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July 27, 2016

The Honorable Dave Cortese, Chair
The Honorable Jake Mackenzie, Vice Chair
Metropolitan Transportation Commission
375 Beale Street, San Francisco, CA

Re: MTC Resolution No. 4202, Revised, and 4035, Revised. One Bay Area Grant Program (OBAG 2) Update.

Chair Cortese, Vice Chair Mackenzie, and Commissioners:

NPH commends the MTC Commission and staff for putting forward an OBAG program that truly supports a more inclusive vision for growth in the Bay Area. Staff's recommendations will result in significantly more land being dedicated to affordable housing development, the construction of more units affordable to low- and very low-income families, and more clarity on how to address the Bay Area's displacement crisis.

As the OBAG program will help guide growth in the Bay Area through 2022, NPH believes it is essential that some critical outstanding issues be addressed at this time. Namely, the OBAG program should **a) ensure that all units produced in the 80K by 2020 challenge remain affordable for the long term, b) require that all local agencies including local transit agencies and special districts follow the law and comply with the State's Surplus Land Act, and c) issue more specific anti-displacement guidance to local jurisdictions.** OBAG awards should be directed to those jurisdictions that adopt policies to promote the production of affordable housing and limit displacement of lower income households, as these policies are key to reducing vehicle miles traveled and GHG emissions and help our region meet both its climate and equity goals.

A. MTC should ensure that all units produced in the 80K by 2020 challenge remain affordable for the long term

The proposed 80K by 2020 program is at the vanguard of what any MPO is doing to incentivize housing production, however, for the program to have more lasting impact, all the units counted should be affordable. **Deed-restriction ensures that the region's scarce moderate-income housing stock, remains affordable for the long term. If deed-restriction is not possible, then equity sharing mechanisms should be incentivized. In this model, realized equity gains are shared and reinvested in additional affordable ownership opportunities.** The equity-sharing model has already enjoyed great success in Napa County's Proximity Workforce Housing Program and Santa Clara and Alameda Counties are currently proposing to invest \$225 million to build such homes.

Greater weight should be given to the production of very low- and low-income units.

For consideration for the 80K by 2020 incentive, every low- and very low-income unit permitted should receive 2-3 times the credit as compared to moderate-income units consistent with the current OBAG program which gives extra weight to the production of these units.

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B. All local agencies including local transit agencies and special districts should comply with the State's Surplus Land Act

Staff's proposal to require cities and counties to adopt resolutions confirming compliance with the State's Surplus Land Act is commendable. Ensuring local compliance with the Surplus Land Act will prioritize the region's precious public lands for the development of affordable housing. As noted by staff, the Surplus Land Act applies to all local agencies including transit agencies and special districts. Naturally if cities and counties can become compliant by adopting resolutions, so should transit agencies and special districts that receive OBAG funding. Adopting a resolution committing to compliance with the Surplus Land Act commits transit agencies and special districts to follow the law but does not mandate the sale or lease of land. **While MTC's Public Lands for Affordable Housing study will be instrumental in determining which parcels transit agencies and special districts consider surplus, the study will not, in and of itself, entail compliance with the law whereas a binding resolution will.**

C. Local anti-displacement guidance needs to be more specific

NPH is appreciative that MTC and ABAG will develop a technical memo to guide CMAs in working with jurisdictions to help them adopt affordable housing production and anti-displacement strategies. However, the region needs to address its displacement emergency more aggressively and immediately. The guidance that staff provides on October 1st must be explicitly focused on effective anti-displacement strategies, which include but often go beyond "housing strategies," as anti-displacement strategies have not yet been sufficiently addressed at a regional level.

NPH is also strongly supportive directing OBAG funds to jurisdictions that adopt anti-displacement policies. We urge the Commission to support strategies that incentivize local adoption of anti-displacement policies especially if such policies result in the protection of a majority of low-income renters in a given jurisdiction.

Overall NPH commends MTC staff for a thoughtful proposal that will promote more equitable growth and development in the Bay Area. We stand ready to partner with MTC to make Plan Bay Area's vision of an inclusive, sustainable region a reality.

Sincerely,



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

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CYNTHIA MURRAY
President & CEO



July 26, 2016

Steve Heminger, Executive Director
Metropolitan Transportation Commission
375 Beale Street, Suite 800
San Francisco, CA 94105

Via email

RE: Support for Staff Recommendations for OBAG 2 funding non-regulatory approach

Dear Mr. Heminger:

North Bay Leadership Council (NBLC) is extremely concerned about the housing crisis in the North Bay. Employers are reporting serious problems with attraction and retention of employees due to high housing costs. This is exacerbated by the traffic that plagues the North Bay's limited transportation infrastructure.

NBLC supports the MTC staff recommendations in the July 20th memo. The staff recommendations are practical and well-reasoned to achieve the purpose of OBAG and SB 375. NBLC appreciates the non-regulatory approach and finds that the staff is devoted to seeing more housing built in the Bay Area. Rewarding local jurisdictions that actually produce low-and moderate- income housing with discretionary transportation funds is extremely important because the biggest opposition to new housing in our area is more traffic generation. We also applaud the inclusion of moderate-income housing production in the proposal. This is an important and meaningful regional policy response to the well-documented shrinking of the Bay Area's middle class. NBLC is also strongly supportive of the outlined approach for dealing with local housing and displacement policy in the base OBAG program, as we viewed the alternative so-called "regulatory approach" to be counterproductive.

Thank you for your consideration.

Sincerely,

Cynthia Murray
President and CEO



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July 26, 2016

Metropolitan Transportation Commission
Bay Area Metro Center
375 Beale Street
San Francisco, CA 94105

RE: MTC Resolution No. 4202 One Bay Area Grant Program (OBAG 2) Update

Dear Chair Cortese and Commissioners:

The North Bay Association of REALTORS® (NorBAR) has been active in housing policy throughout Napa and Sonoma Counties. Our organization represents the interests of current and future property owners. NorBAR is therefore keenly interested in the Metropolitan Transportation Authority's efforts to support housing and transportation solutions.

Our organization supports staff's current recommendation to not require local jurisdictions to adopt "anti-displacement" policies as a requirement to receive OBAG 2 funding. While we understand the greater Bay Area's lack of affordable housing impacts lower income residents, "anti-displacement" policies have significant unintended consequences. Furthermore, requiring local jurisdictions to adopt these policies as a condition of receiving OBAG 2 funding would harm smaller jurisdictions, particularly those in Napa and Sonoma Counties.

NorBAR is concerned that "anti-displacement" policies would benefit large urban jurisdictions, such as Oakland or San Francisco, which already have these policies in place, at the expense of small jurisdictions. The housing needs of Rohnert Park, Napa or American Canyon are significantly different than San Francisco. Requiring a rural or suburban community to adopt rent control or "just cause eviction," as a condition of receiving the OBAG 2 grant would impose a big city policy that is not appropriate for a smaller community.

"Anti-displacement" policies are inappropriate for smaller, rural communities, particularly in the North Bay, and should therefore not be included as a condition of receiving OBAG 2 funding.

Please feel free to contact Daniel Sanchez (707) 324-6610 or daniel@northbayrealtors.org, with the North Bay Association of REALTORS® to discuss this matter.

Sincerely,

Thera Buttaro
Chair, Local Government Relations Committee Sonoma
North Bay Association of REALTORS®

Chris Wunderlich
Chair, Local Government Relations Committee Napa
North Bay Association of REALTORS®



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TRANSMITTED VIA EMAIL

July 25, 2016

Honorable Chair Cortese, Vice Chair Mackenzie, and Commissioners
Metropolitan Transportation Commission
Bay Area Metro Center
375 Beale Street
San Francisco, CA

Re: Agenda Item 7d. MTC Resolution No. 4202, Revised, and 4035, Revised. One Bay Area Grant Program (OBAG 2) Update

Dear Chair Cortese, Vice Chair Mackenzie, and Commissioners:

MTC has been a true leader in the transportation field in its work to connect the dots between transportation and housing, and in particular, affordable housing. We know that we have a housing crisis in the Bay Area, and we know that we face significant transportation challenges, both of which require a sustained and targeted response.

As we face these challenges, we are excited to see MTC's new affordable housing initiatives – including the Affordable Housing Pilot NOAH Program and the proposed revisions to the One Bay Area Grant (OBAG) Program selection criteria and programming. In particular, we are thrilled about the staff recommendation to condition OBAG 2 funding on the adoption of a local resolution stating compliance with the State Surplus Land Act (AB 2135) and requirements to provide affordable housing developers the right of first refusal when selling or leasing public land. On behalf of our members, **I write today to express support for the staff's proposed recommendations for the OBAG Program, with the requested amendments as detailed herein.**

1. *Ensure that units counted toward the 80K by 2020 challenge are truly affordable.*

SV@Home supports the staff's proposal to incentivize affordable housing production through the 80K by 2020 challenge among local jurisdictions. To achieve the program's objective of awarding the top ten producers of affordable housing, the challenge will require an unbiased determination of housing production. The only way to ensure this fairness is to count only those units that are deed-restricted – whether rental units or homeownership units, including those designated as affordable to moderate-income households –

toward the production goal. For homeownership units, an affordability restriction should be recorded, with the potential to remove the restriction if a unit is subject to an equity sharing provision. Currently, some localities count units as moderate-income units when calculating their Housing Element performance based only on a presumption that the units are affordable, and without any protections that guarantee the units will continue to be affordable. Other localities only report units that have restrictions and, therefore, are guaranteed to be affordable at the time of occupancy and long after. Allowing jurisdictions to self-determine affordability without any kind of restriction that determines both incomes served and length of affordability could result in abuse.

2. *Incentivize jurisdictions to build more homes for lower-income households.*

To further encourage production of units for lower-income households through the 80K by 2020 challenge, we recommend that units restricted to households earning 80% AMI and below receive two to three times the credit toward a jurisdictions' production totals, in alignment with the method of crediting units under the current OBAG program.

SV@Home commends the efforts of the Commission and staff to align the OBAG Program with our region's affordable housing needs, and we appreciate the opportunity to provide feedback. Thank you in advance for your consideration.

Sincerely,



Pilar Lorenzana-Campo
Policy Director
Silicon Valley at Home (SV@Home)

Cc: Ken Kirkey, Planning Director
Doug Johnson, Principal, Transportation and Land Use Development
Anne Richman, Programming and Allocations Director

SV@Home is a new nonprofit organization that is driving the creation of affordable housing for a more vibrant and equitable Silicon Valley. SV@Home represents a broad range of interests, from leading employers who drive the Bay Area economy, to labor and service organizations, to local government agencies, to nonprofit and for-profit developers who provide housing and services to those most in need.

July 26, 2016

The Honorable Dave Cortese
Metropolitan Transportation Commission
375 Beale Street
San Francisco, CA 94105

RE: Agenda Item 7d - Proposed revisions to the project selection criteria and programming policy for the second round of the One Bay Area Grant Program (OBAG 2)

Dear Chair Cortese and Commissioners,

The City of San Jose has been and remains a leader in the production of both affordable housing and market rate housing, despite the loss of community redevelopment funds. Few communities throughout the State have been as successful in delivering over 16,000 affordable housing apartments to help those in need of housing. At a time when other communities refuse to add housing, particularly high density housing, the City of San Jose's General Plan calls for the City to add 120,000 housing units by 2040 and largely at a density of 55 dwelling units to the acre, far exceeding the density supported in neighboring cities. The City of San Jose has also been a key partner in the formation of Destination Home, an organization committed to a "Housing First" formula that is intended to eliminate homelessness in our community. The City of San Jose has joined with the County of Santa Clara to support a \$950 million bond measure to fund housing solutions for those struggling to retain shelter in Santa Clara County. Through strong Mayoral and Council leadership, San Jose has adopted a Housing Impact Fee and an Inclusionary Fee that will generate significant funding sources within San Jose to create rental and for sale affordable housing units. San Jose is also providing leadership in moving forward innovative housing programs such as building supportive housing projects, partnering with the faith based community to provide shelter for those in need, exploring tiny home projects, and safe overnight car parking areas to provide urgent housing options.

In discussing the City's process for selling surplus property, it's important to note that the City's real estate holdings are largely comprised of parcels that are not suitable for the development of housing. Most of the City's properties are small remnants from right of way transactions or are parcels that contain deeply sloped land that are open space or part of the City's green line. Larger City owned parcels that are not developed are currently in use as parkland, open space, or primarily buffer lands for the Wastewater Treatment Plant. Other large City owned property such as the former landfill sites are restricted and cannot be developed for housing.

California Government Code Section 54222 and California Assembly Bill 2135

For decades San Jose has followed the procedures with respect to the sale of surplus property in Government Code Section 54222, because San Jose is committed to providing affordable housing for local residents. Due to the fact that San Jose is a Charter City it is not required to follow many of the State mandated requirements for general law cities.

The California constitution grants charter cities plenary power over municipal affairs, while reserving to the State the authority to regulate municipal affairs for general law cities. Since control of land within its jurisdiction, especially land owned by the City, is within the plenary authority of charter cities, the sale of surplus land is a municipal affair of the City of San Jose. This specific issue is now before the Superior Court in Santa Clara County.

CA Bill 2135 implements the following:

- Prioritizes the sale of surplus property to affordable housing uses over park or school uses
- Extends the negotiation period with a Preferred Entity/affordable housing entity from 60 to 90 days
- Creates an inclusionary requirement for projects that develop low and moderate income housing
- Favors housing proposers that provide the greatest number of units at the deepest level of affordability
- Extends the allowable payment period for surplus land sold for affordable housing purposes to exceed 20 years
- Added an affordability restriction requirement on surplus property even if there is no interest by Preferred Entities in purchasing the property. If surplus property is sold on the open market and if the property is ever used for the development of 10 or more residential uses than the entity (or its successor-in-interest) must provide not less than 15% of the total number of units developed on the parcel at affordable prices for rental or for-sale property. Further an affordable housing covenant must be recorded against the surplus land at the time of the sale. The covenant will run with the land for 55 years.

The City of San Jose has committed in its revised Surplus Sales Policy, approved by the City Council on February 2, 2016 to follow the practices listed above as outlined in Assembly Bill 2135. In adhering to the practices outlined in CA Bill 2135, the City of San Jose demonstrates strong dedication to providing affordable housing.

In its February 2, 2016 approval of the updated Surplus Sales Policy, the Council approved very narrow exemptions to processes outlined in CA Bill 2135 as follows to maintain its ability to address the City's other municipal priorities:

- Several years ago the Council approved a five-year exemption for high-rise rental development from the Affordable Housing Impact Fee developed prior to June 30, 2021. In the Downtown area, the City owns one 6,000 square foot parcel that, on its own, is not developable for 10 or more units. If the 6,000 square foot parcel is joined to a neighboring private parcel, the combined property could support development of a high-rise project. Again, the Downtown High-Rise exemption is anticipated to result in one City property that is greater than the 5,000 square foot exemption allowed in 54222. CA Bill 2135, did not modify the 5,000 square foot exemption for properties too small to develop.
- Staff requested that, should special circumstances arise, staff would be allowed to come before the Council to seek an exemption to accommodate a project which supports parks, schools, or economic development. Staff are required to come before Council on any individual project request, at the earliest opportunity. No projects have been identified for exemption in this area.

- CA Bill 2135 restricts buyer's incomes at or below 70% of Area Median Income (AMI) or \$74,410 annually for a four-person household. To adhere to the requirement a for-sale unit would need to be priced at \$252,000, assuming no City subsidy. This standard is unattainable in San Jose's housing market. Instead staff recommends that for-sale units be priced up to 100% of AMI or \$434,000. The City supports the affordability limits outlined for rental units.

As discussed above, the San Jose City Council has approved a Surplus Sales Policy that supports the goals and objectives of CA Bill 2135. The exemptions in the City's Policy are extremely narrow.

The City of San Jose's performance in creating affordable housing and in fact on production of housing overall for housing options at all income levels is unquestionable. San Jose clearly stands as a leader and model for the production of affordable housing and for the production of housing for all San Jose's residents. Although the City of San Jose's current policy supports the goals and objective of CA Bill 2135, we request that Charter Cities be exempt from compliance of the proposed requirements until a final court decision is rendered regarding the authority of charter cities.

Respectfully,

A handwritten signature in black ink, appearing to read "D. Dueñas" followed by a stylized flourish.

Norberto Dueñas
City Manager

C: Steve Heminger
Alix Bockelman