



California Apartment Association

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Via E-Mail Only

January 16, 2018

Hon. David Rabbitt
President
Association of Bay Area Governments
375 Beale Street
San Francisco, California 94105

RE: CASA Compact: Position of the California Apartment Association

Dear President Rabbitt:

The California Apartment Association (CAA) recognizes California faces a significant shortage of housing and robust efforts must be taken to increase the supply of housing that is both available and affordable to residents at all income levels.

For the past 18 months, CAA has participated in the Committee to House the Bay Area (CASA) Technical Committee and recognizes the efforts by CASA are impressive — bringing together diverse stakeholders to try and forge consensus on housing solutions is significant.

The purpose of this letter is to detail CAA's vote of "neutral" or "abstain" on the CASA Compact using the established gradients of agreement voting system at the December 3, 2018 CASA Technical Committee Meeting.

Opposition in Brief

Based on CAA's historical positions and guiding principles, CAA cannot endorse the CASA Compact as currently drafted citing the inclusion of recommendations to impose rent control and just cause eviction via state legislation.

CAA led the effort to defeat Proposition 10 on the November 2018 ballot. Given the overwhelming mandate expressed by California voters against rent control this November in their rejection of Proposition 10, any efforts to impose rent control that is attempted through legislation will be met with swift opposition by CAA and rental property owners. While we respect the work of CASA and are encouraged by the proposals to address increasing housing in the Bay Area, CAA does not believe CASA is the avenue through which any rent control "compromises" should be developed.

CASA Compact Element: Emergency Rent Cap

While the CASA Compact refers to this item as "Emergency Rent Cap," it is nothing short of a proposal for state mandated rent control. While CAA supports temporary annual rent increase limits of 10% when linked to a state of emergency as defined in California Penal Code Section 396, the proposed CASA "Emergency Rent Cap" fails to define the conditions that must exist to trigger an emergency that

warrants the imposition of rent regulations via state legislation that are in many ways stricter than the anti-gouging regulations already established in state law under California Penal Code Section 396.

The CASA Compact states that an emergency rent cap would decrease “the number of households who are at risk of displacement and homelessness, decreasing the number of households who are rent burdened, and promoting tenant and community stability....Extreme rent increases can pose a particular burden for tenants who are low and fixed income.” Thus, one can logically conclude that the desired effect of this proposal is to help those tenants who are of low income; however, the proposal fails to include any form of means testing to ensure that the benefits of this rent cap and the correlating subsidy from the housing provider are targeted to those at greatest risk of displacement.

The proposal is silent on administration and enforcement other than to create yet another unfunded mandate on local or regional government. When looking at the cost to administer rent control in California cities, the combined cost to administer rent control systems in Mountain View, Richmond, Berkeley, Santa Monica, Los Angeles, Alameda, West Hollywood, and San Jose is \$51.5 million annually without even including San Francisco or Oakland.

Several members (or the organizations they represent) on the CASA Technical Committee publicly supported Proposition 10 on the November 2018 ballot, citing the need for local communities to decide what kind of rent regulations were necessary in their community. Now these same organizations are calling to usurp local control and impose their desire for rent control via the CASA Compact and state legislation.

CASA Compact Element: Just Cause Eviction

Just Cause Eviction policies require all rental property owners to list and prove in court a “cause” when terminating a tenancy. It could also prohibit a new owner from moving into his or her own property without some form of regulatory approval.

This proposal would require every city and county in the region to abide by this new requirement, even those local governments or communities that have expressly rejected it.

A just cause eviction law would lead to significantly higher rents, endless litigation, and put good tenants in danger by making it extremely difficult to remove bad tenants engaged in illegal activity. Specifically, just cause eviction laws:

- *Make it Difficult to Remove Dangerous Tenants* – By requiring an owner to list a “cause,” and prove it, this proposal makes it incredibly difficult to remove dangerous tenants involved in illegal and gang activity. In these types of situations, property owners must rely on third-party witnesses, who are often too scared to testify against the dangerous individual.
- *Void Every Fixed-Term Lease in California* – Just Cause laws prohibit property owners – of both residential and commercial property – from enforcing agreed-upon lease expiration dates unless they can prove “cause.” In effect, this proposed just cause eviction law would grant every tenant in the region a one-sided lifetime lease, which the tenant can end at any time for any reason, but which the property owner can only terminate for “cause.”
- *Bring Endless Litigation and Delay* – Just Cause Eviction laws would require a property owner to provide a “cause” when terminating ANY tenancy and would require the owner to prove and demonstrate that the “cause” was legitimate. This proposal for eviction controls offers little explanation to owners or to courts as to what constitutes a legitimate “cause.” This

recommendation could very well provide a very easy roadmap for unscrupulous tenant attorneys to delay for months, or stop altogether, all evictions.

- *Ignore That Strong Tenant Protections are Already in Place* – Current state law already has strong protections in place to protect tenants from retaliatory or discriminatory evictions. Failure to abide by these laws carry significant penalties, including actual damages, injunctive relief, and punitive damages.

It's important to understand that rental property owners proceed with an eviction only as a last resort. In California, it's too expensive and time-consuming to terminate a tenancy, and most owners would much prefer to work with a tenant to arrive at a mutually agreeable outcome. California law already provides some of the strongest tenant protections for illegal or retaliatory evictions.

If this proposed element becomes law, property owners will be less willing to take risks when it comes to marginal applicants who may not have a stellar rental history or credit record. Today many property owners are willing to take a chance on an applicant who is otherwise qualified but who has something in their past – such as an eviction when they were young, a foreclosure, a bankruptcy, or a lack of credit history because of living abroad. Property owners are willing to do this because they know that if the tenant is unable to live up to their lease obligations, there exists today a legal process to recover possession of the unit. Under just cause eviction laws, property owners will no longer be willing to go out on a limb for these riskier applicants, who are often those in the greatest need of housing.

Though the intent of this proposal is to make housing more secure for vulnerable populations, it will worsen the situation for those who are looking for housing.

Conclusion: Maintain a Focus on Housing Supply & Funding

To immediately address our regional housing shortage, CAA supports moving forward promoting the compact elements that expedite the development of housing in appropriate locations, continue conversations on creating equitable funding sources to promote housing availability, and leverage funds to be used to preserve and promote housing affordability.

Unless the rent control and just cause eviction elements are removed in their entirety, CAA cannot endorse the proposed CASA Compact and will oppose any related legislation aimed at implementing the rent control and just cause eviction elements.

Sincerely,



Joshua Howard
Senior Vice President
California Apartment Association



CITY OF CAMPBELL
Mayor's Office

December 18, 2018

Via Email

Board of Commissioners
Metropolitan Transportation Commission
Bay Area Metro Center-Yerba Buena-1st floor
375 Beale Street
San Francisco, CA 94105-2066

RE: CASA Compact

Dear Commissioner,

The City of Campbell appreciates MTC and ABAG's dedication to increase the supply of affordable housing. However, there are fundamental concerns that have been expressed by many cities over the recently released CASA Compact that should be addressed prior to adoption by MTC.

Lack of Engagement with Local Government

The local government representation in the CASA development has been minimal. To fund CASA at a rate of \$1.5 billion per year for 15 years, the compact identifies using a variety of sources. The majority of these Compact funding mechanisms rely upon new voter approved taxes. The Compact fails to recognize that some of these fees and taxes are already in place in many cities. Support of cities is crucial to the evaluation and adoption of new taxes as they may impact cities in a variety of ways. For instance, Santa Clara County voters passed Measure A in 2016. In support of Measure A, Santa Clara County voters have already voted to increase their property taxes to provide housing. A regional measure that again increases property taxes equally for all counties raises issues that require engagement at the local level to help the public understand the impacts and garner support. The Compact proposes a new \$48 per year parcel tax and the issuance of general obligation bonds. These are in addition to any existing parcel tax. As Santa Clara County voters represent 22% of the Bay Area's registered voters, engagement at the local level in Santa Clara County is crucial to the success of any new regional tax.

Proposed Funding Mechanism

Significant concern has been expressed about the CASA funding proposal for "Revenue Sharing Contribution," which would divert 20% of property tax growth across the region. The Compact is not clear as to whether this would apply to cities, counties and school districts. In Campbell, property tax is the largest revenue source of funding for the City's General Fund.

This funding is critical for the stability of core services such as police, fire and street maintenance. As the City's costs to provide these services continue to grow, the property tax revenue growth to support these functions is crucial to financial stability. The Compact's Revenue Sharing proposal would result in significant cuts to core services in Campbell.

The Compact also proposes to spend only 75% of the funds collected in the county of origin. As such, City of Campbell taxpayers would pay additional new taxes each year, faced reduced core services and have no guarantee that a single affordable housing unit will be produced in Campbell.

One Size Fits All - Recognition of Local Efforts

The Compact is applied broadly without consideration of the many efforts and accomplishments that the City has made with regard to the issue of affordable housing. The City of Campbell has diligently worked to be part of the housing solution and has developed a successful Below Market Rate (BMR) housing program, allowed higher residential density near transit - with some developments receiving the maximum 35% density bonus. By not leveraging these programs the Compact fails to take advantage of years of progress and sends the message to the public that these programs are not helping to provide solutions.

The City of Campbell looks forward to a continued dialog with ABAG and MTC on formulating solutions to the issues raised by the CASA proposal. Broader outreach to the local communities, recognition of successful housing programs and addressing local demands on property tax revenues are all key components.

Thank you for your consideration.

Sincerely,



Paul Resnikoff
Mayor

CC: ABAG Executive Board
MTC Clerk of the Board of Commissioners
Steve Heminger, Executive Director, MTC
Campbell City Council



P.O. Box 3144
Los Altos, CA 94024
408-766-9534

December 18, 2018

ABAG Executive Board Members
MTC Board Members
State Assemblymembers and Senators representing Santa Clara County
Via email

RE: CASA Compact

Dear Executive Board Members, MTC Commissioners, Honorable Assemblymembers and Senators:

We are writing on behalf of the Executive Board of the Cities Association of Santa Clara County (CASCC), an association of the fifteen cities of the county, and the elected representatives of over 1.9 million Bay Area residents. The cities of our association are diverse and include cities with a few thousand residents to a large city with a million people. We work to find consensus and solutions to regional issues. We are writing to express our concern about the CASA Compact as follows:

1. CASCC recognizes there is a housing crisis, and most of our cities are working hard to increase housing, especially affordable housing. We have actively studied different types of housing and affordable housing best practices. We applaud a regional discussion on the issue of housing.
2. Our cities have diligently worked to entitle projects under the existing RHNA system. When RDAs were eliminated and the Palmer decision was issued, our cities sought other funding sources for affordable housing, including impact fees across all forms of commercial development. We have enabled further production of ADUs. Between fees and negotiation with developers, we work to get the funding we need to support the public infrastructure that supports new development that is otherwise chronically underfunded. Given varying economic conditions from city to city, a one-size-fits all approach may yield no housing in some cities while yielding windfalls for developers in others, while leaving us without adequate funding for the infrastructure that makes our communities whole – schools, transportation, etc. We believe that tools that enable local control but hold us accountable for housing entitlement are a better solution. Further, repurposing of revenue streams used for core city services requires careful consideration of each city's economic circumstances.
3. CASCC representatives on ABAG Executive Board and MTC were not included in this process. The proposal may have significant unintended consequences both locally and regionally that the CASA Board cannot appreciate because local government officials were not included with the development of the proposals. CASCC and all the cities in the Bay Area should be part of the dialogue on proposed solutions. We urge you to actively engage us before moving forward, and carefully read the attached letters to-date from our member cities. We are posting cities' letters as we receive them at <https://citiesassociation.org/response-to-casa-compact/>

4. Without engagement of all cities of all sizes, securing support from our cities and our citizens will be difficult and Implementation even harder.

Thank you for your consideration; we look forward to working with you to find solutions we can all support.

Sincerely,



Rod Sink
President



Andi Jordan
Executive Director

cc: City Association Board of Directors
City Managers
Seth Miller, League of California Cities
CASA Co-chairs



December 10, 2018

Mr. Jake Mackenzie, Chairperson
Metropolitan Transportation Commission
1536 Gladstone Way
Rohnert Park, CA 94928

Subject: Vote No on the CASA Compact

The City of Sunnyvale appreciates MTC and ABAG’s dedication in seeking solutions to increase the supply of affordable housing. However, there are fundamental concerns with the recently released CASA Compact (“Compact”) that should be corrected. While Sunnyvale believes there are some worthwhile proposals within the draft Compact, it is unacceptable in its current form. The proposed funding mechanisms and changes to land use authority are a direct assault on cities.

Glenn Hendricks
Mayor

Larry Klein
Vice Mayor

Jim Griffith
Councilmember

Gustav Larsson
Councilmember

Nancy Smith
Councilmember

Russ Melton
Councilmember

Michael S. Goldman
Councilmember

Sunnyvale does not believe that a ‘one size fits all’ policy is appropriate for meeting the housing demands in the Bay Area region. In addition, Sunnyvale considers itself a regional leader in addressing housing needs, however, not all approaches are appropriate for all communities. There are physical geography differences, local challenges, infrastructure constraints, and fundamental community values that shape the way regulations are formulated in each community.

Funding Proposal

We have several concerns with the funding strategies proposal. To fund the CASA Compact at a rate of \$1.5 billion per year for 15 years, the Compact identifies using a variety of sources. Six of the ten funding mechanisms identified in the Compact rely on new voter approved taxes. Only one of these, the commercial linkage fee, recognizes that these fees are already in place in many cities. We believe that without the support of cities on new voter approved taxes, the chances of these passing are very limited. The end result would be no progress on housing issues.

In 2016, Santa Clara County voters passed Measure A. This was a new parcel tax that is devoted specifically to affordable housing. The Sunnyvale City Council voted to endorse the measure and it passed with 67.8% support countywide. After Santa Clara

County voters already voted to raise property taxes on themselves to support affordable housing, it would be difficult to support an additional regional measure that raises property taxes again and applies equally to all counties. CASA proposes two measures that would raise property taxes, a \$48 per year parcel tax, and general obligation bonds. According to the Secretary of State website, as of October 2018, Santa Clara County has the most registered voters of the nine Bay Area Counties with 22% of the total. CASA's one size fits all proposals to increase property taxes will not be successful without local support from cities and counties.

Most concerning is CASA's funding proposal for a "Revenue Sharing Contribution," which would divert 20% of property tax growth across the region. The Compact is not specific about whether this applies to cities, counties and school districts. In Sunnyvale, property taxes are the largest (46%) and most stable source of funding for our General Fund. This funding is needed to pay for core services such as police, fire, libraries, and street maintenance. Our expenses for these core services and others increase every year and we count on revenue growth (especially property taxes) to balance our budget. CASA's Revenue Sharing proposal would result in significant cuts to core services in every Bay Area city. If CASA's proposal also applies to school districts, the chances are remote that it will be supported by Sunnyvale voters who value quality education.

The draft Compact also proposes that of the funds collected, 75% would be spent in the county of origin. As proposed, Sunnyvale residents and businesses would pay millions in new taxes each year, face reduced services, and have no guarantee that a single affordable housing unit be produced in Sunnyvale. Furthermore, the Compact contains few if any details about how funding decisions would be made. Based on adopted fiscal management policies, the City of Sunnyvale will strongly oppose funding mechanisms that would result in reduced local services.

Consideration for Local Housing Programs and Accomplishments

Sunnyvale has worked hard to develop numerous tools and programs to finance and support the development of affordable housing. In the early 1980s the City embarked on a series of planning and housing programs to increase the housing supply, increase the availability of affordable housing and decrease the number of potential jobs. These efforts included:

- Rezoning industrial and commercial properties to allow for additional housing three phases over 13 years;
- Implementing controls on the intensity of industrially zoned developments and require payment of a housing mitigation fee for developments approved by Use Permit to exceed 35% floor area ratio (FAR);
- Allowing higher density housing in transit rich areas such as Downtown and Lawrence Station;
- Allowing the development of accessory living units on single-family and duplex properties of minimum size;
- Allowing housing in all zoning districts;
- Preserving the mobile home parks by creating a Mobile Home Park General Plan designation (previously, most mobile home parks had an underlying industrial general plan designation);
- Requiring inclusionary affordable dwelling units (Below Market Rate);
- Requiring housing mitigation fees for net new non-residential development regardless of zoning district;
- In compliance with State requirements, removing barriers to obtaining approvals for new residential development;

Sunnyvale's very successful Below Market Rate (BMR) housing programs have resulted in the development of over 1,300 BMR units (rental and ownership). The City of Sunnyvale has awarded millions of dollars to leverage affordable housing units built by non-profit housing partners. For example, in November 2018, Sunnyvale approved a development agreement for 90 all affordable units on City-owned land with at least 25% of units dedicated to the developmentally disabled. Local achievements like this are ignored by the CASA Compact. The local creativity it takes to deliver a complex project like this would be lost with a one size fits all regional housing program.

The City of Sunnyvale is a community of about 59,000 housing units with a General Plan land use build out of 72,460 units. There are currently over 4,000 units in the development pipeline (under construction, approved and pending) and the City is studying the addition of over 6,000 dwelling units to area land-use plans. The CASA Compact, as proposed, fails to recognize cities like Sunnyvale who have worked aggressively to meet affordable housing goals.

The City of Sunnyvale is mindful that the need is great and that all cities and counties must continuously find new solutions that contribute to addressing our region's housing needs. Please do not support the proposed CASA Compact that diverts or strips local revenues and penalizes cities who are diligently and successfully addressing housing production and affordability. We urge you to engage with cities in the region to develop a housing proposal that most in the region could support.

In summary, the City of Sunnyvale does not support the proposed CASA Compact and I urge you to vote no to support this proposal. If you wish to discuss further, please do not hesitate to contact me.

Sincerely,



Glenn Hendricks
Mayor, City of Sunnyvale

cc: Honorable Jerry Hill, State Senate
Honorable Mark Berman, State Assembly
Honorable Jeanie Bruins, Metropolitan Transportation Commission
Honorable Dave Cortese, Santa Clara County Board of Supervisors
Honorable Joseph Simitian, Santa Clara County Board of Supervisors
Honorable Cindy Chavez, Santa Clara County Board of Supervisors
Honorable Susan Ellenberg, Supervisor-elect, Santa Clara County Board of Supervisors
Sunnyvale City Council
Kent Steffens, City Manager
Cities Association of Santa Clara County



CITY MANAGER'S OFFICE

CITY HALL
10300 TORRE AVENUE • CUPERTINO, CA 95014-3255
TELEPHONE: (408) 777-3223 • FAX: (408) 777-3366
CUPERTINO.ORG

December 11, 2018

Via Electronic and Regular Mail

Jeannie Bruins
City of Los Altos
1 North San Antonio Road
Los Altos, CA 94022

SUBJECT: CASA Compact

Dear Ms. Bruins:

Following adoption of the Bay Area's Sustainable Communities Strategy (SCS), Plan Bay Area, in 2013 (updated in 2017), CASA – the Committee to House the Bay Area (CASA), was convened by the Metropolitan Transportation Commission (MTC), the Bay Area's Regional Transportation Agency to identify innovative methods to meet the housing targets in the Plan. CASA's key principles include (1) increasing housing production at all levels of affordability, (2) preserving existing affordable housing, and (3) protecting vulnerable populations from housing instability and displacement.

From Summer 2017 through Fall 2018 CASA developed a suite of legislative, financial, policy and regulatory recommendations that together form a Regional Housing Implementation Strategy for presentation at state and regional levels. This has been presented to the Bay Area Regional Collaborative (BARC) on November 8, 2018 and the ABAG Executive Board on November 15, 2018 to solicit support on the proposed strategies together called the CASA Compact. It is expected that the Draft Term Sheets will be presented to the MTC Executive Board on December 17, 2018.

Based on comments from the Executive Director of the MTC at the ABAG Executive Board meeting, it is anticipated that the CASA Compact will be forwarded to state legislators for their consideration for implementation without the scope of many (or any) edits by the ABAG or MTC Executive Boards and regardless of the outcome of their voting. Mr. Heminger explained that CASA was not established with the intent of requiring Board Approval on its work product. He also indicated that state legislators

have been closely monitoring CASA's progress and regardless of support or opposition from ABAG and MTC will likely forward many of the recommendations for consideration at the state level. The CASA Compact essentially provides support to existing and future legislative work and intent.

Several members of the ABAG Executive Board expressed concerns about several terms in the Compact at its November 15, 2018 meeting, particularly the proposed changes to regulations that preempt local control over land use matters, including the upzoning along transportation corridors and a "one-size-fits-all" strategy for development. Several concerns were raised about the lack of outreach with smaller jurisdictions and broader participation in the preparation of the Draft Term Sheets. MTC staff indicated that given the schedule, there is no time for the outreach suggested by the Board. However, the ABAG Executive Board recommended a workshop to allow local jurisdictions to provide their input, possibly at a future board meeting. No vote was taken on the Compact at the November meeting.

A preliminary evaluation of the CASA Compact Draft Term Sheets raises the following concerns:

1. *Minimal outreach to local governments* – Local government representation in CASA is limited to the three largest cities in the region and three local jurisdictions (out of over 100 local agencies). Consensus on the CASA Compact has been built around builders, non-profit agencies, labor unions etc. However, most of the affected agencies have not been consulted on the Compact or its elements. It should be noted that many of the action items would impact all local agencies in California including those that may not have finances or staffing to implement the mandates;
2. *Preemption of local control over zoning regulations, inclusionary requirements and design review* – Aggressive density, height, open space and setback standards, suspension of inclusionary requirements if adequate housing not constructed, requiring jurisdictions to grant waivers/reductions to inclusionary requirements. Additionally, local jurisdictions ability to conduct design review would be severely limited to objective standards including disallowing any reductions in established height allowances for architectural articulation;
3. *Freezing fees, community benefits etc. at time of application for 100% affordable projects and at time of completeness for other projects* – While fees in Cupertino are generally frozen to time of completeness, like many other cities, community benefits are generally negotiated through project review and finalized at application approval by the City Council. This would limit cities ability to negotiate community

benefits. All community benefits would have to be established prior to any proposed development;

4. *Overreach in land use regulations by the Regional Transportation Commission* – In addition to a statutory housing overlay near transit, MTC is proposing to establish a new index to evaluate areas based on 5-factors identified by MTC which would allow implementation of state mandated zoning regulations for density, open space, height and parking well beyond the transit focus areas;
5. *Added fiscal pressures on local government due to statutory streamlining requirements and tax relief measures* – Statutory streamlining deadlines (similar to existing SB 35 timelines) by project size could require local agencies to incur expenses to hire additional staff to ensure timely project review. However, a potential 15-year tax relief could impact the General Fund further burdening local agencies. In addition, local agencies would be restricted from charging existing fees if erroneously not identified during the entitlement phase of project;
6. *Suspension of inclusionary requirements* – the legislative agenda proposes a suspension of inclusionary requirements in the event that a finding that inclusionary requirements are not thwarting housing development cannot be made within the first 30 calendar days of the day. Construction of housing cannot be guaranteed by cities upon project approval. For e.g., in Cupertino, 788 residential units were permitted in 2016, however, no building permits have been submitted and construction has not commenced on these projects.
7. *Establishment of a Regional Housing Entity (RHE) that determines disbursement of funds* – this is a concern particularly if a smaller jurisdiction generates much of the revenue. E.g. a gross receipts tax in Cupertino could generate substantial revenue, but only a small portion of that can be expected to be allocated to the City;
8. *Appropriation of local finances* – Cupertino, like several other cities in the region, already has a commercial linkage fee. With establishment of the RHE, it appears that this would be appropriated;
9. *Governmental structure of the RHE* – the proposed structure of the RHE is expected to be similar to the MTC structure. If this is heavily weighted toward the interests of bigger cities in the region, very little of the funds generated by smaller cities can be expected to be allocated back to the cities of origin;
10. *Concerns about use of local agency funds* – Concern raised by one of the ABAG Board members. Require cities to fund legal representation in the event of all kinds of evictions – including just evictions such as not having paid rent.

Cupertino looks forward to a dialogue with ABAG and MTC on formulating strategies to produce, preserve and protect affordable housing. However, the current CASA Compact has several items of concern that need to be restructured or stricken, regardless of whether these are proposed by other state legislators or not. As Cupertino's MTC representative, we hope that you will present our concerns to the MTC Executive Board and encourage broader outreach with local agencies by CASA and MTC staff.

Sincerely,



Amy Chan

Interim City Manager

Enclosures: Attachment A – Draft CASA Term Sheets



December 17, 2018

Ms. Andi Jordan
Executive Director, Cities Association of Santa Clara County
P.O. Box 3144
Los Altos, CA 94024

Re: CASA Compact Response

Dear Ms. Jordan:

The Cities Association Executive Board is meeting on Monday, December 17, at 4 p.m. to discuss the Committee to House the Bay Area (CASA) Compact. Several cities have taken individual action and we understand the Executive Board will be considering whether to take a position (or not) at the Board Meeting. The purpose of this letter is to share the City of Santa Clara's position on this matter.

The City of Santa Clara supports CASA's key principles of: (1) increasing housing production at all levels of affordability, (2) preserving existing affordable housing, and (3) protecting vulnerable populations from housing instability and displacement. However, the City is concerned that the Draft Term Sheets, which outline the suite of legislative, financial, policy and regulatory recommendations will be forwarded to state legislators for consideration and implementation without the scope of many edits by the ABAG or MTC Executive Boards, regardless of their voting outcome.

The City of Santa Clara shares many of the same concerns raised by several members of the ABAG Executive Board, particularly the lack of outreach with smaller jurisdictions and the need for broader participation in the preparation of the Draft Term Sheets. Local government representation in CASA is limited to the three largest cities in the region and three local jurisdictions (out of over 100 local agencies), while most of the affected agencies have not been consulted on the CASA Compact or its elements. Many of the action items would impact all local agencies in California, including those that may not have finances or staffing to implement the mandates.

Andi Jordan, Executive Director, Cities Association of Santa Clara County

Re: CASA Compact Response

December 17, 2018

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Additionally, there is significant uncertainty and concern - particularly amongst smaller jurisdictions - regarding the appropriation of local finances and the structure of a Regional Housing Entity (RHE), which would ultimately determine the disbursement of local finances. The proposed structure of the RHE is expected to be similar to the MTC structure and could be heavily weighted toward the interests of bigger cities in the region, while very little of the funds generated by smaller cities are expected to be allocated back to the cities of origin. The CASA Compact proposes 75% of the funds collected would be spent in the county of origin, which provides no guarantee that a single affordable housing unit would be produced in the City of Santa Clara. Furthermore, the CASA Compact contains few, if any, details about how funding decisions would be made.

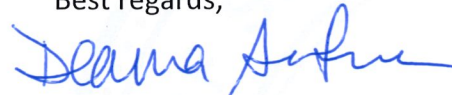
The City of Santa Clara requests that the Cities Association of Santa Clara County advocate for more dialogue with ABAG and MTC on formulating strategies to produce, preserve, and protect affordable housing. The current CASA Compact has several items of concern that need to be restructured or eliminated through collaboration with local jurisdictions, regardless of whether these are proposed by other state legislators or not. We are hopeful these concerns will reach the MTC Executive Board and result in broader outreach and communication with local agencies by CASA and MTC staff. If these concerns cannot be addressed, then the City of Santa Clara cannot support the CASA Compact.

Best regards,



Lisa M. Gillmor
Mayor

Best regards,



Deanna J. Santana
City Manager



1 North San Antonio Road
Los Altos, California 94022-3087

SENT VIA EMAIL

December 17, 2018

Mr. Jake Mackenzie, Chairperson: blumacjazz@aol.com
Metropolitan Transportation Commission
Bay Area Metro Center
375 Beale Street, Suite 800
San Francisco, CA 94105-2066

Re: CASA Compact

Dear Chairman Mackenzie,

The City Council of Los Altos respects the work of the Steering and Technical Committees to develop the CASA Compact. Sadly, the efforts of housing experts, advocates and other interests who have worked diligently have failed to include input from cities that comprise more than two-thirds of the Bay Area population. As a consequence, the Compact contains funding mechanisms that are not feasible and changes local land-use authority that are counter-productive and unacceptable. The proposals ignore the diversity and unique circumstances that need to be addressed by each city.

To that end, we ask that you vote 'no' until input from the cities, and their recommended modifications, can be incorporated into the Compact.

It is apparent that the CASA Compact includes funding strategies that are not feasible. The proposal suggests that \$1.5 billion annually could be derived from a variety of sources, several of which are new voter-approved taxes. Santa Clara County recently voted to increase property taxes for this purpose (Measure A).

Among the problematic proposals are those that would divert property tax reviews from cities to a central fund, with a new and costly administrative bureaucracy not subject to voter control, and with no guarantee that the funds would have the intended benefits. There will be predictable and negative effects that would place unacceptable burdens on our residents and adversely affect city services.

- In Los Altos, 65% of our revenues are derived from property taxes. Diverting a portion of these needed revenues to a region-wide housing effort would adversely impact our ability to deliver essential public safety and other municipal services.

- Los Altos has only 4% of its land devoted to commercial development. Yet our seven small commercial areas contribute to “...maintaining a balance of land uses [that] ensure fiscal stability and also create a desirable community in which people can reside, work, shop, and recreate.” (General Plan, Land-Use Element) State mandates already are resulting in the replacement of this meager commercial development with multi-family housing. The consequence of further conversion will be greater and unwise reliance on property taxes (with a portion taken by the proposals in the Compact), displacement of local jobs, greater commutes, and more vehicle use for shopping and services.
- The Compact also discusses tax abatement as a means to incentivize housing development. As with the diversion of property taxes, the Compact is not clear as to which taxing districts would be impacted – cities, counties, school districts, etc. Under any scenario, such an effort requires current residents to subsidize needed services such as police, fire, and possibly schools, for the new residents, just to ensure that developers adequately profit from their housing AND commercial projects elsewhere in the region. We believe proposals such as this require significantly more review and vetting by local agencies to fully understand the impacts before being adopted.
- It is uncertain how proposals regarding housing along transit corridors will affect current residential development. Although we agree that some housing is best located in these areas, we cannot support such a proposal until we understand how to mitigate the negative impacts on adjacent, fully developed residential neighborhoods and on city services that would result from such development.
- The Compact overstates the benefits of transit-oriented development and the ability of transit systems to truly accommodate the increased density advocated in the Compact. There is no evidence and little optimism that hoped-for diversion of new residents to transit will occur.
- There are carve-out exceptions for innovative projects and approaches that various cities have already implemented. Yet the Compact mandates a tops-down, one-size-fits-all set of “solutions” that would stifle such innovations in the future. This is contrary to the goal of providing more housing.

Many cities are taking such innovative actions and are responding to recent legislation. In Los Altos, a city that is fully built out and projected by LAFCO to grow less than 0.4% per year, we have:

1. Increased the required amount of inclusionary housing in multi-family developments;
2. Allowed accessory dwelling units in single-family zones without regard to the size of the property;
3. Enacted a local density bonus law to provide a simpler path for developments that include below market rate housing;
4. Approved projects (with more in the pipeline) that convert existing commercial parcels to inclusionary multi-family housing;
5. Instituted an affordable housing impact fee and a commercial linkage fee that the City can use to assist in the future development of needed affordable housing; and

6. Agreed to join other cities in Santa Clara County to review the possibility of forming a RHNA sub-region in an effort to work collaboratively with our neighboring cities to achieve our collective housing goals in a cooperative fashion that respects the various circumstances unique to each city.

We appreciate the efforts of MTC and ABAG to convene the CASA committees and develop these recommendations, but until we have a more thorough review of each of the proposals, a more robust dialog among all the cities in the region, and proposals that allow cities to retain control of their own jurisdictions, we ask MTC to join us in not supporting the CASA Compact.

Sincerely,



Lynette Lee Eng
Mayor

- c: Los Altos City Council: council@losaltosca.gov
Chris Jordan, City Manager: cjordan@losaltosca.gov
MTC Commissioners: rleyva@bayareametro.gov
CASA Co-Chairs: casa@bayareametro.gov
Andi Jordan, Cities Association of Santa Clara County: executive_director@citiesassoication.org
Honorable Jerry Hill, State Senate: senator.hill@senate.ca.gov
Honorable Mark Berman, State Assembly: mark.berman@asm.ca.gov; ellen.kamei@asm.ca.gov
Honorable Jeannie Bruins, Metropolitan Transportation Commission: jbruins@losaltosca.gov
Honorable Joseph Simitian, Santa Clara County Board of Supervisors:
supervisor.simitian@bos.sccgov.org
Seth Miller, California League of Cities: smiller@cacities.org



TOWN OF COLMA

1198 El Camino Real • Colma, California • 94014-3212
Tel 650.997.8300 • Fax 650.997.8308

January 16, 2019

Via Electronic Mail

Honorable David Rabbitt, President
Association of Bay Area Governments
Bay Area Metro Center
375 Beale Street, Suite 800
San Francisco, CA 94105-2066

Re: CASA Compact

Dear President Rabbitt,

The Town of Colma is committed to building housing, but, like many jurisdictions, lacks land resources to do so. The Town is one of the few jurisdictions in the state that has satisfied its RHNA housing requirement until the year 2023, with new construction within the low and very-low affordability range. The Town has strong concerns about provisions of the CASA Compact that were prepared without consultation with local Bay Area jurisdictions, and the implications for inappropriate development that usurps local review. Therefore, we urge the ABAG to not support the CASA Compact as written. More time is needed in order for jurisdictions with land use authority to provide feedback addressing their diversity and unique circumstances. These needs can be incorporated into any compact or policy resulting in a successful housing initiative proposal that reflects the partnership of diverse cities in the Bay Area.

As stated in a December 11, 2018 letter from the Interim City Manager of Cupertino to MTC Representative Jeannie Bruins, the Town of Colma shares the same concerns with the CASA Compact Draft, as follows:

1. *Minimal outreach to local governments* - Local government representation in CASA is limited to the three largest cities in the region and three local jurisdictions (out of over 100 local agencies). Consensus on the CASA Compact has been built around builders, non-profit agencies, labor unions etc. However, most of the affected agencies have not been consulted on the Compact or its elements. It should be noted that many of the action

Joanne F. del Rosario, Mayor
John Irish Goodwin, Vice Mayor
Diana Colvin, Council Member • Helen Fisicaro, Council Member • Raquel P. Gonzalez, Council Member
Brian Dossey, City Manager

items would impact all local agencies in California including those that may not have finances or staffing to implement the mandates;

2. *Preemption of local control over zoning regulations, inclusionary requirements and design review* - Aggressive density, height, open space and setback standards, suspension of inclusionary requirements if adequate housing not constructed, requiring jurisdictions to grant waivers/reductions to inclusionary requirements. Additionally, local jurisdictions ability to conduct design review would be severely limited to objective standards including disallowing any reductions in established height allowances for architectural articulation;
3. *Freezing fees, community benefits etc. at time of application for 100% affordable projects and at time of completeness for other projects* - While fees in Colma are generally frozen to time of completeness, like many other cities, community benefits are generally negotiated or conditioned through project review and finalized at application approval by the City Council. This would limit the ability of cities to negotiate community benefits. All community benefits would have to be established prior to any proposed development;
4. *Overreach in land use regulations by the Regional Transportation Commission* – In addition to a statutory housing overlay near transit, MTC is proposing to establish a new index to evaluate areas based on 5-factors identified by MTC which would allow implementation of state mandated zoning regulations for density, open space, height and parking well beyond the transit focus areas;
5. *Added fiscal pressures on local government due to statutory streamlining requirements and tax relief measures* - Statutory streamlining deadlines (similar to existing SB 35 timelines) by project size could require local agencies to incur expenses to hire additional staff to ensure timely project review. However, a potential 15-year tax relief could impact the General Fund further burdening local agencies. In addition, local agencies would be restricted from charging existing fees if erroneously not identified during the entitlement phase of project;
6. *Suspension of inclusionary requirements* - The legislative agenda proposes a suspension of inclusionary requirements in the event that a finding cannot

be made within the first 30 calendar days that inclusionary requirements are not thwarting housing development. Construction of housing cannot be guaranteed by cities upon project approval, since housing development decisions are made by the development community.

7. *Establishment of a Regional Housing Entity (RHE) that determines disbursement of funds* - this is a concern particularly if a smaller jurisdiction, like Colma, generates much of the revenue. E.g. a gross receipts tax in Colma could generate substantial revenue, but only a small portion of that can be expected to be allocated to the Town;
8. *Appropriation of local finances* - Colma, like several other cities in the region, already has a commercial linkage fee. With establishment of the RHE, it appears that this would be appropriated. This would not allow funds to be used locally where they are needed;
9. *Governmental structure of the RHE* - the proposed structure of the RHE is expected to be similar to the MTC structure. If this is heavily weighted toward the interests of bigger cities in the region, very little of the funds generated by smaller cities, like Colma, can be expected to be allocated back to the cities of origin;
10. *Concerns about use of local agency funds* - Concern raised by one of the ABAG Board members. Require cities to fund legal representation in the event of all kinds of evictions - including just evictions such as not having paid rent.

The cities in San Mateo County have a decade long history of creating innovative housing solutions. San Mateo County was the first in the state to create a sub-region for housing allocation through the Regional Housing Needs Allocation (RHNA) process and has recently established the collaborative Home for All initiative. These examples and others in Bay Area are a clear sign that we still do not need a top down approach from a new unelected body that can affect the health, livelihood and welfare of our residents.

Colma and the jurisdictions in San Mateo County look forward to a dialogue with ABAG and MTC on formulating strategies to produce, preserve and protect affordable housing. However, the current CASA Compact has several items of concern that need to be restructured or stricken, regardless of whether these are proposed by other state legislators or not. As the President of ABAG, we encourage

you to conduct broader outreach with local agencies by CASA and MTC staff before any additional actions are taken on the CASA Compact.

Please feel free to contact me or our City Manager, Brian Dossey, if you have any questions.

Sincerely,



John Irish Goodwin
Vice-Mayor



CITY OF
HAYWARD
HEART OF THE BAY

January 16, 2019

Executive Board
Association of Bay Area Governments
375 Beale Street, Suite 700
San Francisco, CA 94105

RE: City of Hayward Response to CASA Compact: A 15-Year Emergency Policy Package to Confront the Housing Crisis in the San Francisco Bay Area

Dear Executive Committee Members:

The City Council of the City of Hayward applauds the leadership of the CASA Compact Coalition to propose detailed and aggressive regional policy initiatives to address the housing crisis in the San Francisco Bay Area. Hayward, like other cities in the Bay Area, is experiencing rising housing prices, severe housing instability for its most vulnerable populations, displacement of existing residents of all incomes, and increasing homelessness, and agrees that a concerted regional approach is necessary to successfully address many of these challenges.

Consistent with the CASA Compact document, Hayward has already taken or is taking many of these actions, including adopting development standards for high density development around its Bay Area Rapid Transit (BART) stations and downtown, a rent stabilization ordinance, an inclusionary housing ordinance, an accessory dwelling unit ordinance, and plans and transactions for the disposition of significant public lands for affordable housing.

As the Executive Committee considers the CASA Compact and works with stakeholders and State lawmakers to implement these initiatives, the City of Hayward respectfully requests that the following comments be considered:

- **Local Government Perspective.** Local governments have a unique perspective in providing frontline services and programs to the residents of the Bay Area. Please find realistic ways to engage all local jurisdictions in a meaningful way in the CASA Compact review process and be open to learning from our points of view as these initiatives move forward. Hayward is happy to support ABAG staff in organizing and offering its facilities for sub-regional forums and joint City Council meetings among its neighboring cities as well as being a resource to ABAG staff in developing a reasonable approach to engaging local governments.
- **Minimum Zoning Standards Near Transit.** Although Hayward has already adopted or is adopting high density standards for residential development near its two BART stations,

OFFICE OF MAYOR BARBARA HALLIDAY

777 B STREET, HAYWARD, CA 94541-5007
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EMAIL: barbara.halliday@hayward-ca.gov

Hayward requests that minimum zoning standards that take a “one size fits all” approach be avoided. Please consider the following comments:

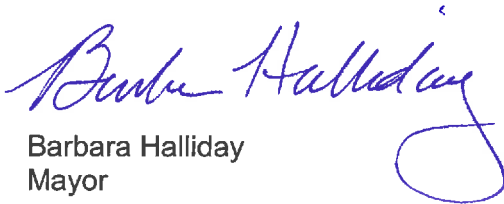
- Higher density multi-family housing in Hayward is teetering on feasibility and the proposed minimum zoning standards and other requirements may not be financially feasible in all sub-regional markets, which could result in undeveloped vacant land. Nothing in this case is not better than something. Please consider how to account for these differences in local market conditions.
- The East Bay needs jobs to counter traffic congestion, lengthy commutes, and at capacity transit systems; therefore, consideration should be given for incentivizing commercial development and jobs in and around East Bay BART stations. Please do not adopt policies that discourage attracting jobs in the East Bay.
- If cities are already “doing the right thing” by achieving their Housing Element goals, meeting their Regional Housing Needs Allocation, and approving transit-supportive projects, please consider providing local jurisdictions with flexibility in applying the minimum development standards.
- **Financial Incentives for Select Housing.** Hayward supports incentivizing the production of middle income housing, as many of our residents fall into this income category. That said, Hayward struggles with fiscal challenges and balancing our budget every year due in part to limited revenue growth and increasing pension and health care costs. We need to be careful about providing financial incentives that adversely impact our tenuous budget situation. Without changes to Proposition 13 property tax limitations or other relief from local fiscal challenges, property tax abatement from the City’s local share of tax revenue should not be considered. Additionally, State and regional attention should be paid to how to reduce the cost of housing production.
- **Requiring Housing on Public Lands.** Hayward owns a significant amount of public land for development and has made developing mixed income housing a priority, including a significant amount of deed restricted affordable housing. That said, in developing large-scale public land opportunities, cities often juggle a variety of community desires and goals, including attracting commercial uses that generate jobs for local residents and sales tax revenue to support services, as well as developing parks and trails that provide active transportation opportunities. Please do not create a housing presumption on public land that eliminates the City’s ability to balance a number of land uses and public needs and benefits, making it harder to obtain approval of any development project.
- **Funding and Financing the CASA Compact.** While Hayward is open to exploring creative ways to finance the proposed initiatives, as described above, the City is not supportive of measures that reduce local property taxes or other General Fund monies without relief from Proposition 13 limitations or policies that make it more expensive to develop commercial development in the East Bay (i.e., commercial linkage fees), where we should be encouraging new job centers. Additionally, the CASA Compact discussed labor standards for projects receiving public funding, including using trained apprentices.

To the extent practicable, apprenticeship programs should make every effort to attract individuals, who are facing housing instability and are vulnerable to displacement and/or eviction.

- **Regional Housing Enterprise.** Although establishing a Regional Housing Enterprise (RHE) may make sense given the potential for a new financing authority on a regional level, there are concerns that the RHE, along with ABAG and the Metropolitan Transportation Commission, as well as the numerous regional transit agencies in the Bay Area, will create too much regional bureaucracy, especially as land use and transportation issues become even more linked. ABAG and MTC recognized these overlaps as part of the recent merger. Why would we create additional regional agencies when the trend is towards consolidation? Please evaluate ways to avoid greater government bureaucracy in implementing these housing initiatives. Consider addition of dedicated staff within existing agencies that already have these issues as a focus.
- **Calls for Action.** Hayward strongly supports the Calls for Action in the CASA Compact to address housing finance, homelessness, redevelopment and the fiscalization of land use.

The City Council of Hayward is grateful for the CASA Compact Coalition's leadership on these important and difficult issues. Hayward looks forward to working with the CASA Compact Coalition, ABAG, MTC, State lawmakers, and other stakeholders in implementing aggressive regional policy initiatives to address the housing crisis in a way that is compatible with the complexity and diversity of local realities.

Sincerely,



Barbara Halliday
Mayor

cc:

Steve Heminger, ABAG Executive Director
Hayward City Council
Hayward City Manager



TOWN OF LOS GATOS

OFFICE OF THE MAYOR AND TOWN COUNCIL
(408) 354-6801
Council@LosGatosCA.gov

CIVIC CENTER
110 E. MAIN STREET
LOS GATOS, CA 95030

Steve Leonardis, Mayor
Marcia Jensen, Vice Mayor
Rob Rennie, Council Member
Marico Sayoc, Council Member
Barbara Spector, Council Member

December 19, 2018

Honorable Jake Mackenzie, Chair
Metropolitan Transportation Commission
Bay Area Metro Center
375 Beale Street, Suite 800
San Francisco, CA 94105-2066

RE: CASA Compact

Dear Chair Jake Mackenzie:

The Town of Los Gatos appreciates the hard work of the CASA Steering and Technical Committees to identify recommendations to address the related issues of housing production, displacement, and housing stock preservation. We especially appreciate the attention given to protect our most vulnerable populations within the region.

The Compact, however, raises significant challenges in its implementation due to its extraordinary costs and significant impact on local government operations. For this reason, we strongly recommend that MTC not sign the Compact on December 19, 2018 and instead, work with all interested cities and stakeholders in the Bay Area to refine the recommendations so they can be implemented fairly. If the Commission votes to move forward, the Town of Los Gatos offers the following specific comments:

- Cities and towns are important partners as we work together to address the housing needs. It is unfortunate that the CASA process did not engage cities and towns in the development of the recommendations to understand the importance of local control to tailor housing policy and action that delivers affordable housing.

For example, due to local political will, the Los Gatos Town Council has taken proactive steps that have resulted in the production of affordable housing. For example, the Town has a successful, longstanding inclusionary zoning program that has created a supply of affordable, deed-restricted units. In addition, the Town modified its regulations for accessory dwelling units and within the first year, approvals have more than doubled.



Therefore, it is critical that individual communities retain the ability to plan and implement meaningful measures that achieve affordable housing.

- The housing situation is complex and the production of housing relies primarily on private market forces to make land and financing available. In Los Gatos, the Town recognizes that more affordable units are needed and have requested more or deeper affordability. Unfortunately, these requests are met with developer statements that to do so would render the housing development financially infeasible. We have also learned that some builders are not interested in competing for tax credits or applying for available funding for affordable housing. This indicates that stronger market interventions are needed to create financial incentives for the homebuilding industry to propose and build affordable housing.
- We agree that the California housing challenge is a statewide priority. As such, the recommendations pertaining to surplus state lands should be expanded to other public agency lands, including but not limited to Transit Districts and other Special Districts.
- While the Bay Area has debated regional planning for decades, does it make sense to create another single purpose entity called the Regional Housing Enterprise? If there is interest to do so, the Enterprise should be expanded to include the voice of smaller communities. One size does not fit all within the Bay Area and it is critical that a menu of strategies be created that can be applied and tailored to local conditions.
- Many of the recommendations include State legislation that would pertain to the nine County Bay Area only. While this might be a strategic approach on one level, on another it neglects the fact that the housing challenge is a State-wide concern. If specific recommendations are determined to be useful in the Bay Area, then they should work State-wide (e.g., just cause evictions, etc.).
- The recommendations include a wide variety of funding concepts that need to be further defined and prioritized as it is doubtful that the State Legislature can or will approve all of the mechanisms. In particular, top-down commercial linkage fees need much more work and local communities need to be part of the dialogue in the creation of such fees. For example, the major employers in some communities are schools and hospitals. Would there be exemptions for these types of employers? Would the dollars collected in a local community flow to that community?

- In addition, Santa Clara County voters recently stepped up and approved a measure to create a funding source for affordable housing. It would be challenging to bring new and additional tax measures to the voters before the current measure can demonstrate tangible results.

We appreciate the opportunity to provide these comments to you as the Commission considers this important topic. Please let us know if you have any questions or need additional information by contacting Town Manager Laurel Prevetti at 408/354-6832 or LPrevetti@LosGatosCA.gov.

Sincerely,



STEVE LEONARDIS
Mayor

SL:jj

cc: Town Council
Jeannie Bruins, MTC
David Rabbitt, ABAG
Senator Beall
Assembly Member Low
Seth Miller, LCC

ABAG Regional Planning Committee

January 10, 2019

Summary of Comments on Report on CASA Compact

Overall

- Commend the CASA process for bringing stakeholders who otherwise have adversarial positions to the table, which by itself is a good outcome.
- Commend the CASA process for getting results.
- Appreciate the hard work that went into developing the CASA Compact, and for maps that show where some of the policies would apply, geographically.
- Commend the CASA process but unclear how the Compact will be implemented. Provide more information on next steps.
- Unclear how the Compact will remain a package if/when state legislators introduce separate bills for different elements.
- Acknowledge the hard work that went into this effort but do not see previous comments reflected in the CASA compact.
- The region's small and medium sized cities were not represented in the CASA process. The ABAG Executive Board did not weigh in on the selection of the CASA co-chairs and committee members.
- Do not support CASA Elements 4 to 10. One size does not fit all.
- CASA committees should have included elected officials.
- Don't agree with everything in the Compact but also don't disagree with all of it.
- Everyone played a part in creating the housing crisis and therefore everyone must help solve it. Drive home this message when reaching out to the public.
- The Bay Area needs a regional approach but the solutions must be local.
- Support the three P framework (the three Ps represent protection, preservation and production).
- Unclear what impact the Compact will have if fully realized, especially on other resources and services. Was there any modeling done on potential impacts/benefits?
- CASA should have done more outreach and engagement, especially to local governments.
- Support the three P framework.
- The Compact is a good starting point for ongoing dialogue on solutions.
- The Compact is still evolving so ongoing engagement of local and regional elected representatives is essential to get the legislation right in Sacramento.
- Overall, support the regional effort.
- The various Leagues of Women Voters have followed the CASA process from the beginning.
- The League of Women Voters commented support for the housing committee letter and emphasized the need for public outreach.

ABAG Regional Planning Committee

Summary of Comments on Report on CASA Compact

January 10, 2019

- Important to reach out to the public with more information about the housing crisis and the need for CASA strategies, so they can become advocates for the Compact. There is a lot of misunderstanding and misinformation in the absence of official information on CASA.
- Should consider “double-joining” various bills on different CASA Compact elements, as they move through the legislative process in Sacramento.
- Add more CASA-related agenda items for future RPC meeting.
- The RPC chair and vice-chair will present a summary of the discussion to the ABAG Executive Board on January 17th.

Job Growth

- Unclear if the job numbers presented (on slide 3 of the presentation) include replacement jobs that were lost during the Great Recession, or if these are net new jobs.
- Many retail jobs were created in Marin but these workers cannot afford to live in Marin.

Potential Funding Sources

- Unclear whether the return to source provision for new revenue in Element #9 will create more imbalances. For instance if most of the new revenue is collected from employers, then job-rich areas such as the peninsula would keep a large share of the new revenue even though the need for this new revenue is greater in the south bay.
- Look at how the city of Bilbao (Spain) charges a vacant home tax, which could be a potential model for the Bay Area.
- Unclear whether Proposition 13 is in conflict with a vacant home tax in California.
- Revenue-sharing will wreck local government finances that are already stretched thin.
- Voters in Contra Costa County are unlikely to approve a new sales tax measure for housing.
- Many unoccupied second homes are located outside the Bay Area. So, a vacant homes tax should be adopted statewide.
- Consider other revenue sources such as “Split Role” for commercial property tax (as it related to Proposition 13) and resurrect the redevelopment agencies.
- Agree with the need for raising new revenue, but disagree with the menu of options listed under Element #9. Employers need to do more to solve the housing crisis. A “Split Role” for commercial property tax could raise new revenue. Local jurisdictions that are “property-tax poor” cannot support a regional revenue sharing proposal. These jurisdictions have an incentive to zone for more commercial to generate the revenue to serve existing residents. They need more, not less revenue to provide services such as schools and emergency services for new residents.
- Solano County cannot generate enough new revenue like San Francisco and the peninsula can. Based on past performance, a new revenue measure will likely fail in

ABAG Regional Planning Committee

Summary of Comments on Report on CASA Compact

January 10, 2019

Solano County. Solano County voters will likely not support just 75 percent return to source.

- Need more accountability for Regional Measures 1, 2 and 3.
- Local governments do not generate nearly enough property tax revenue to cover existing services. A revenue sharing proposal will not work.
- Unclear how the revenue of cities that have already adopted one or more new revenue idea listed under Element #9 would be impacted.

Production Initiatives

- Unclear why Element #5 proposes to raise height limits near transit while leaving local zoning for density unchanged.
- Encourage developers to provide affordable housing units on site instead of paying in-lieu fees, which often remain unutilized at the local level. Building affordable units on site will also create mixed-income communities.
- Consider providing an incentive, like credits for Regional Housing Needs Allocation (RHNA), if a jurisdiction contributes its in-lieu fees towards a regional pool for building affordable units elsewhere.
- Note that in the Twin Cities region the city of Minneapolis recently eliminated single-family zoning, but still needed an approval to do so from the regional body.
- When describing Element #5, clearly state that a project can go as high as 75 feet if it takes advantage of the state density bonus.
- Unclear how land use and zoning will be impacted at the local level from one year to the next if the up zoning proposed by Element #5 is tied to high-quality bus service. Transit service does not have secured funding nor is it determined by local governments.
- To solve the housing crisis, either require employers to provide new housing when adding new jobs, or limit job growth in the region.
- Eliminate the requirement for up-zoning near high quality bus service in Element #5. Both the available funding as well as routes and service levels can change year over year, creating confusion and uncertainty.
- Without the protections strategies already in place, Elements 5, 6 and 7 have the potential to accelerate displacement in Sensitive Communities. Equity advocates have raised this issue before.

Regional Housing Enterprise

- Instead of creating a new regional entity, consider giving the charge to a consolidated board of the MTC and ABAG (board consolidation will be discussed by the two organizations later this year).
- Support creating the Regional Housing Enterprise (RHE). Creating an institutional home for a major regional effort such as CASA will ensure local accountability (a premise that

ABAG Regional Planning Committee

Summary of Comments on Report on CASA Compact

January 10, 2019

is supported by a statewide assessment conducted by the Schwarzenegger administration in the early 2000s).

- Support the idea of creating a RHE, but need to build in flexibility into the proposal. One, on governance, to potentially merge with a future consolidated MTC/ABAG board if that were to happen (and thus prevent creating a new regional agency); and two, on its scope, to potentially provide a technical assistance on topics in addition to housing.
- If the roles and responsibilities of a regional financing entity are clearly laid out upfront, it would eliminate the need for creating a new regional agency.
- Do not support creating a new regional agency. ABAG can serve the role envisioned for the RHE.
- Concerned that eventually the RHE will secure state approval over local land use authority, even if it is currently not part of the proposal.
- The RHE could serve as the third leg of the stool (the other two being MTC and ABAG). This possibility should be considered during the board consolidation discussion, which will conduct a lot more outreach to local jurisdictions.
- ABAG's existing financing arm could serve the role of a RHE, which would also bring a broad range of financing services under one umbrella within ABAG.
- The RHE proposal in Element #10 may serve as an incentive for MTC and ABAG boards to more favorably consider the integration of the two boards.



City Council

Gina Belforte
Mayor

Joseph T. Callinan
Vice Mayor

Susan Hollingsworth Adams
Jake Mackenzie
Pam Stafford
Councilmembers

Darrin Jenkins
City Manager

Don Schwartz
Assistant City Manager

Michelle Marchetta Kenyon
City Attorney

Karen Murphy
Assistant City Attorney

JoAnne Buegler
City Clerk

Betsy Howze
Finance Director

Tim Mattos
Public Safety Director

John McArthur
*Director of Public Works and
Community Services*

Mary Grace Pawson
*Director of
Development Services*

Victoria Perrault
Human Resources Director

January 16, 2019

**Senator Bill Dodd and Assemblymember Cecilia Aguiar-Curry
California State Senate
State Capitol, Room 5063
Sacramento, CA 95814**

RE: CASA Compact – Letter of Opposition from the City of Rohnert Park

Dear Senator Dodd and Assemblymember Aguiar-Curry,

The Rohnert Park City Council authorized me to send a letter on their behalf after raising concerns with the elements included in the CASA Compact.

According to the California Department of Finance, California's population grew by 0.8% in 2017. Rohnert Park's population grew by 2.6%, which is three times the state's growth. Why? Because Rohnert Park is building housing. Here is a list of recent housing accomplishments:

- Approved plans including CEQA analysis for over 4,000 housing units (which is 25% growth)
 - Over 2,000 of the approved units are within designated Priority Development Areas near transit
- Broke ground on an affordable housing project with 218 affordable units for low and very low income families
- Broke ground on a mixed-use, transit oriented redevelopment adjacent to the SMART train station with over 400 units
- Sold at least seven underutilized city properties for housing, resulting in the creation of over 550 housing units.

Keeping up with the pace of construction in Rohnert Park is fully expending our staff resources. The council is concerned that some elements of the CASA Compact seeking to put burdensome reporting and regulatory requirements on our planning and building staff will distract us from our currently successful creation of homes. While there is clearly a demand for more housing, the CASA Compact elements misdiagnose the symptoms and the cures. Please don't punish all jurisdictions for the actions of those unwilling to do their part for housing affordability.

We would like to emphasize one of the calls-to-action in the CASA Compact that could make a difference: increased construction labor force. We see an extreme shortage in skilled trade subcontractors. Education and training lie squarely in the state's mandate and the free community college program would make this training available for all interested workers.

Another useful and relatively inexpensive program to actually accelerate construction would be a construction loan guarantee program. Instead of giving away funds to affordable housing projects, some of the funds could be used to act as a secure backstop

for private banks who are still reluctant to fund construction financing after the 2008 downturn. This could be for all housing projects, not just income qualified projects. In only a few instances would the state actually need to step in on a failed project. We see developers struggling to convince local lenders to finance construction of homes. The state could make a big difference in this area.

The CASA Compact proposes a tax on businesses' gross receipts. To tax on gross receipts versus net receipts is a grave error. Our businesses must be allowed to deduct fixed and variable costs from gross receipts before paying additional taxes. A tax on gross receipts will reduce a company's ability to have adequate cash flow to invest in equipment, hire additional workers or give raises.

When the state is at its best, it is putting resources where it wants outcomes. In the past, the state put 20% of redevelopment money into low and moderate income housing, and cities built it. To restore the construction of low and moderate income housing there needs to be funding. This is a statewide issue—as is homelessness—and the funding and programs need to come from the state, not from financially strapped local governments.

We appreciate both of you as our representatives and know you will work with your biggest home builder...Rohnert Park...to come up with workable solutions for addressing the state's housing needs.

If you have any questions, then please do not hesitate to contact me.

Sincerely,



Gina Belforte
Mayor

cc: Rohnert Park City Council
Metropolitan Transportation Commission
Association of Bay Area Governments



January 16, 2019

Hon. David Rabbitt, President, and Members of the Executive Board
Association of Bay Area Governments (ABAG)
Bay Area Metro Center
375 Beale Street
San Francisco, CA 94105

Via email to: Fred Castro, Clerk of the Board – fcastro@bayareametro.gov

RE: Sierra Club Comments re Authorization to Sign CASA Compact
Meeting of January 17, 2019, Agenda item #12

Dear Supervisor Rabbitt and ABAG Board Members:

On behalf of our nearly 60,000 members in the nine-county Bay Area Region, the Sierra Club supports – in general – the concepts outlined in the “CASA Compact” on your Agenda. We recognize that the selected participants in the CASA proceedings tried their best to find consensus recommendations to move the Region on a path toward comprehensive housing improvements, but in several important respects, we believe that they did not go far enough.

First, we extend sincere appreciation for that manner in which ABAG’s culture of public responsiveness has professionalized the entire SB 375/Plan Bay Area process. The willingness by staff trained by ABAG to receptively involve stakeholders and to work for community betterments has been a welcome opportunity for the public.

The Sierra Club is currently in the process of finalizing an update to our National Urban Infill Policy. As approved by the Board of Directors last year, the policy states in part:

“The Sierra Club believes affordable housing is a human right.”

The Club Policy identifies the desirability of outcomes very similar to Plan Bay Area’s Priority Development Areas (PDAs) in furtherance of “mitigat(ing) the drivers of climate change” and “reducing urban related carbon emissions.” Or, as one activist wrote – “the greatest threat to our natural environment is unhoused, unsafe, unhappy people.”

The Sierra Club fully supports the objectives of SB 375 and the Bay Area's Sustainable Communities Strategy (SCS), which are founded on healthy, successful PDAs. We have written to MTC on this matter several times. Surprisingly, the CASA Compact contains only a single reference to PDAs, and this is only in Element #4 regarding Accessory Dwelling Units. Good PDAs need to be a much larger component of housing improvement and availability in the Region.

The ABAG "PDA Showcase" (<http://gis.abag.ca.gov/website/PDAShowcase/>) is a very helpful tool that allows the public and interested researchers to review the current status of PDAs throughout the region, but it is too often unavailable. A recent attempt to use the site yielded a screen that said "The Priority Development Area Showcase will be offline while a replacement application is developed. The new application is expected to be completed in Spring 2019." Please make sure that this Showcase is maintained more reliably.

The Sierra Club fully recognizes that municipalities themselves do not build housing. They create and enforce the conditions and circumstances that encourage or discourage developers. As such, Regional policies should work collaboratively so that people of all incomes, ages, races, identities, and abilities—whether homeowners, tenants or currently unhoused—can live in settings that foster active transportation, adequate community services and recreation, and healthy environments.

The Sierra Club supports location of increased housing near vibrant transit service, but this must not come at the expense of CEQA and other environmental protections. And it means that MTC must become more vigilant in its mission of ensuring adequate, usable frequencies and coverage of transit service so that people can walk and bike to local destinations and activities.

The need for good transit service also means that fund sources for CASA and PDA improvements must come from broader sources than transportation funds. The Sierra Club supports use of innovative funding that is not regressive. This is part of the Sierra Club's commitment to supporting vulnerable populations and sensitive communities.

As a resource, we suggest your review of Sierra Club California's "Housing Policy: Meeting Our Housing Needs and Protecting the Environment" available at:

https://www.sierraclub.org/sites/www.sierraclub.org/files/sce/sierra-club-california/PDFs/SCC_Housing_Policy_Report.pdf

This report was developed to clarify the Statewide Club's understandings regarding the impacts of legislation such as SB 827 (Weiner) last year, as well as related bills in upcoming sessions. It primarily identifies the history and a diagnosis of the State's housing crisis; further work will address possible solutions. Because of the then-pending legislation, the report uses the term "station" to refer to locations where robust transit service levels can provide a viable nexus for housing densification. In addition to rail and other fixed-guideway services, such locations may, where appropriate, be based on well-established urban bus lines with frequent headways and strong ridership.

We support, and urge you to also consider, the recommendations sent to the CASA Steering Committee in December from the Six Wins for Social Equity Network:

<https://urbanhabitat.org/sites/default/files/December%202018%20Letter%20Regarding%20CASA%20Compact.pdf>

with the earlier letter referenced therein at:

<https://urbanhabitat.org/sites/default/files/January%202018%20Letter%20from%20Bay%20Area%20Advocates.pdf>

Further, we emphasize that there should be no displacement of existing residents in the Bay Area, especially those living inside PDAs.

We also request and recommend greater attention to the Region's Jobs–Housing Imbalance. Neither the Compact nor the recent presentation to the Regional Advisory Working Group (RAWG) on “The Future of Jobs” identify any substantive analysis or approach to solving this critical part of the Region's environment and the excess of Vehicle Miles Traveled.

Local jurisdictions, especially in their permitting decisions, should satisfy their responsibility to balance levels of professional, service, and (where appropriate) manufacturing jobs with levels of housing to accommodate the households and incomes of such workers. Priority Development Areas are crucial to allowing residents to live in close proximity to all levels of such jobs.

As noted in November 2018's “Progress Report on the Sustainable Communities Strategies in California” by the Air Resources Board (Appendix A), the “Jobs–housing balance is a parameter that analyzes the distribution of employment opportunities and housing available across a geographic area. Literature has reported that keeping job–housing balance at the regional level is beneficial to reducing VMT.” The ARB also designed a Jobs-Housing Imbalance Index for the period 2005 to 2016. For five multi–county regions in the state, the “data shows that in the MTC, SACOG, and AMBAG regions, the jobs-housing ratios are becoming more imbalanced during the reporting period, especially in MTC.”

Further, the Sierra Club has deep concerns about proposed Element #10, the “Regional Housing Enterprise.” Public trust simply does not exist towards the Metropolitan Transportation Commission, and until its new regime is established and fully vetted, they deserve no new authority. The Region deserves a more credible coordinating body.

We note that the Preamble to the CASA Compact states in part:

“Each signatory to the Compact pledges to support the entire agreement and all of its provisions.”

Given that MTC has already placed conditions and qualifications on its authorization for their Chair to sign the document, we question if-or-how this statement remains valid.

Successful implementation of the Compact's beneficial proposals will require greater public understanding, as well as acceptance by more elected officials. The Sierra Club is willing to assist in this effort, to the extent possible.

If you have any questions regarding our comments, please do not hesitate to contact Matt Williams, Chair of the SF Bay Chapter's Transportation and Compact Growth Committee, at mwillia@mac.com.

Sincerely,



Bruce Rienzo
Loma Prieta Chapter Chair



Victoria Brandon
Redwood Chapter Chair



Igor Tregub
San Francisco Bay Chapter Chair

cc: California Air Resources Board
California State Transportation Agency
Association of Bay Area Governments
Sierra Club California



December 10, 2018

Mr. David Rabbitt, President
Association of Bay Area Governments
375 Beale St. Ste. 700
San Francisco, CA 9410

Subject: Vote No on the CASA Compact

The City of Sunnyvale appreciates MTC and ABAG’s dedication in seeking solutions to increase the supply of affordable housing. However, there are fundamental concerns with the recently released CASA Compact (“Compact”) that should be corrected. While Sunnyvale believes there are some worthwhile proposals within the draft Compact, it is unacceptable in its current form. The proposed funding mechanisms and changes to land use authority are a direct assault on cities.

Glenn Hendricks
Mayor

Larry Klein
Vice Mayor

Jim Griffith
Councilmember

Gustav Larsson
Councilmember

Nancy Smith
Councilmember

Russ Melton
Councilmember

Michael S. Goldman
Councilmember

Sunnyvale does not believe that a ‘one size fits all’ policy is appropriate for meeting the housing demands in the Bay Area region. In addition, Sunnyvale considers itself a regional leader in addressing housing needs, however, not all approaches are appropriate for all communities. There are physical geography differences, local challenges, infrastructure constraints, and fundamental community values that shape the way regulations are formulated in each community.

Funding Proposal

We have several concerns with the funding strategies proposal. To fund the CASA Compact at a rate of \$1.5 billion per year for 15 years, the Compact identifies using a variety of sources. Six of the ten funding mechanisms identified in the Compact rely on new voter approved taxes. Only one of these, the commercial linkage fee, recognizes that these fees are already in place in many cities. We believe that without the support of cities on new voter approved taxes, the chances of these passing are very limited. The end result would be no progress on housing issues.

In 2016, Santa Clara County voters passed Measure A. This was a new parcel tax that is devoted specifically to affordable housing. The Sunnyvale City Council voted to endorse the measure and it passed with 67.8% support countywide. After Santa Clara

County voters already voted to raise property taxes on themselves to support affordable housing, it would be difficult to support an additional regional measure that raises property taxes again and applies equally to all counties. CASA proposes two measures that would raise property taxes, a \$48 per year parcel tax, and general obligation bonds. According to the Secretary of State website, as of October 2018, Santa Clara County has the most registered voters of the nine Bay Area Counties with 22% of the total. CASA's one size fits all proposals to increase property taxes will not be successful without local support from cities and counties.

Most concerning is CASA's funding proposal for a "Revenue Sharing Contribution," which would divert 20% of property tax growth across the region. The Compact is not specific about whether this applies to cities, counties and school districts. In Sunnyvale, property taxes are the largest (46%) and most stable source of funding for our General Fund. This funding is needed to pay for core services such as police, fire, libraries, and street maintenance. Our expenses for these core services and others increase every year and we count on revenue growth (especially property taxes) to balance our budget. CASA's Revenue Sharing proposal would result in significant cuts to core services in every Bay Area city. If CASA's proposal also applies to school districts, the chances are remote that it will be supported by Sunnyvale voters who value quality education.

The draft Compact also proposes that of the funds collected, 75% would be spent in the county of origin. As proposed, Sunnyvale residents and businesses would pay millions in new taxes each year, face reduced services, and have no guarantee that a single affordable housing unit be produced in Sunnyvale. Furthermore, the Compact contains few if any details about how funding decisions would be made. Based on adopted fiscal management policies, the City of Sunnyvale will strongly oppose funding mechanisms that would result in reduced local services.

Consideration for Local Housing Programs and Accomplishments

Sunnyvale has worked hard to develop numerous tools and programs to finance and support the development of affordable housing. In the early 1980s the City embarked on a series of planning and housing programs to increase the housing supply, increase the availability of affordable housing and decrease the number of potential jobs. These efforts included:

- Rezoning industrial and commercial properties to allow for additional housing three phases over 13 years;
- Implementing controls on the intensity of industrially zoned developments and require payment of a housing mitigation fee for developments approved by Use Permit to exceed 35% floor area ratio (FAR);
- Allowing higher density housing in transit rich areas such as Downtown and Lawrence Station;
- Allowing the development of accessory living units on single-family and duplex properties of minimum size;
- Allowing housing in all zoning districts;
- Preserving the mobile home parks by creating a Mobile Home Park General Plan designation (previously, most mobile home parks had an underlying industrial general plan designation);
- Requiring inclusionary affordable dwelling units (Below Market Rate);
- Requiring housing mitigation fees for net new non-residential development regardless of zoning district;
- In compliance with State requirements, removing barriers to obtaining approvals for new residential development;

Sunnyvale's very successful Below Market Rate (BMR) housing programs have resulted in the development of over 1,300 BMR units (rental and ownership). The City of Sunnyvale has awarded millions of dollars to leverage affordable housing units built by non-profit housing partners. For example, in November 2018, Sunnyvale approved a development agreement for 90 all affordable units on City-owned land with at least 25% of units dedicated to the developmentally disabled. Local achievements like this are ignored by the CASA Compact. The local creativity it takes to deliver a complex project like this would be lost with a one size fits all regional housing program.

The City of Sunnyvale is a community of about 59,000 housing units with a General Plan land use build out of 72,460 units. There are currently over 4,000 units in the development pipeline (under construction, approved and pending) and the City is studying the addition of over 6,000 dwelling units to area land-use plans. The CASA Compact, as proposed, fails to recognize cities like Sunnyvale who have worked aggressively to meet affordable housing goals.

The City of Sunnyvale is mindful that the need is great and that all cities and counties must continuously find new solutions that contribute to addressing our region's housing needs. Please do not support the proposed CASA Compact that diverts or strips local revenues and penalizes cities who are diligently and successfully addressing housing production and affordability. We urge you to engage with cities in the region to develop a housing proposal that most in the region could support.

In summary, the City of Sunnyvale does not support the proposed CASA Compact and I urge you to vote no to support this proposal. If you wish to discuss further, please do not hesitate to contact me.

Sincerely,



Glenn Hendricks
Mayor, City of Sunnyvale

cc: Honorable Jerry Hill, State Senate
Honorable Mark Berman, State Assembly
Honorable Jeanie Bruins, Metropolitan Transportation Commission
Honorable Dave Cortese, Santa Clara County Board of Supervisors
Honorable Joseph Simitian, Santa Clara County Board of Supervisors
Honorable Cindy Chavez, Santa Clara County Board of Supervisors
Honorable Susan Ellenberg, Supervisor-elect, Santa Clara County Board of Supervisors
Sunnyvale City Council
Kent Steffens, City Manager
Cities Association of Santa Clara County