



**SAN FRANCISCO
PLANNING DEPARTMENT**



SFMTA
Municipal
Transportation
Agency

May 31, 2017

**Steve Heminger
Executive Director
Metropolitan Transportation Commission
375 Beale St.
San Francisco, California 94105**

**Bradford Paul
Deputy Executive Director
Association of Bay Area Governments
375 Beale St.
San Francisco, California 94105**

Subject: San Francisco Comments on the Plan Bay Area 2040 Draft Plan

Dear Mr. Heminger and Mr. Paul:

The San Francisco Planning Department, the San Francisco County Transportation Authority, and the San Francisco Municipal Transportation Agency appreciate the open and inclusive process established for the development of Plan Bay Area 2040 and, on behalf of the City and County of San Francisco, we are pleased to provide the following comments.

The Draft Plan provides a well-timed snapshot and synopsis of the state of the Bay Area, particularly as relates to our distressing housing crisis and mounting transportation constraints. We must redouble our efforts, as individual cities and as a region collectively, to pursue policies that increase housing production (both market rate and dedicated affordable), preserve existing housing, and protect tenants and small businesses. In particular we eagerly await the launch of CASA, which we hope will provide an opportunity to work collaboratively to devise and advance strategies that tackle the affordability and displacement challenges facing our region. Building dense housing for all income levels in neighborhoods served by robust transit and safe streets is essential, and therefore there must be an opportunity for our agencies' hands-on engagement given the Plan's ambitious housing growth in San Francisco and the leadership that we have already shown by implementing policies and securing local funding in support of the Plan's vision. We see the CASA effort as essential to providing actionable and bold ideas to improve the housing landscape and address the equity outcomes where the Draft Plan falls short.

We appreciate the focus on maintaining the current transportation system's state of good repair and on expansion of core capacity, including high priority San Francisco projects like Caltrain Electrification, the Downtown Rail Extension, blended Caltrain and High Speed Rail service, new BART and Muni vehicles, Muni Metro program, Better Market Street, and Geary Bus Rapid Transit. We welcomed your use of a performance-based approach during the project evaluation phase to identify investments that will do the most to advance the Plan's goals. We also thank MTC for leading the Core Capacity

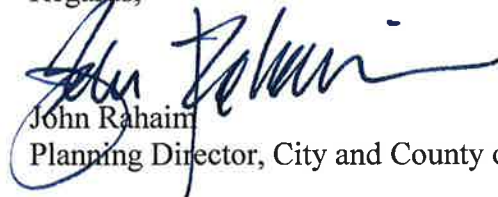
Transit Study to develop short, medium and long-range strategies to guide the next generation of investments for the region's core.

Over the past few years, voters and elected officials have approved new funding for housing and transportation, and yet the region's needs still far exceed resources available. We strongly support pursuing additional revenues for housing and transportation and look forward to working with your agencies to advocate for a greater share of federal and state dollars. We will continue to actively engage as new regional funding measures are developed, such as the proposed Regional Measure 3 bridge toll, or other prospective ideas, such as a commercial development fee. Plan Bay Area 2040 should guide expenditure plan decisions about project priorities and how revenues could provide incentives for local jurisdictions to meet the Plan's jobs, housing, and affordability targets. We will also continue our "self-help" by seeking local funds to match new regional revenues through measures such as sales taxes, developer fees, bonds, and tolling.

While much of the discussion during the development of the Draft Plan has focused on housing, jobs, and transportation, we also look forward to advancing work around the Action Plan's two other areas of focus: economic development and resilience. More detailed comments on the Action Plan are attached.

We again congratulate you on the release of the Draft Plan, and look forward to partnering with your agencies through its adoption and beyond with the mutual goal of achieving an equitable, accessible, and sustainable region for all.

Regards,



John Rahaim
Planning Director, City and County of San Francisco



Tilly Chang
Executive Director, San Francisco County Transportation Authority



Edward D. Reiskin
Director of Transportation, City and County of San Francisco

Attachment: Additional San Francisco comments on the Draft Plan Bay Area 2040

cc: Mayor Ed Lee

Supervisor Jane Kim

Supervisor Norman Yee

Nick Josefowitz – BART Board of Directors

N. Elliott, G.Gillett, J. Buckley - Mayor's Office

J. Switzky, A. Rodgers, D. Johnson, J. Range - Planning Department

A.Crabbe, M. Beaulieu, M. Lombardo - SFCTA

M. Webster, L. Woodward – SFMTA

T. Rufo, K. Rich, L. Arvanitidis – Office of Economic & Workforce Development

Attachment
Additional San Francisco Comments on the Draft PBA 2040 Action Plan

Following are additional comments on the Action Plan, organized according to its sections:

I. Housing

CASA. We eagerly await the CASA process, as this Plan is largely deferring specific actionable recommendations, funding proposals and legislative agendas to that committee. At this point however, the process, timeline and role for participation is unclear. We look forward to additional information on how and when our agencies, including staff, will be able to contribute to and engage in the dialogue and deliberations of CASA.

Housing Performance. We look forward to a discussion of how to provide incentives for jurisdictions to produce housing, and look forward to a robust discussion of exactly how “performance” is measured. We suggest that performance be measured according to entitlement, rather than actual construction and delivery of completed units. Actual production is substantially subject to broader economic forces and funding out of the control of local jurisdictions. At the same time some jurisdictions in the region are failing to even sufficiently plan for and entitle housing, let alone see construction. In many circumstances transportation investment is a critical hurdle to overcome in order to build out adopted housing plans, particularly on large redevelopment sites that have major infrastructure needs. A significant share of the region’s housing capacity, especially within PDAs, is found in large singular opportunity sites, such as former military bases, closed power plants and industrial properties, and other large sites; financing up-front infrastructure in these circumstances is a prerequisite for ramping up housing production. Housing performance must also be defined in a way that supports stable, high-density urban neighborhoods with high transit usage and other transit-friendly conditions.

Research/Modeling the Housing Need and Policy Effectiveness. As the Draft Plan scenario underperforms on housing and equity outcomes, it is imperative to continue exploring what would be needed to achieve the performance targets, especially regarding equity. While we shouldn’t delay exploring policy and funding strategies to move in the right direction, we think there is great value in assessing the types and quantities of housing required to meet the region’s needs, what levels of funding may be necessary, and the relative effectiveness of different policy levers to achieve the Plan’s goals on housing protection, preservation, and production. The ongoing research program for PBA 2040 should not merely focus on “closing data gaps” and reporting housing and demographic trends, but should also include an earnest research agenda to analyze and model the effectiveness of policy, funding and housing production scenarios, including learning from pilot programs to inform the next Plan Bay Area.

Commercial Development Fee. The Draft Plan’s “Key Land Use Assumptions” include establishment of a “commercial development fee based on Vehicle Miles Traveled to improve jobs-housing ratio and to fund affordable housing in Priority Development Areas.” However, the Plan does not provide specifics, and it is not mentioned in the Action Plan. We assume the proposal will be explored as a potential strategy post-approval of the Plan, and as such we offer a few suggestions as to some parameters to explore for such a program: (i) The fee should target commercial development in non-transit served, non-infill locations, and generally not apply in VMT-efficient settings—that is higher density, mixed use, transit-served locations. (ii) Any consideration of “jobs-housing ratio” must be cognizant of the importance of job concentration in transit-intensive locations, such as historic CBDs and urban centers with excellent regional transit access, consistent with the Draft Plan and necessary to meet the Plan’s environmental and mobility goals. (iii) The expenditure program should support both affordable housing production and multimodal transportation improvements in the region, particularly in PDAs and other transit priority areas. We look forward to further discussion and refinement of this concept.

II. Economic Development

Core Capacity and Land Use/Economic Development. We agree that advancing and broadening core capacity efforts, including a second Transbay transit crossing and improvements to key corridors within San Francisco, is critical to meeting the region’s needs and this work should be given highest priority. This item appears in the Economic Development section of the Action Plan, and given the magnitude and long-term region-shaping nature of a new Transbay tube, future core capacity studies should integrate land use planning and economic development opportunities and objectives and include relevant city agencies from both sides of the Bay as integral study partners.

Middle Wage Jobs. We fully concur that pursuing policies, investments, and programs to strengthen and grow middle wage jobs are essential to ensure that our job market is not stratified into low and high wage work. However, we are unconvinced of the Plan’s ability to grow middle wage jobs given the Plan’s poor performance in housing affordability, which drives away middle-income households and middle-wage employers.

We feel specific issues need additional focus. Ironically, while skilled construction trades are one of the most significant sources of middle-wage jobs, a shortage of construction workers is one factor that drives up the cost to build new housing in the Bay Area. Finding ways to attract, train and increase the local construction workforce seems imperative and should receive attention in the Action Plan. New technology and automation, while providing economic benefits and efficiencies in some realms, also hold the potential to undermine the relevance and necessity of many middle wage jobs around the region, such as those in goods movement and manufacturing. The Action Plan should call for exploring this issue and developing workforce training and economic development programs that ensure a bright future for all in changing times.

Industrial Space. San Francisco supports and has been at the forefront of grappling with the issues of protecting industrial land and building space while meeting housing needs. The market for Production, Distribution and Repair (PDR) space in San Francisco is very strong with low vacancy and underutilized, protected industrial land could house thousands more PDR jobs in higher-density spaces and mixed-use environments. However, it is challenging for PDR businesses to afford to construct new space in the region's urban core. The Action Plan should not just focus on land use regulation and the establishment of Priority Production Areas, but should seek to identify policy, funding, and financing strategies to support construction of new industrial space.

III. Resilience

Civic Engagement. The Action Plan lacks the development of a comprehensive civic engagement strategy to help bring awareness to these issues and the cost of delays in planning for the future.

Role of Non-Governmental Entities. Academic institutions and non-profit think tanks are valuable sources of information and ideas, and should be recognized in the Action Plan, particularly in providing technical services, evaluation and facilitating dialogue.

Role of Local Governments. Regional planning, funding and regulatory changes are important for facilitating actions that build resilience, but local governments typically implement them. This is especially true for land use management in hazard areas. The Action Plan should better acknowledge this role.

Importance of Resilience to Achieving Other Plan Goals. Resilience is key to protecting and enhancing all the other priorities identified in the Action Plan. Building regional resilience will safeguard transportation infrastructure investments and help keep residents and businesses in transit-oriented and sustainable development areas. Neglecting resilience will lead to further sprawl and environmental impacts as residents and businesses relocate after a flood, earthquake, or other disaster. The Draft Plan and Action Plan should explicitly recognize that achieving and sustaining progress toward the Plan's goals regarding housing, transportation and economic development depend on success in building resiliency.