependent. Sustaining those interdependencies counters the effects and progress of climate change. A process based on this premise would reduce greenhouse gas emissions-a primary mission of SB375, the legal basis of the proposed Bay Area Plan. Following is how to do it right

1. **Regional Input-Output Analysis:** Regional Analysis centered upon regional Input-Output matrixes needs to be core of any objective and sustainable regional planning. Methods of Regional Analysis: An Introduction to Regional Science, by Walter Isard, provides the internationally accepted methods for regional analysis and programs for the Bay Area. That would be a program that is necessary to sustain providential goals of human equity and protection of the natural environment. Flow charts for program processes from that book are attached.
2. **Genuine Public Participation**: The regional plan must have proficient, objective expertise, public under standing and involvement in the process of planning for effective programs. There must be a public right of appeal based upon real significant, cumulative environmental impacts.
3. **Identification of methods to implement plan and mitigate it impacts:** Means of effectuation and resources must be identified that mitigate its effects and promotion. Simply restricting state/federal allocations of certain revenues has limited effectiveness.
4. **Earthquakes and Life Safety**: A regional plan must account for and mitigate issues of life and safety. The likely event of a major earthquake in the Bay Area within six to thirty years must be a constraint to the placement of functions and populations.
5. **Implementation and Equity:** Some the legal means to enable effectuation exist upon which both "due process" and mitigation equity can be based and modified. Legal State implementation examples are The New Communities Act and the Williamson Act that also can be modified. Some of the legal mitigations that are required follow:

a. Land Cost: The effects of urban land inelasticity, "monopolistic pricing," must be remedied in order to provide effective "in-fill" land development. Land costs must be controlled.
b. Mutually Sustainable Investment: Investments in mutually sustainable economic factors, like production and services, need to be where they can be mutually accessed by "sustainable" infrastructures and affordable communities inclusive of housing and services.
c. Tools: A public-private partnership must be created that can create affordable investments where they need to be. For example, Urban Development Corporations in many countries provide the means of underwriting and enabling these goals. New towns exist as facts on the ground that work.
d. Tools: Revenue creation, expenditures and accountabilities are needed regionally to ensure equity and mitigation.
e. Effective Regional Governance: Effective regional representative government must exist as the basis for planning, programs and effectuation of regional plans.
f. Legal Conflicts: There are illegalities that must be mitigated or challenged:
    - The present process imposes on San Francisco County, an administrative district of the state, directives and funding for development by administrative, unrepresentative none governments that is probably illegal.
    - Large portions of the population and its institutions will be deprived of their equities and intangible rights and needs without mitigations or the means or rights of appeal. Taking equity without payment is illegal.

Conclusion: So far the Bay Area Plan is an enterprise in which none of us can be stakeholders. The existing process of analysis and proposed implementation is inept and probably politically perverse. Projections of employment investments appear to be strongly repetitive of an earlier study by the SF Chamber of Commerce and SF Mayor Newsom's office. That trend analysis study, unsurprisingly, and wrongly, indicated that major future job creation would be with education, finance and real estate. It did so without any analytical relationships to the necessary regional economy and governments that sustains these long-termed functions. The Bay Area Plan for now is deceptive in that it keeps the public in ignorance whereby it uses a façade of noble purposes to achieve greedy, destructive ends.

To base mitigations for climate change and gas emissions on transportation policies is simplistic. It is also destructive to ecological, social and economic needs. It's unfair. It's time to redirect the effort and avoid inequity, human displacement, higher gas emissions and misplaced authority. To prevent such misguided proposals, the public will need lasting leadership, expertise, organization and funding.

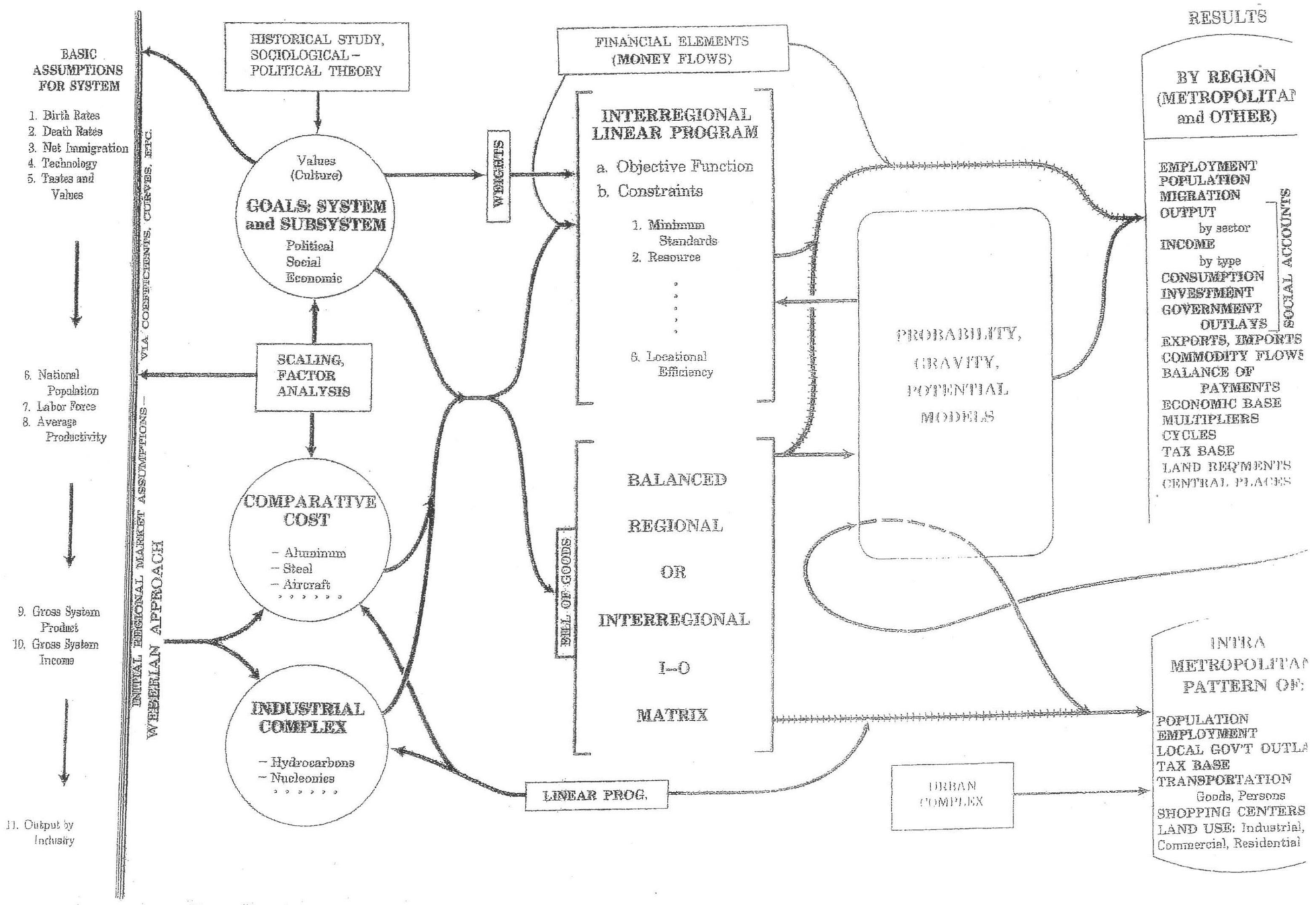

Figure 10. Variants of Channel V.

TABLE 1. AN INTERREGIONAL FLOW MATRIX FOR

Sector Producing \ Sector Purchasing		East					South			West		
		1. Local Agriculture	. . .	20. Drugs	. . .	44. Restaurants	1. Local Agriculture	. . .	44. Restaurants	1. Local Agriculture	. . .	44. Restaurants
East	1. Local Agriculture											
	⋮											
	20. Drugs											
	⋮											
	44. Restaurants											
South	1. Local Agriculture											
	⋮											
	44. Restaurants											
West	1. Local Agriculture											
	⋮											
	44. Restaurants											
East	Government											
	Capital Formation											
	Inventory Change											
	Foreign Trade											
	Households											
	Nonlocal Agriculture											
	Aluminum											
	Steel											
	⋮											
	Synthetic Fiber											
	⋮											
	Nuclear Power											
South	Government											
	⋮											
	Households											
	Nonlocal Agriculture											
	⋮											
	Nuclear Power											
West	Government											
	⋮											
	Nuclear Power											
	Total Gross Outlays											

COMPARATIVE COST–INDUSTRIAL COMPLEX–INPUT-OUTPUT ANALYSIS

		Final-Demand Sectors																					
		East												South						West			
		Government	Capital Formation	Inventory Change	Foreign Trade	Households	Nonlocal Agriculture	Aluminum	Steel	. . .	Hydrocarbons	. . .	Nucleonics	Government	. . .	Households	Nonlocal Agriculture	. . .	Nucleonics	Government	. . .	Nucleonics	Final Demand Totals
East	1. Local Agriculture																						
	⋮																						
	20. Drugs																						
	⋮																						
	44. Restaurants																						
South	1. Local Agriculture																						
	⋮																						
	44. Restaurants																						
West	1. Local Agriculture																						
	⋮																						
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East	Government																						
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South	Government																						
	⋮																						
	Households																						
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	⋮																						
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West	Government																						
	⋮																						
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To: MTC Planning Committee/ABAG Administrative Committee for the Draft Plan
Plan Bay Area

Fr: Bernard Choden,

June 10, 2013

Re: Response to "Potential Revisions in Response to Comments"

The mission of the Bay Area Plan is worthy. But analysis behind the plan and tools proposed are incomplete and defective.

The attached critique provides a proposal for the achievement of our mutual goals.

Underlying my critique is the necessity to maintain the significance of CEQA criteria for cumulative environmental impacts as a basis for achievement of SB 375 objectives including that of creating an enduring, alterable Bay Plan. It is, in my opinion, that implementation of the Bay Plan be appealable by local entities when local environmental impacts reach a level of being significant. Those impacts concern, by mandate, life/safety, and the inevitable changes in the environment and the needs of our communities as they evolve.

I am available to share my considerable experience on these issues with you.

Thank your for your attention,

Sincerely,

Bernard Choden

B. Choden

Concerns on the Bay Area Plan – Boon or Straight Jacket?

SB375, Steinberg's so called "anti sprawl" law, was signed by California Governor Schwartzenegger in 2008. It contains sweeping changes in regional planning requirements linked back to reductions in gas emissions through the California Air Resources Board and mandated "sustainable" regional growth plans for each of California's 17 regional areas. Thus five years later, the Association of Bay Area Governments (ABAG), the regional planning agency for the Bay Area has created the "Bay Area Plan". Regional Housing Needs Assessments based on jobs are part of this process, as well as specified breaks from the California Environmental Quality Act. The principal break is to exempt new housing within ½ mile of approved major transit lines from local review and appeals. Funding decisions and pass- through by state and other regional agencies are to be consistent with Bay Area Plan.

Despite San Francisco's Planning Director assurance that all is well, this Bay Area Plan, as presently structured, risks the unintended deterioration of San Francisco's quality of life as the most dense and transit-rich city in the region and the lessened involvement of its citizens in land use planning. It can limit future options and flexibility in meeting changing conditions in the Bay region.

1. NO TIME LIMIT ON THE MANDATE - Inevitable change, be it sea rise, earthquake, epidemics and technological shifts require collaborative flexible mitigations from all affected jurisdictions. The Bay Plan is a top down bureaucratic process, not a living plan.
2. LOSS OF APPEAL RIGHTS – Only litigations and state legislative actions will be available
3. DEFECTS IN LOCAL PLANNING ASSUMPTIONS - The San Francisco component of the Bay Plan is based on an unenforceable Housing Element that does not adequately provide the institutional means and resources to sustain a diversity of housing needs. Nor does the Plan refer to regional (and local) resources needed for job maintenance and formation and the economic vitality
4. NEGLECT OF SEISMIC SAFETY – The Bay Plan ignores seismic disasters impacts and recovery for San Francisco and the region. The projected holding capacity of the city now, or of a future city of 2 million does not assure life safety and functionality. To grossly expand housing and transportation represents complicity in mass future death tolls.
5. LACKS ECONOMIC INVESTMENT PLAN – Sound economic planning requires cognizance of the mutual interdependency among sustainable economic services and producers. Because the Bay Plan relies almost solely on insufficient local government projections of the economic future it will fail. Market forces will in likelihood place large economic investment outside of

San Francisco while, illogically, the Bay Plan will encourage housing development inside of the city.

6. JOBS/HOUSING LINKAGE FALLIBLE – As a result of economic dispersal, we will have the incongruous situation of city residents commuting to jobs outside of the city as now exampled with Silicon Valley commutes. Gas emissions will increase given the functional likelihood that public transportation cannot be supported for such dispersed services.

   The city's controls in the Housing Element for housing development are largely unenforceable with regard protection of housing costs and needs for the 80 to 90 percent of the city's residents who will not be able to afford market-rate housing costs. Therefore we must anticipate continuance under the Bay Plan for current practice regarding housing development. That housing will be for new higher income residents commuting to higher paying jobs outside of the city while current middle income residents continue to be displaced elsewhere due to housing un-affordability and the continuing loss of unsustainable investments in local jobs.

   The damage to the economic and social vitality of the city will be irreparable.

7. INADEQUATE ENVIRONMENTAL PRESERVATION – Private lands requires more environmental protection especially in the outer "greenbelt" counties. One means that should be explored is strengthening the Williamson Act. That act, if enhanced, would permanently protect "greenbelt" open space uses by exchanging development rights for abatement of property taxes and other local fees.
8. LACKS LEGALITY – The County of San Francisco is an "Administrative District of the State." Despite current State mandate, that an unelected regional use allocation agency can superimpose its plan implementation on the County of San Francisco is most likely illegal.

ACTIONS REQUIRED:

The immediacy of an unworkable Bay Area Plan requires both city and state review and remediation at the legislative level. Failing that, "injunctive relief" should be sought.

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Thank your for your attention,

Sincerely,

Bernard Choden

B. Choden

AN AFFORDABLE CITY

San Francisco has become a piggy bank for cheap, speculative money. The city has reached beyond its holding capacity to sustain its habitability and economy. As a result, San Francisco has monumental inflationary costs for land, housing and a sustainable economy. This inflation has created the highest cost of housing and doing business in the nation. Further, our natural environment has been over exploited beyond our ability to sustain it.

The leadership of this city has failed to meaningfully mitigate the destructive effects of inflation.

In this contentious election year, there is national angst on inequalities of income and overconcentration of wealth. In San Francisco, in 2016, our civic angst echoes these concerns especially in terms of affordability of housing. Some viable and seemingly effective palliatives being proposed: requiring a higher percentage of inclusionary housing (over 25% vs. 12%) and giving density (and height) bonuses for building additional affordable units.

There are assertions these palliatives will benefit developers by lowering land costs supposedly discounted because of the newly stringent requirements and/or will benefit mostly affluent tenants and buyers, along with some people of lesser income, by increasing supply of primarily midrise to high-rise housing units. Concerns on the seismic and infrastructure capacity of the city haven't been addressed.

The fatal flaw in the proposed in the palliatives derives from the economics of San Francisco real estate market and the inexorable upward push of inflation.

Two sources for this inflationary process have been ignored.

1. A major source of cheap, speculative financing is overseas money derived from financial "derivatives" based on US government loans to overseas investors and overseas sovereign wealth government investors. The Federal government should define whether this money is legal and, also, what to do about it.

2. Our urban land is a limited resource. Space and seismic underpinning limit its' potential for development. Such urban land constitutes "monopolies in space." Land cost under such conditions becomes inflated in costs relative to the value of what is built upon it regardless of the technology used to mitigate seismic problems and preservation and development costs.

   Under normal economic conditions, development ceases or functions change when such land becomes too costly. However, in San Francisco cheap speculative money can continue to exploit land investment as it has in Manhattan, London and Singapore. Stimulating San Francisco's speculative

market rate housing investments is the political promise of cheap paper rights to build in some politically promised future. Further, If market rate buildings are built with cheap money, they cab remain profitably largely empty.

There are some solutions based on the premise that under inflationary conditions, land must be considered as public goods essential to sustain the city's communities and environments. Development of land for public needs, therefore, requires mitigations as follows:

a. Through honest planning limit the amount, intensity of use and placement of its uses.
b. Apply a speculative value tax on land costs that exceeds the normal proportion of land to development costs.
c. Public ownership of land either as payment for public assistance by acquiring public ownership of ground titles and/or as a public/private partnerships for the preservation and development of affordable housing and support of it's diverse needs. Revenues from this process would be primarily in the form of:
   1. proportionate return revenues from public investments.
   2. ground rents.

   Together these revenues would help offset other public subsidies necessary to deal with the effect of land scarcity on diverse community needs.
d. Direct public subsidies to developers or partnership investments with developers to create fully affordable housing and business at the rate necessary to meet the yearly needs of thousands of many households and enterprises in this city who must change occupancy but cannot do so in SF.

e. The County, as an administrative district of the state can create a public development corporation to act as a preservation and development partner to private enterprise using the Local Agency Formation Commission process.

This city has the resources and potential to deal with the finite limit of land that are affordable and meet the holding capacity limitations of this area by means that lower the costs of private and private preservation and development.

To the contrary, inclusionary housing solutions for, so-called, affordable housing are not reasonable public options. They raise costs to both developers and the city in ways that add to the inflationary process in terms of the cumulative citywide investments processes. It is a process that appeals to our leaders tendencies to meet our urgent needs with media palliatives that are weak and meaningless.

There is no "free market" just as there is no free lunch or invisible hand. The need is now and it's urgent to change our ways or to change our leadership.

Bernard Choden