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Friday, September 9, 2016

ABAG Administrative Committee with the MTC Planning Committee
Bay Area Metro Center
375 Beale Street, San Francisco, CA

Re: Item 5 Plan Bay Area Preferred Scenario

On behalf of the Non-Profit Housing Association of Northern California (NPH), I write to commend staff for putting together a thorough and thoughtful Draft Preferred Scenario of Plan Bay Area. This Draft enables the Bay Area to meet its greenhouse gas emissions targets, preserves the region's open spaces, increases jobs in middle wage industries, and improves goods movement. However, some policy items essential to the well-being of the region's low-income families are still lacking especially in terms of housing affordability and displacement risk.

Founded in 1979, NPH is the collective voice of those who support, build and finance affordable housing. We promote the proven methods of the non-profit sector and focus government policy on housing solutions for lower-income people who suffer disproportionately from the housing affordability crisis. We are 750 affordable housing developers, advocates, community leaders and businesses, working to secure resources, promote good policy, educate the public and support affordable homes as the foundation for thriving individuals, families and neighborhoods.

NPH offers its input in the hopes that the Plan's outcomes could be improved for the region's neediest residents. We focus on three areas 1) process, 2) next steps 3) improving model assumptions to provide a more realistic vision for growth in the Bay Area.

1. Process:

NPH would like for the joint committee to add an additional meeting to the Plan's schedule to consider public feedback to the Plan and to get an initial response from staff. The Plan's current schedule, which calls for the adoption of the final preferred scenario by November 17th, leaves too little time to have an open and deliberate discussion on the feedback staff will receive from jurisdictions, stakeholders, and the public between now and October 14th (the last date for written comments). Having an additional meeting to review feedback and to discuss staff's reaction to that feedback creates a more transparent and accountable process for the Plan and allows the boards to have a richer and more informed discussion prior to adopting the final scenario. *The additional meeting could take place either during the last week of October keeping to the current schedule OR the adoption of the final preferred scenario could be pushed back two weeks to the first week of*

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December so staff can use the presently scheduled meetings to discuss the input they received.

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2. Next Steps for the Plan:

NPH also firmly believes that once adopted the Plan should be actionable. For the plan to have a greater impact on the ground it should include a chapter that quantifies the plan's remaining funding gap in housing, transportation, and open space preservation and outlines the actions that the regional agencies, local governments, and the state can take to fill in those gaps. Plan Bay Area 2013 had a final chapter called "A Plan to Build On." Plan Bay Area 2040 should go a step further and quantify funding gaps and outline actions that could be taken at the state, regional, and local levels to get the Bay Area to where it needs to be. Making this change would result in a more meaningful planning document that could help structure the work of the merged agency.

3. Improving model assumptions to provide more realistic vision for growth in the Bay Area:

The UrbanSim model should make realistic land use assumptions based on current best practices and trends. To that end, NPH has extensive recommendations on the types of policies that should be considered by the modelers to ensure that UrbanSim reflects a realistic, if aspirational, vision for what growth could look like in the Bay Area.

Land use distribution: Jurisdictions should do their fair share of housing the region's growth especially if they have access to fixed rail transit. More housing should be distributed to Bayside jurisdictions with new jobs to new housing unit ratios of 2.5 or greater especially if such jurisdictions have access to rail transit. NPH's analysis found 15 such jurisdictions with new jobs to housing ratios ranging from 10.8 new jobs/housing unit to 2.5 new jobs/housing unit.

Inclusionary Zoning: While NPH is supportive of including inclusionary zoning among the model's assumptions we believe that they need to be calibrated:

- Inclusionary zoning should be assumed only for the development of ownership housing for consistency with the *Palmer* court ruling from the State Supreme Court.
- Rental housing developments should be assumed to pay housing development impact fees with a modest assumption for development agreements/community benefits agreements that could yield some affordable rentals (no more than 5-8% of all future development)

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- The income affordability of inclusionary units should be specified (low vs. mod) as a model output

Public Lands: As part of OBAG 2, the MTC Commission unanimously adopted guidelines that required all general law jurisdictions that receive OBAG funding to adopt resolutions detailing how their disposition of public land complies with the state's Surplus Land Act. Consistent with Resolution 4202 UrbanSim should assume compliance with the act:

- UrbanSim should assume that a certain percentage of all publicly-owned parcels in the Bay Area will be developed by affordable housing developers who will make at least 25% of the units deed-restricted affordable to low income households - consistent with the Surplus Land Act.
- 35% of the units developed on land owned by VTA should be assumed to be affordable to low-income households – consistent with VTA's own adopted policy
- 35% of the units developed on land owned by BART should also be assumed to be affordable to low-income households – consistent with BART's proposed TOD policy update for November of 2016

Anti-Displacement policies: Consistent with the MTC Commission's direction to CMAs to award jurisdictions with adopted anti-displacement policies additional points for transportation projects, it would be beneficial to the region to analyze the impact of anti-displacement policies in preventing the displacement of the Bay Area's low income communities. Policies that help keep low-income households in place include rent stabilization, just cause eviction and local minimum wages higher than the state minimum wage. In addition, UrbanSim should take into account current rent stabilization ballot measures in East Palo Alto, Mountain View, Burlingame, Richmond, Alameda, and San Mateo and gauge their impact.

Available Subsidies: To provide the Bay Area with a plausible, though optimistic, picture of what it could achieve, UrbanSim should take into account all existing and potential subsidy sources under consideration on the November ballot.

- **Bonds:** Subsidy sources should include all the affordable housing bonds/sales tax measures under consideration by Alameda County (\$580 million), Santa Clara County (\$950 million), and San Mateo County (up to \$40 million/year), it should also include San Francisco's Prop A adopted in 2014 (\$310 M bond) and Proposition C (repurposing \$260 million for affordable housing).
- **Value Capture:** Value capture as a source of affordable housing subsidy should be assumed in the 3 big cities and jurisdictions along El Camino Real, International Boulevard, and San Pablo Avenue as those are places most likely to experience growth and to use this tool.

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- **Housing Impact and Commercial linkage fees** should be assumed for jurisdictions with nexus studies in the Peninsula, South Bay, and Alameda County jurisdictions
- **Funding for Affordable Housing Preservation:** Sources of funding for housing preservation should be incorporated into the model, including MTC's own Naturally Occurring Affordable Housing Fund (NOAH) at \$50 million, Oakland's Infrastructure Bond at \$100 million, San Mateo County's Affordable Rental Housing Preservation Program at \$10 million, and SF's Prop A (2015) and C (2016).
- **Boomerang funding:** analyze the use of affordable housing "boomerang funds" returned to the jurisdiction following the dissolution of their redevelopment agencies and potential to bond against those funds to subsidize affordable development.
- **Regional Housing Trust Fund:** The model should take into account potential subsidy sources raised through a Regional Housing Trust Fund as proposed by ABAG through its Regional Housing Agenda.
- **Make existing subsidy assumptions explicit:** The model should make explicit existing assumptions about subsidy sources including a regional commercial linkage fee and a regional infrastructure financing fund.

Second units: UrbanSim should also gauge the regional impact of the easing of restrictions associated with developing second units that were lifted after this year's passage of SB 1069 (Wieckowski) and AB 2406 (Thurmond and Levine).

NPH truly appreciates the work of MTC and ABAG staff in making Plan Bay Area 2040 an ambitious but achievable document to create a region that allows us to meet our housing needs while improving our transportation system and protecting our natural resources. We stand ready to continue our successful partnership with the agencies and are grateful to staff and the boards for your thoughtful work to date.

Sincerely,



Amie Fishman
Executive Director
Non Profit Housing Association of Northern California (NPH)