



DEVELOPMENT SERVICES CENTER

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May 10, 2022

Joint MTC Planning/ABAG Administrative Committees
375 Beale Street,
Suite 800
San Francisco, CA 94105-2066

Subject: File #22-0766 Transit-Oriented Communities (TOC) Policy

Dear Chairs Sperring and Arreguin and Committee members:

Thank you for the opportunity to comment on the initial draft policy approach and requirements for the update to MTC's Transit-Oriented Communities (TOC) Policy.

Morgan Hill is a small community of approximately 45,000 residents located in South Silicon Valley. The City of Morgan Hill has a robust housing program with a focus on affordable ownership and rental housing production. Morgan Hill is one of the fastest growing cities in Santa Clara County and proud of having 1 in 8 units in the City be deed restricted as affordable.

Morgan Hill is proud to share with MTC and our regional partners that we plan on meeting our RHNA housing requirements for the current cycle. And while we are deeply committed to being part of the solution to the housing crisis, we have great concerns about the minimum required residential densities and associated parking management plan as identified in the draft TOC Policy. Even though the City of Morgan Hill has a Caltrain stop located within our downtown PDA, it has extremely limited service. The current Caltrain service levels in Morgan Hill are below the service levels listed for Commuter Rail agencies located in Tier 4.

We urge MTC to take into consideration public transit levels of service as part of the overall TOC Policy. Under the proposed TOC transit tier levels, Morgan Hill would fall under Tier 3: Stop/station served by 1 BART line, Caltrain, light rail transit, or bus rapid transit. However, based on service levels, Morgan Hill would be more appropriately categorized under Tier 4: Commuter rail (SMART, ACE, Capitol Corridor, Valley Link) or ferry terminal.

The City of Morgan Hill like many other cities struggle with the existing transit station definition in state law without the recognition of level of service. We urge MTC to lobby the state to change Section 21064.3 of the Public Resources Code to clarify the need for regular service for a rail or bus rapid transit station to qualify as a "Major Transit Stop." The law as written considers a transit station with no or minimal service as a "major transit stop". This creates a situation where projects with unlimited density and limited parking can be built where transit

opportunities do not actually exist. This puts a severe burden on communities with limited transit service to accommodate vehicles that will be required by residents in order to travel to work.

The lack of public transportation service results in people living in communities like Morgan Hill to have a car - which is an absolute necessity for our residents. Our current land use regulations encourage reduced or shared parking, but until transit service is reliable for people to get to their place of employment or reach healthcare services and basic amenities, parking minimums (even reduced) need to stay in effect. We need MTC and our regional partners to help develop policies and solutions that provide opportunities for transit service increases to be focused on communities that are lacking in transit. As part of the effort to build more housing, increasing transit opportunities is at a heart of enabling denser developments that don't need parking.

Finally, the City recognizes the difficulty in establishing blanket policies that work for all jurisdictions the Bay Area. We are committed to collaborating with you to craft policy that accounts for the diversity of our communities and their needs while advancing housing production goals.

We look forward to working with you. If you have any questions regarding these comments, please contact me at (408)310-4657 or by email at jennifer.carman@morganhill.ca.gov.

Sincerely,

A handwritten signature in black ink, appearing to read 'Jennifer Carman', with a long horizontal flourish extending to the right.

Jennifer Carman
Development Services Director



May 12, 2022

Re: Planning Committee Item 5b: Transit-Oriented Communities (TOC) Policy

Dear Commissioners:

We appreciate the Commission and staff for the thoughtful attention you have given to updating MTC's Transit-Oriented Communities (TOC) Policy. Much has changed in the Bay Area since the original Transit-Oriented Development policy was passed in 2005. Our converging crises of housing unaffordability; climate change; and racial and economic inequities have only deepened in scale and urgency.

You all unanimously adopted Plan Bay Area 2050 this past October, charting a path forward for more inclusive, equitable, affordable and sustainable communities. One of Plan Bay Area's central strategies is strong housing and job growth near transit, with commensurate shifts to more sustainable and affordable forms of transportation. The plan seeks to deliver 33,000 annual new homes (half to people with low incomes) and 25,000 annual new jobs within transit rich areas. Plan Bay Area further aims to reduce the share of trips made in single occupancy vehicles to just 36 percent, meaning even lower levels of signal occupant vehicle use in transit rich areas. These are ambitious goals, but Plan Bay Area's deep analysis demonstrated that they are achievable.

MTC now has an obligation to implement its sustainable communities strategy, and the TOC policy update is an essential part of the implementation strategy. It is an opportunity to operationalize Plan Bay Area 2050's goals for social and racial equity, including more sustainable transportation connections in Equity Priority Communities and meaningfully tackling housing affordability and anti-displacement.

Our organizations have closely followed the TOC policy development and offer the attached initial questions and recommendations based on the updated draft. Overall, we remain deeply impressed by the quality and sincerity of staff's engagement and are pleased with the general direction of the draft policy; we believe the changes and additions since January continue to demonstrate a commitment to maximizing the policies goals of housing affordability, ridership, mode-shift, and creating safe, livable communities.

Over the next month, we have two primary goals. First, we want to **ensure that the TOC that will set the Bay Area up to reach Plan Bay Area 2050 goals**. Second, we want to **ensure successful implementation** of the policy; this will require adequate, timely funding conditioning to ensure compliance as well as intentional policy design and

phasing to sync the TOC policy with the housing element updates and related rezoning currently underway by local jurisdictions. We look forward to engaging on the updated draft in greater depth over the next several weeks.

Respectfully,

Amy Thomson
TransForm

Ja'Nai Aubry
Nonprofit Housing Association of Northern California

Jonathon Kass
SPUR

Justine Marcus
Enterprise Community Partners

Zoe Siegel
Greenbelt Alliance

Kenneth Rosales
SV@Home

MTC TOC Policy Questions and Recommendations
MTC Planning Committee, May 13, 2022

1. The TOC policy must be consistent with Plan Bay Area 2050 and keep us on track to meet the Plan's stated goals. The following changes included in the updated draft policy raise questions about the policy's ability to fulfill this role.

- a. First, the updated policy limits the geographic scope of the policy in a variety of ways. While we understand the rationale for many of these changes, we ask that staff confirm that the policy is still projected to meet PBA 2050 goals for transit-oriented housing, jobs, and modeshift. Further, we ask that staff assess the equity and fair housing implications of these changes to geographic scope. Specifically, we ask that staff assess whether any of these changes disproportionately exclude Equity Priority Communities and/or high resource areas. Relevant changes that should be assessed include:
 - Limiting the policy to PDAs when PDAs exist within the TRAs
 - Excluding unfixed bus service from the TOC policy and exempting ferry terminals from many requirements
 - Lowering the the minimum required and allowed density for new residential and commercial development

- b. We are impressed by the additional detail and strength of the affordable housing and anti-displacement provisions of the policy in this most recent draft -- these policies goals are central to Plan Bay Area 2050. As the policy continues to be refined, however, we recommend the following:
 - The 3 P's policy menus should be further refined to eliminate lower impact policies in order to focus these incentives for local jurisdictions to policies that will deliver the affordable housing and anti-displacement goals outlined in PBA 2050 – and at scale. As part of ensuring high-impact policies are implemented, staff may also consider whether it is appropriate to request more than two policies for each section, especially if the menu lists are longer.
 - In order to prevent direct displacement, no net loss and right to return for demolished homes should be a baseline requirement for all locations and not presented as an option within a menu.
 - Jurisdictions should not receive credit for adopting 3 P's policies that do not fit their local housing landscape.
 - The TOC Policy should allow for MTC to revisit the set of policies as the state housing landscape changes. We greatly appreciate staff's continued engagement on this aspect of the policy and look forward to continuing to work with staff to finalize and refine based on policy best practices.

- c. The transit station access gap analysis is a valuable part of the policy that will help ensure all residents have a safe and comfortable connection to transit without relying on a car. However, the draft does not require jurisdictions to actually deliver changes that would increase station access by clean and affordable transportation, nor does it include modeshift targets. Identifying access gaps will not help us meet the modeshift targets identified in PBA 2050, which includes an ambitious drop in single occupancy vehicle (SOV) car trips. Mode share is a good measure of whether alternatives to SOV travel are working. Setting maximum SOV targets per station type is a strong strategy to encourage jurisdictions to prioritize zero- and low-emission transportation options.

2. The policy must support successful implementation, which will require adequate, timely funding conditioning to ensure compliance as well as intentional policy design and phasing to sync the TOC policy with the housing element updates and related rezoning currently underway by local jurisdictions.

- a. We request that staff provide greater clarity on which planned transit extensions would be exempt from funding conditioning under the TOC policy. We request that staff work with transit agencies and other stakeholders to target where discretionary funding for transit expansion can be conditioned on TOC compliance without risking project delays. The policy proposes that jurisdictions that have been “planning for...extensions based on” the 2005 policy will not need to meet the updated TOC policy requirements in order to get their regional discretionary funding; instead they must “commit to achieving TOC Policy compliance by the adoption of OBAG4.” This is a step back from the 2005 TOD policy, which conditions new transit expansion funds on compliance. We agree that near-term projects should not be stalled while waiting for jurisdictions to come into compliance. However, where conditioning funding on TOC compliance by 2026 will not delay the project, then there is no reason to grandfather such projects.
- b. The policy requires a clearer explanation of what funding will be part of incentives for jurisdictions to comply with the policy, including and in addition to future OBAG cycles.
 - For example, would grade separations be conditioned on policy compliance?
 - Would any road funding be conditioned on compliance? If not, why not?
 - The policy notes that endorsements for new transit projects may be lost if those particular projects do not comply with the TOC policy. We recommend that jurisdictions not in compliance by the 2026 deadline lose all MTC endorsements for state and federal funding of local transportation projects until they achieve compliance.
- c. MTC should convene leaders to identify how implementation of RHNA and the TOC policy can be complementary and coordinated to the greatest extent possible. Local jurisdictions are in the midst of challenging work to update their housing elements to be consistent with RHNA. If the TOC policy is not a serious consideration in housing element updates, and is therefore not part of the rezoning that will take place over the three-year period following certification of the housing element -- many jurisdiction’s may be unable to achieve compliance by OBAG4 (2026). This challenge is worthy of direct, high-level, creative attention.