

SUMMARY MINUTES

ABAG Regional Planning Committee Meeting
Wednesday, February 3, 2016
Joseph P. Bort MetroCenter
101 8th Street, Oakland, California

1. CALL TO ORDER

Pradeep Gupta, Chair and Vice Mayor, City of South San Francisco, called the meeting of the Regional Planning Committee of the Association of Bay Area Governments to order at 12:34 PM

A quorum of the committee was present.

Committee Members Present	Jurisdiction
Mark Boucher	BAFPAA
Desley Brooks	Councilmember, City of Oakland
Diane Burgis	East Bay Regional Park District
Paul Campos	Senior Vice President, Government Affairs, Building Industry Association
Tilly Chang	Executive Director, SFCTA County of San Francisco
Cindy Chavez	Supervisor, County of Santa Clara
Julie Combs	Councilmember, City of Santa Rosa (Vice Chair)
Diane Dillon	Supervisor, County of Napa
Pat Eklund	Mayor, City of Novato
Karen Engel	Director of Economic and Workforce Development, Peralta Community College District
Martin Engelmann	Deputy Executive Director of Planning, Contra Costa Transportation Agency
Pradeep Gupta	Vice Mayor, City of South San Francisco (Chair)
Scott Haggerty	Supervisor, County of Alameda
Russell Hancock	President & CEO, Joint Venture Silicon Valley
Erin Hannigan	Supervisor, County of Solano
John Holtzclaw	Sierra Club
Melissa Jones	Executive Director BARHII, Public Health
Mark Luce	Supervisor, County of Napa
Jeremy Madsen	Executive Director, Greenbelt Alliance
Eric Mar	Supervisor, City and County of San Francisco

Nate Miley	Supervisor, County of Alameda
Karen Mitchoff	Supervisor, County of Contra Costa
Anu Natarajan	Director of Policy and Advocacy, MidPen Housing
Julie Pierce	Councilmember, City of Clayton (ABAG President)
Harry Price	Mayor, City of Fairfield
Carlos Romero	Urban Ecology
Al Savay	Community Dev. Director, City of San Carlos (BAPDA)
Kirsten Spalding	Executive Director, SMCUCA
James P. Spering	Supervisor, County of Solano
Egon Terplan	Planning Director, SPUR
Dyan Whyte	Assist. Exc. Officer, San Francisco Regional Water Quality Control Board

Members Absent

Nancy Ianni
Michael Lane

Carmen Montano
David Rabbitt

Matt Regan

Mark Ross
Katie Rice
Jill Techel

Jurisdiction

League of Women Voters--Bay Area
Policy Director, Non-Profit Housing Association of Northern California

Vice Mayor, City of Milpitas
Supervisor, County of Sonoma (ABAG Vice President)

Senior Vice President of Public Policy, Bay Area Council

Councilmember, City of Martinez
Supervisor, County of Marin
Mayor, City of Napa

2. PUBLIC COMMENT

There were no public comments.

3. APPROVAL OF REGIONAL PLANNING COMMITTEE MEETING MINUTES OF DECEMBER 2, 2015

Vice Chair Gupta recognized a motion by **Pat Eklund**, Mayor, City of Novato, and seconded by **Julie Pierce**, Councilmember, City of Clayton, to approve the committee minutes of December 2, 2015.

There was no discussion.

The aye votes were: Boucher, Brooks, Burgis, Campos, Chang, Chavez, Dillon, Eklund, Engel, Engelmann, Gupta, Haggerty, Hancock, Holtzclaw, Luce, Madsen, Mitchoff, Natarajan, Pierce, Price, Romero, Savay, Spalding, Spering, Terplan and Whyte.

The nay votes were: None

Abstentions were: Combs and Jones.

The motion passed unanimously.

4. ANNOUNCEMENTS

Member Combs thanked ABAG staff for presenting Plan Bay Area 2040 at her City Council Meeting.

Member Hancock announced the Annual State of the Valley Conference in San Jose, on Friday, February 12, 2016 and welcomed everyone to join.

Member Eklund thanked ABAG staff for presenting Plan Bay Area 2040 Scenarios and ABAG's Regional Forecast to Novato City Council.

5. SESSION OVERVIEW BY MIRIAM CHION, ABAG PLANNING AND RESEARCH DIRECTOR

Ms. Chion, Director of Planning and Research at ABAG, gave an overview of the meeting and future plans and schedules. She introduced new members to the Committee.

6. ELECTION OF REGIONAL PLANNING COMMITTEE CHAIR AND VICE-CHAIR, AND POSSIBLE APPOINTMENT TO ADMINISTRATIVE COMMITTEE

Vice Chair Gupta recognized a motion by Julie Pierce, Councilmember City of Clayton, to appoint Pradeep Gupta as Chair and Julie Combs as Vice Chair, seconded by Carlos Romero, Councilmember City of East Palo Alto.

The motion passed unanimously.

7. HOUSING PRODUCTION PERFORMANCE

Gillian Adams, Senior Planner at ABAG, presented ABAG's analysis of recent housing permitting activity as well as the housing sites local jurisdictions identified in their Housing Elements for the 2007-2014 and 2015-2023 periods.

Member Mitchoff was concerned that this report leaves the impression that there was a refusal to permit housing, and that was not the case. In Contra Costa County they did not have people coming and banging down their doors to build anything. Affordability is the problem in Contra Costa County, property becomes more expensive for infill and staying within the urban growth boundaries, and they are going to have to be wrestling with that as they move forward.

Ms. Adams apologized for that mischaracterization, and stated they can find a different way of conveying that information.

Member Natarajan thanked staff for this information. Just putting it all together on one single map has been extremely helpful especially as affordable housing developers are looking for opportunity sites. Many sites were just nominated as opportunity sites without assessing if these were viable sites, especially for tax credit purposes. Also, when we talk about the housing numbers we need to peel off the permits for above moderate units. There are cities like Milpitas who got 600% of RHNA and a dismal 28% for low- and very low-income units. The third thing in terms of data is to take a look at the publicly-owned sites.

Mr. Rapport asked committee members to comment on the fact that some jurisdictions roll over undeveloped housing opportunity sites from one housing element to the next, so they are not starting from scratch.

Member Natarajan said housing elements did not need to update much because they had enough capacity, but for some of the cities that were introducing new lands or zoning they had the opportunity to see if they were a viable site for affordable housing.

Member Terplan thanked staff. He stated from the documents that 38% of housing opportunity sites are in PDAs. He asked if that information was based on the zoned capacity of those sites. The second question was, are there regional criteria to determine what is a housing opportunity site. It would be helpful to know how many areas had been rezoned for housing which initially were not intended for housing.

Mr. Bay The analysis was of the number of sites in PDAs. It was not possible to assess the zoned capacity for units in PDAs because not every jurisdiction had that information in their site inventories. The second question, local jurisdictions determine the qualifications of the sites, consistent with what is required by state law. There is a review process by the state but it is very light.

Member Eklund agreed with Supervisor Mitchoff. Cities are not the ones that are building the units. They are the ones that are responding to developers. Novato has a 20% inclusionary requirement. She is hoping that the council is going to stay strong on that requirement. Maybe they need to focus on a financial pool for developers to help buy down the cost of some of those units for very low- and low-income households. Maybe Paul Campos can identify things that developers can do to get more very low-

and low-income units built. It is easier to do moderate- and above moderate-income units.

Member Romero asked whether the three quarters of the region's total housing that are not on housing element sites were primarily in greenfield sites. The way market rate developers look at land, acquire it, and hold it is different from the way affordable housing developers do so. Many market rate developers enter into a long-term, 18- to 24-month purchase and sales agreement and they will not close until they get their entitlements. Affordable housing developers enter into some public agreement and have to close more quickly. There is a fundamental difference on entitlement risk and entitlement risk mitigation.

Member Campos thanked the staff for putting this information together; he is looking forward to more of this data. In terms of expanding housing production in PDAs, the PDA feasibility study that EPS did recommended increasing the capacity of the PDAs and to get the PDAs. That ought to be front and center for Plan Bay area and in the land use strategies for the different scenarios. The scenarios have an assumption to increase housing capacity and PDAs rather than a policy to do so.

Member Savay stated that cities identify sites for a housing element by looking at underutilized sites. No one does a return on investment analysis. Some developers prefer to pay the inclusionary fee. Parking is a key issue in our PDAs. You could pay anywhere from \$35,000 to \$50,000 for a single structured parking space. Some cities get inclusionary fees and do not know what to do with them and they do not have the expertise to build affordable housing. Many cities don't have that toolkit.

Member Combs said their county and city have a document which is the toolkit for improving housing. They currently have four fully entitled projects that can't go forward for lack of funds. The cost to build a rental unit in Santa Rosa is about \$3.50 a square foot. They had the highest increase in rents from a study in May of 2015 of any place in the state and yet the rents are still below where it pencils out for a developer to build. They subsidized 20% of construction fees and recently cut their water hookup fees by 50%. It still does not bring the price down enough for them to pencil out. Even when they give the tax benefits there is a funding gap at about \$100,000 a unit. They need 2,000 units per RHNA, so about \$20 million in the next eight years. They have nearly 4,000 homeless people now, so they actually need to double that number to \$40 million; they have a problem with the gap funding.

Member Eklund said Marin County did better than San Mateo County in the percentage of achieving the RHNA. In Novato, they use their in-lieu fees for developments like those by Habitat for Humanity. That is the only homeless shelter in Marin County, with an educational facility and 80 beds. We also approved 14 homeless family units in Novato. It would be interesting to find out what other cities are doing with the in-lieu fees.

Chair Gupta said they have funding and in-lieu fees which they are using right now for projects that include affordable housing.

Member Chang would like to know if it would be useful to discuss how many units of affordable housing they are losing and how to preserve existing affordable housing.

Member Pierce said they can use our in-lieu fees in different ways, giving the developer the option of buying an existing unit that goes into a long term affordability contract.

Inclusionary zoning can be a hurdle. She wants to find other funding for affordable housing rentals and help low income earners to get into existing housing. Napa has done work-proximity housing; that is a model for the Bay Area. They could ask employers, big corporations for contributions. Perhaps just a flat fee per unit that could go into a housing trust fund would help rehab existing housing stock. They need to get more people on a track toward home ownership and building equity and self-esteem. In her own town a developer might be lowering the project density because he does not want to face the outrage of the folks who live across the street. They have to figure out how to work together and engage the rest of the economy in the Bay Area.

Member Sperring thanked Member Pierce for telling them what the problem is. They need to talk about how to solve that problem. Maybe PDAs are not the place for very low- and low-income housing. They are totally ignoring the movement created by market rate housing where people move according to their change in salary. Why are cities not investing in existing housing? They need a much more robust discussion about this problem and where they locate this affordable housing.

Member Savay said there needs to be a new paradigm in terms of post redevelopment, without tax increment to fund affordable housing. In the City of San Carlos they created their own housing agency. The council then becomes the new housing authority. They are now becoming their own developer because there is enough political will and people are championing affordable housing in our city, in our county. The city could buy a condo in a new development as a city and then make it affordable in perpetuity.

Member Luce said there are really two things that developers looked at, finances and line of sight. If they cannot see what is going to happen they are not likely to invest. With regard to Supervisor Sperring's comments, he totally agrees. They need to work with the market, not against it. Napa's work proximity housing program has 72 people who are now homeowners in Napa. They are low- to moderate-income workers. It costs us roughly \$30,000 to \$40,000 to help them get into home ownership so it's around \$2.5 million that they have invested. That money gets paid back handsomely. Their \$30,000 loans are coming back at \$40,000 because they just peg it to the equity in the house. The program is for low- to moderate-income workers working within 20 miles. They are having a difficult time competing with everybody else in the world who wants to retire here. They give them 10% without interest on the loan and it gets paid back in the future as 10% of the equity when they refinance or sell their home. He expects a lot of their homeowners now have over \$100,000 in equity.

Member Natarajan said back to Member Pierce's comment, businesses are willing to pitch in with affordable housing developers in providing the funding but we cannot find any sites. If they got the funding, they do not have the sites. If they have the sites, they do not have the funding. They need a regional or subregional model to leverage money to get the units built but also to rehab units.

Member Combs wanted to second Member Chang's comment about preservation and monitoring displacement. That would be very useful information to have. During the last recession, they could have purchased a large number of very low cost homes to become affordable homes. In fact, their Habitat for Humanity did that instead of building, but in order to count it as part of their RHNA count, they had to be in horrific condition. She

encouraged the committee to use existing stock to become very low and low and it should count as production.

Chair Gupta said they are looking seriously at this item not only as an agenda item for this committee but also a possible workshop.

Ms. Adams thanked the committee members for the really good comments and lots of ideas for both information and policies and strategies. To the question of where housing is built outside of housing element sites, it is a good idea for them to explore.

Mr. Bay said he had 11 questions and 19 other interesting things to follow-up on. He was going to cover about three of those. First, the funding shortfall is so overwhelming, they hear them loud and clear it is hard and they need to find alternatives. The two regional agencies together are hosting another regional conversation on displacement and on housing affordability on February 20th with a focus on potential solutions. His second point is thank you very much for helping us refine and focus this set of tools. He encouraged them to help on data on tax credit scoring of the sites to see how they match with state policy around affordable housing. A third good question, if most of the housing was built somewhere other than the identified sites, where was it built? They need to figure it out. Tracking the total count of unit production and tracking how they are doing on affordable housing production is a good point raised before by Supervisor Luce. On the affordable side, the Bay Area has shown extraordinary creativity in different ways to make housing units more affordable but only a fraction counts as part of RHNA. He is working with the HCD committee to address this issue. It looks like it is going to be a heavy lift for legislative adjustments, perhaps not impossible, but a heavy lift.

Ms. Chion said they will be discussing the priorities on housing actions at follow-up meetings here at the Regional Planning Committee and at the Executive Board,.

Chair Gupta said this was a very interesting discussion with a lot of interesting comments and he agrees with the staff that it deserves further consideration and evaluation and possibly guidance.

8. EQUITY FRAMEWORK FOR PLAN BAY AREA 2040

Pedro Galvao, Regional Planner at ABAG, and Vikrant Sood, Senior Planner at MTC, presented the Equity Framework that they are using to analyze Plan Bay Area.

Member Combs said her concern is that she has a community where they tend to just miss being a Community of Concern. Severely cost-burdened renters become functionally low income. Many are paying 50% to 75% of their income in rent, and have no money to do other things. They are not low income so they are losing with the new definition. She would prefer to see minority, low-income, severely cost-burdened as the three criteria.

Member Romero said the equity framework and the equity analysis has always been a vexing issue for the MTC. Are they hitting the right criteria? Last time, Public Advocates and 6 Wins, along with Urban Habitat, submitted a different framework. What is of concern to him is that they have a framework adopted by the MTC Commission that may

not have necessarily been run through the equity working group in time to get their feedback. Secondly, is it possible to get the datasets to measure displacement impacts and the equity impacts?

Member Combs they also have an area that is designated by the federal government as a food desert, and it would seem to be a qualifier.

Member Pierce said she is trying to figure out if what they have is the updated information or not.

Member Chavez asked if this did go through the equity working group. Could they talk about the use of the scenarios and how those are going to be developed, reviewed and what the implications of those scenarios are.

Ms. Chion said once they have the scenarios in May, they will run the scenarios against the targets and equity measures and they will give the list of results from that analysis.

Member Spalding noted that one of the maps shows tracts lost due to demographic shift. Those places are no longer a Community of Concern because people of color have been forced out of those communities. She wanted to include that in their conversation about equity.

Member Mitchoff said she does not believe they need three mandatory criteria. It seems that the minority and the low-income, looking at those concentration thresholds, are really pretty high. She thinks the two mandatory should stay the way they are.

Mr. Sood said it is important to note that not all rent-burdened households are low-income, and not all low-income households are rent-burdened. They lost census tracts in Milpitas and Oakland Hills that are not necessarily disadvantaged communities when you look at the income and the minority piece.

Member Eklund asked what is the definition change that's triggering all those tracts to be removed from the communities of concern.

Member Holtzclaw said one thing that is not included directly is transportation costs and another is how you take into account displacement.

Member Haggerty said at MTC he had a bit of an issue with the Communities of Concern and the factors because the data was two to three years old. They actually went back and looked at the precincts and it was like within a percent off. I noticed that City of Fremont had several precincts that were actually very, very close. I would suggest that if you feel like you have errors to contact MTC staff.

Member Natarajan wanted to echo what Member Holtzclaw said in terms of the transportation and housing costs. The cost of lower rents means higher transportation costs. She wanted to see how their definition of Communities of Concern overlaps with

the disadvantaged communities of the Affordable Housing and Sustainable Communities Fund.

Member Whyte said it seemed the healthy and safe communities target is a bit narrow. The state water board just adopted a human right to water resolution; access to clean water, adequate sewage capacity are important, and these affect health, but the health criteria of a 10% reduction in incidence of health effects doesn't really seem to get at that. The other thing is the access to a clean and healthy ecosystem or creek system; which she can see the benefits of tracking something like access to the Bay Trail.

Mr. Galvao responded that there has been a new Census American Community Survey, dataset released for 2010 to 2014. They will review that dataset. All of these have been developed though the Regional Equity Working Group and they presented it to them several times before actually taking it to the bodies outside of that group. For the definition of Communities of Concern, they are defining it as a place that has a concentration of minorities and low-income communities, or they have a concentration of any three of the other factors, plus low-income. Housing and transportation costs is incorporated under other targets.

9. UPDATE ON REGIONAL AGENCIES MERGER STUDY

Member Pierce explained that ABAG and MTC are working jointly to look at a governance structure which would benefit the entire Bay Area region in a better way. Management Partners is a consulting company working to guide ABAG and MTC through this process. There is a plan in the agenda packet and there will be an email sent to everyone with a website link with all the information about the study. Upcoming are regional meetings with opportunity for committee members, colleagues, various stakeholder groups, and elected officials to learn and give feedback. There will be an elected official survey about the process and a new governance structure. Commissioner Sperring, Chair of the MTC Planning Committee, and she, Chair of the ABAG Administrative Committee, are directing this process with the Executive Directors of both agencies. They are working as collaboratively, quickly and efficiently as possible. They encourage everyone to engage in this opportunity and participate in the process.

Chair Gupta asked Member Sperring if he wanted to add anything. Member Sperring said he agreed with what was said by Member Pierce.

Member Madsen appreciated the focus on governance, and moving forward with this great opportunity. He strongly emphasized the importance of clarity about the mission for this process, and clarity about what is regional planning, the purpose of these agencies and the goals of any sort integration. He emphasized that this is about transportation, housing, open space conservation, social equity, and elevating all of those important issues and purposes.

Member Terplan reiterated what Member Madsen said. He asked if there will be a formal process for input that might be considered by the committee and by the consultants.

Member Pierce replied that input can be given at any of the public meetings or anyone can contact the consultants directly on their website. There might be some great ideas that they have not thought of.

Member Spring said at his interview with the consulting firm he asked if they will solicit proposals that they can incorporate into their recommendations. He is hoping that they are going to do that. Obviously they are not going to take hundreds of proposals, but stakeholders such as yourself that have vested interests, they need to consider seriously.

Member Pierce highlighted that SPUR is going to be hosting one of the workshops which would be the perfect opportunity for suggestions.

Member Savay asked if there will be information about the meetings with various stakeholders and what was said.

Member Pierce said the interviews with individuals and with groups will be reported without attribution. They want everyone who is interviewed to feel free to say whatever they feel they need to say without having to worry about repercussions or feedback.

10. ADJOURNMENT

Vice Chair Gupta adjourned the Regional Planning Committee at 2:44 PM

The next meeting of the Regional Planning Committee will be on April 6, 2016.

Submitted:

Wally Charles

Date: March 16, 2016 28, 2016

For information or to review audio recordings of ABAG Regional Planning Committee meetings, contact Wally Charles at (510) 464 7993 or info@abag.ca.gov.