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**MTC PLANNING COMMITTEE
March 8, 2013
MINUTES**

ATTENDANCE

Chair Sperring called the MTC Planning Committee meeting to order at 9:30 a.m. Planning Committee members in attendance were: Commissioners Azumbrado, Giacopini, Haggerty, Halsted, Liccardo, Mackenzie, Quan, and Pirzynski. Commission Chair Rein-Worth and Commission Vice-Chair Cortese were present in their ex-officio capacity. Commissioner Bates was also in attendance.

ABAG Administrative Committee members in attendance were: Cortese, Gioia, Haggerty, Liccardo, Pierce, and Sperring.

CONSENT CALENDAR: a) Minutes of February 8, 2013; b) Plan Bay Area Public Meetings

Commissioner Halsted moved approval of the Consent Calendar, Commissioner Mackenzie seconded. Motion passed unanimously.

PRIORITY DEVELOPMENT AREA (PDA) FEASIBILITY AND READINESS ASSESSMENT

Ms. Therese Trivedi, MTC, stated that this study responds to concerns raised by members of the business community and several developers about the amount of growth allocated to the region's PDAs through Plan Bay Area. The purpose of the study is to estimate the ability of PDAs to accommodate residential units projected in Plan Bay Area consistent with criteria established in the PDA Assessment conducted by MTC and ABAG in 2010. The study recommends specific policy initiatives that could be advocated to improve PDA development feasibility.

Ms. Trivedi introduced Mr. Darin Smith, Economic Planning Systems (EPS), who summarized the framework and the five criteria used to assess readiness: housing capacity estimates, existing planning and entitlement processes, level of community support, market attractiveness, and infrastructure capacity and needs. A sample of 20 PDAs representing a range of place types and market conditions was selected for analysis. Using one of the PDAs in the sample set, he walked through an example illustrating how each of the criteria was applied in the assessment.

Mr. Smith summarized the assessment's conclusions: 1) There is current capacity for approximately 62% of the Plan Bay Area forecast of residential development through 2040; 2) With the implementation of a range of policy and financial interventions, the assessment estimates an increase in the development capacity of the PDA sample to 80% or more; 3) Top PDA development constraints include infrastructure deficiencies, limited local government financing capacity, lack of sufficient parcel size or potential for existing development displacement, land use policy constraints, market demand constraints, and financial limitations; 4) A number of policy actions, such as reinstating some form of redevelopment authority, could be implemented at the local, regional and state level to address these development constraints and significantly improve PDA development readiness; and 5) While development in non-PDA areas will continue, these areas face development constraints similar to PDAs.

In conclusion, Ms. Trivedi noted that the final report for the project will be completed by the end of March. Staff will review the recommended policy actions for inclusion in Plan Bay Area and related advocacy efforts.

Committee comments:

- Commissioner Haggerty stated that the Strategic Growth Council is having a solicitation for Proposition 84 - Urban Green and Grant Program. Mr. Ezra Rapport, ABAG, confirmed that staff is in touch with the Strategic Growth Council about this program.
- Commissioner Quan asked how CEQA modernization might impact the feasibility of development in PDAs. She asked if there are different versions of legislation that would be more beneficial to the PDA development. Mr. Smith stated that EPS does recommend that CEQA be looked at very closely in terms of reform, specifically ideas to streamline the development process in PDA areas. For example, programmatic EIRs done in advance that projects can build off of would improve the feasibility of those investments.
- Commissioner Halsted summarized comments submitted by the San Francisco Transportation Authority and asked if the next step will include an analysis of market rate vs. affordable housing in various PDAs. She stated that there are significant differences in the cost of land and distribution as well as other issues in San Francisco vs. other places in the region's urban core. She also noted the issue of current overcrowding on MUNI and BART and asked how that affects the feasibility of development in PDAs. Commissioner Halsted asked staff to consider these issues.

Public comment:

- Ms. Catherine Lyons, Bay Area Council, thanked staff for their work and looks forward to continuing to work with staff in implementing the policies that have been laid out.
- Mr. Peter Singleton commented on the proposal that for the next 30 years, 70-80% of the housing units will be in mixed-use or multi-story high density dwellings and that most of the commercial space will be in mixed-use high density transit-oriented developments. He noted that over the past decades the expressed preference of residents in the Bay Area has been single family homes. He noted that the one thing he did not see is a detailed market study of existing mixed-use or high density developments that have been done in

the Bay Area over the past decade and asked staff that this be done. He asked staff to look at adapting Plan Bay Area to the needs and wants of the market.

- Ms. Mary Feller expressed her concerns about the PDA process and how it was determined whether or not there was neighborhood opposition because none of the neighborhood associations in North San Rafael were ever contacted. She noted that there is a lot of concern with the PDA around the SMART Station in the area. She also expressed her concern with CEQA reform.
- Ms. Carolyn Lenert would like to see North San Rafael designated for recreation, creativity, inspiration and innovation. She expressed her opposition of building housing near a freeway.

Mr. Ken Kirkey stated the PDAs are locally nominated. The Jobs-Housing Connection Strategy, the Preferred Scenario, involved a lot of analysis looking at demographic trends, changing market preferences, real estate values, and a variety of factors that affect the forecasts. The level of growth directed toward PDAs is the result of 1) the region setting aside much of its land mass as protected open space at the county level; 2) a transit network that is mature; and 3) market trends that suggest that both the growing senior population and younger workers want to live in walkable urban environments. Lastly, he mentioned that the market readiness assessment suggests that those communities that have taken on this type of growth are the places in the Bay Area where the real estate values have held in recent years.

PLAN BAY AREA DRAFT ADVOCACY PLATFORM

Mr. Steve Heminger stated that the Draft Advocacy Platform is a series of advocacy actions that are necessary to carry out the promise of the Plan. The intent is to incorporate them into the Draft Plan, which will be published in late March 2013.

Mr. Ezra Rapport commented on the land use elements of Plan Bay Area, which identifies four advocacy themes: 1) Replacing redevelopment revenue with a new locally controlled funding opportunity, including a newly authorized tax-increment financing authority, should be a top priority to support new, infill development called for in the Preferred Scenario; 2) Modernize the California Environmental Quality Act (CEQA) by providing consistent standards and greater certainty to project sponsors, and reducing duplication in EIR requirements the CEQA process can be expedited, without compromising environmental protection and reducing duplication in EIR Requirements; 3) Stabilize Federal funding levels for workforce housing options to deliver increased financial certainty for local jurisdictions and developers. Incentives in the tax code for multi-family housing development should be established for the long run so cities and developers can plan with certainty; and 4) Support a long-term adjustment to commercial or residential tax rates to balance the financial incentives for new development.

Mr. Steve Heminger commented on the transportation elements of Plan Bay Area, which suggests the following three advocacy efforts: 1) Support local self-help by lowering the vote threshold for local and regional transportation tax measures from two-thirds to 55 percent, as proposed by SCA 4 (Liu) and SCA 8 (Corbett); 2) Seek Federal transportation policy and funding levels that support Plan Bay Area and urge Congress to identify a long-term, reliable funding source for transportation in the next authorization; and 3) Urge the Bay Area's State

delegation to create a new permanent revenue source for transportation to achieve the Plan's financial assumptions, increase funding to sustain and increase efficiency of the existing network, and invest in high performing network improvements that further the goals and performance metrics of Plan Bay Area.

Public Comment:

- Stephen Nestel, Marinwood, stated that what staff is doing to his community is wrong, and noted that there needs to be jobs before housing.
- Mary Feller expressed her concern with the lack of conversation on telework where the majority of Marin County's citizens do their work. She suggested that staff focus more on funding and attention towards telework.
- Peter Singleton expressed his concern about the policy initiatives and about ABAG and MTC going on the record as aggressively supporting these initiatives. He also expressed concern with embedding them in the Plan. He stated that the legislative initiatives effectively turn ABAG and MTC into a political action organization, and by embedding them in the Plan, which he urged the committee to vote against, affectively turns the 101 cities and towns into unwilling political action organizations as well.
- Jane Kramer stated that the bottom line is individual's health. She stated that staff has to come up with something more supportive of human well-being.
- Carolyn Lenert stated that staff needs to have a feedback loop.

Committee comment:

- Commissioner Pyrzinski asked Mr. Rapport to speak more about the CEQA modernization, and asked how an individual or small group without legitimate standing has the ability to stop a project that has been approved and that seems to have very strong community buy-in. Mr. Rapport noted that staff is not questioning the need for environmental review and the need for full disclosure and full public debate on the merits of a project, but once that has taken place, and the city council or lead agency has certified the environmental review, the current process allows any individual to make a claim that one piece of the analysis was insufficient and, under the fair arguments test, the court will hear their case. Once that happens the entire project is at risk because the delay could mean that the financing of the project doesn't work or the development cycle may have changed. He described the tiering benefits related to SB375 that will be available after the adoption of Plan Bay Area.
- Mayor Julie Pierce stated that she supports some streamlining and modernization of the CEQA requirements. She also stated that there needs to be a replacement for redevelopment funding. She also requested that staff not include specific strategies in the Plan itself, but to have the goals of what staff is trying to accomplish.
- Commissioner Cortese suggested that staff add a credit enhancement on the federal funding levels, as well as relief on the cost of putting regional ballot measures on the ballot.
- Commissioner Mackenzie agrees with the proposals presented by staff.
- Commissioner Azumbrado responded to Commissioner Cortese's suggestion of adding a credit enhancement. He noted that in the HUD regional office in San Francisco, which is

4 states, processed \$1.3 billion in credit enhancements last year for multi-family and nationwide HUD FHA did \$13 billion. He noted that credit enhancement is thriving right now.

- Commissioner Bates expressed his support for the strategies proposed. He commented on locally controlled funding, and stated that there is pending legislation (SB 513) that is a cleanup of what was done with SB 310, which establishes infrastructure financing districts. The cleanup will eliminate a lot of the problems that have hindered SB310. He also commented on CEQA and asked Mr. Rapport to elaborate a little more on having to adopt a Sustainable Community Strategy (SCS) before development could benefit. Lastly, he asked how staff is going to fiscalize land use. Mr. Rapport stated that once ABAG and MTC approve Plan Bay Area, local projects can be streamlined by tiering off of the Plan EIR and that this is where ABAG wants to be of assistance to the local governments. He also commented on the fiscalization of land use and noted that sales tax is an important source to fund city services and the pattern of dependence on sales tax has distorted the region's land market substantially. Staff is trying to rethink this, how to "de-fiscalize" land use.
- Supervisor Gioia stated that it's important that these strategies are designed to help and empower local communities to achieve their objectives. He also commented about health, and stated that the Air District came up with guidelines on how to address the issue of considering health when looking at new development. There may be disagreement on whether that should be in CEQA or not, but there was agreement that public health is a valid issue.
- Commissioner Quan commented on flexibility and affordable housing, and would like affordable development spread throughout Oakland to balance out the economy of the neighborhoods.
- Commissioner Spring agreed with Mayor Pierce on her suggestion of staff being more general with the recommendations in the Plan. He expressed concern with the Cap and Trade – staff is trying to use the money for affordable housing and uses it for transportation. He thinks that money should be used to clean up the air, which what it was originally intended for. He stated that there needs to be more discussion on Regional Taxing Authority. Lastly, he commented on the de-fiscalization of land use, and noted that he would rather have language that talks about a better balance of regional growth pattern and about both revenues and housing.

OTHER BUSINESS/PUBLIC COMMENT

There being no other business, the meeting adjourned at 11:16 a.m. The Committee's next meeting is scheduled for Friday, April 12, 2013 at 9:30 a.m. in the Lawrence D. Dahms Auditorium, Joseph P. Bort MetroCenter, Oakland, CA.

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