

From: Lou Ann Bassan
Sent: Thursday, January 17, 2019 12:39 PM
To: MTC Info <info@bayareametro.gov>
Subject: Vote NO on CASA Compact

LOU ANN BASSAN
San Francisco, CA 94122
January 17, 2019

Re: Vote NO on CASA Compact
ABAG Executive Board Hearing on the CASA Compact
Thursday, January 17, 2019, 7:00pm
Bay Area Metro Center, 375 Beale Street, Suite 800, San Francisco, CA 94105-2066
Main Phone Number: (415) 778-6700; Main Fax Number: (415) 536-9800
info@bayareametro.gov

Dear Executive Board Members,

Please register my OPPOSITION to the proposed CASA Compact. My objections are as follows:

1. Sustainability: The issue of sustainability of our environment and resources is not adequately addressed. California is predicted to have greater storms and floods and greater droughts and fires in the future. A proposal is pending to cut water supplies to San Francisco by 20-40%. The next major earthquake is a matter of when, not if. PG&E is facing bankruptcy. The monarch butterfly is facing extinction. Governor Newsom is inviting unlimited illegal aliens to settle in California. Population growth should not be planned, nor encouraged, unless all facets of urban living are sustainable.

2. Local Control is Usurped: Most of the 10 elements of the Compact weaken local decision-making and the authority of elected officials, empowering un-elected bureaucrats instead. There has been no public review. The CASA Compact document provides limited information on who, other than the committee, has had input to this. Local city councilors and county supervisors should be briefed on the plan, and public input and comment should be solicited, BEFORE a vote to endorsing the plan. Otherwise this appears as a usurpation of rights of tax-payers and their elected officials.

In addition, there is no description of impact on historic areas or even neighborhood character; the document does not discuss how an historic zone is protected from over development. It also does not address how a neighborhood can sustain the character that its residents cherish within this new framework. Why are these groups' rights not being considered?

3. Pro-Development Bias: The CASA committee members were drawn from groups that typically support aggressive housing development. A committee with a wider diversity of goals and viewpoints would inherently be more credible. Solutions that favor one side of an issue, and ignore contrary views or warnings of adverse or unintended consequences, are a recipe for even greater problems in the near- and long-term.

4. Existing Housing Stock Should be Used: Existing housing stock should be used before aggressive building and development projects are undertaken. State laws on rent control and eviction need to be changed so that landlords are willing to rent to tenants once again. Rent

control should either be expanded to all units, old and new, or abolished altogether and let market forces determine rental prices. Units occupied by illegal aliens should be freed up for U.S. citizens and lawful permanent residents to help alleviate the housing “crisis.” For example, it is estimated that there are 44,000 illegal aliens in San Francisco. If four people occupy a unit, that means 11,000 units are unavailable to U.S. citizens and lawful permanent residents, including the “homeless.”

5. Tax Implications Are Significant: A new government agency is proposed without a cost estimation. The proposed new agency to oversee the rental market is a giant leap in the scale of regional government. The document fails to mention the costs of the major new bureaucracy that will be needed to manage it. It does not even pretend to be neutral: it is one-sided and hostile to landlords. Major tax increases are recommended to be effected without tax-payer consent. Governor Newsom is already talking about taking gas tax money from transit to pay for housing. How will transportation needs be met with reduced funding? \$2.5 billion or more in new taxes should be well publicized to the tax-payers of California instead of trying to pull the wool over their eyes and ram-rod this proposal through. The proposed funding structure raids local revenue and constrains future options for cities to fund infrastructure and meet CalPERS obligations.

Please VOTE NO on the CASA Compact.
Thank you.
Lou Ann Bassan



ABAG President David Rabbitt
ABAG Executive Committee Members

SENT VIA E-MAIL

January 17, 2019

Dear President Rabbitt and ABAG Executive Committee Members,

The Bay Area, and now all of California is facing a housing shortage of unprecedented levels. Home prices in our region are 2.5 times the national average. When housing costs are factored in, California has the leading poverty rate in the nation. These statistics are not acceptable for the 5th largest economy on earth and in particular for a region as wealthy as ours'. In the last Regional Housing Needs Allocation 2007-14 the Bay Area's 9 counties and 101 cities permitted just 57% of the new homes needed to meet the demands of population growth and maintain baseline levels of affordability. In that same time period we have also created over 8 new jobs for every new home permitted which has further exacerbated the problem. It should also be noted that we have lost many thousands of homes to wildfire in recent years and that threat is not going away.

The end result of this housing shortage is that too many people are being priced out and forced out of our region. Close to 200,000 people every day drive into our region from homes in distant Central Valley exurbs; and they are often the lucky ones. Many more are forced to leave California altogether in search of a more affordable life elsewhere. These are our teachers, our retail workers, the people who prepare our food. They are often our own children.

The reasons for this dearth of new home production and resulting affordability crisis are many and complex, but all of them exist for a reason and generally have entrenched interests supporting them. In short, if the housing problem was easy to solve, we would have done it long ago.

CASA or the Committee to House the Bay Area is a much needed and long overdue effort to gather all of those entrenched interests, (employers, environmentalists, labor, developers, equity groups, philanthropy and government) around one table to do the necessary hard work of finding solutions. The goal was to see if there was enough common interest among the parties to solve this problem and enough common ground to produce a roadmap or Compact for success. After 18 months, and many thousands of hours of intense negotiation and compromise from all sides, that Compact has been published, with the support of all participating parties.

The CASA Compact has three foundational objectives; the preservation of existing affordable housing, the protection of tenants at risk of dislocation and the production of sufficient new homes to accommodate our growing population. Beneath those core objectives are Ten Elements;

1. Just Cause Eviction Policy
2. Emergency Rent Caps



3. Emergency Rent Assistance and Access to Legal Counsel for Tenants
4. Removal of Remaining Barriers to Accessory Dwelling Units
5. Minimum Zoning Standards Near Transit
6. Good Government Reforms to the Housing Approval Process
7. Expedited Approvals and Financial Incentives for Select Housing
8. Unlock Public Land for Affordable Housing
9. Raise Funds to Finance the CASA Compact
10. Create a Regional Housing Enterprise

None of these elements were agreed to without lengthy debate and even strongly voiced opposition from impacted parties. Nonetheless the Compact moved forward for the single reason that everyone involved understood that the status quo is unacceptable and benefits nobody, and that compromise and the letting go of some strongly held beliefs is the only way to break the housing log jam and for progress to be made.

It is to be expected that each of you on the Association of Bay Area Government Executive Committee will also have concerns about elements of both the CASA process and the product. There is something for everyone to dislike, however, we are asking to look beyond the individual component parts of the Compact that may concern you and instead at the look to the potential end result.

This document offers perhaps the last best hope for our teachers, retail workers, police officers to be able to call the Bay Area home. If we continue on our current path our region will become ever less affordable ever less diverse, and ultimately it will lose many of the qualities that have made it the best place in the world to live and work.

We urge you to join the broad coalition of supporters who have endorsed the CASA Compact and join us in this effort to solve our region's housing crisis.

Sincerely

A handwritten signature in black ink that reads 'Jim Wunderman'.

Jim Wunderman
President & CEO
Bay Area Council

JASON A. BEZIS

State Bar No. 225641

3661-B Mosswood Drive Lafayette, CA 94549-3509

(925) 962-9643 jbezis@yahoo.com

January 17, 2019

Association of Bay Area Governments, San Francisco, CA VIA E-MAIL: fcastro@bayareametro.gov
(ABAG Clerk of Board Fred Castro); info-abag@bayareametro.gov; jpierce@ci.clayton.ca.us;
supervisorandersen@bos.cccounty.us; SupervisorMitchoff@bos.cccounty.us

Re: January 17, 2019 Meeting: Agenda Item 12: Executive Board Should Postpone Approval of CASA Compact Because ABAG Is Dissuading Public Comment, Especially By Keeping the Current Executive Board Roster Hidden from Public View; Public Doesn't Know Who Represents Them in Tonight's Vote.

To the ABAG Executive Board:

Your Board should postpone approval of the CASA Compact at tonight's meeting to a future date. ABAG is dissuading public comment on this important matter, as discussed below. The CASA Compact contains numerous provisions that are enormously controversial, but the ABAG/MTC juggernaut, with backing of powerful special interests, is attempting to ram them through without adequate public scrutiny.

First, the roster of voting members who will participate in the vote tonight is essentially hidden from public view. This likely is part of ABAG/MTC's strategy to undermine public participation in the CASA Compact process. Concerned citizens have no idea who is a member of the Executive Board, including who is representing their portion of the Bay Area.

Exhibit A: Executive Board roster on ABAG website today is grossly inaccurate. (2:32 p.m. screenshot)

The screenshot shows a web browser window with the address bar displaying https://abag.ca.gov/overview/executive_roster.html. The page title is "Executive Board" and the main heading is "ABAG Executive Board Roster" with a sub-heading "Updated October 18, 2018". The page is divided into several sections: "EXECUTIVE BOARD LINKS" (Overview, Minutes & Agendas, Roster), "QUICK LINKS" (ABAG Overview, About Us, What We Do, Member Cities, Counties & Countries, Governance, Special Interests, Executive Board, Administrative Committee, Finance Committee, Legislation Committee, Regional Planning Committee, Member & Agencies, Virtual Agencies), and "Representatives". The "Representatives" section lists the following members: David Rabbitt, Supervisor, County of Sonoma—President; Greg Scharff, Councilmember, City of Palo Alto—Vice President; Julie Pierce, Councilmember, City of Clayton—Immediate Past President; Candace Andersen, Supervisor, County of Contra Costa; Len Augustine, Mayor, City of Vacaville; London Breed, Mayor, City and County of San Francisco; Annie Campbell Washington, Councilmember, City of Oakland; David Canipe, Supervisor, County of San Mateo; Cindy Chavez, Supervisor, County of Santa Clara; David Corsee, Supervisor, County of Santa Clara; Ian Diep, Councilmember, City of San Jose; Pat Eklund, Councilmember, City of Novato; Leon Garcia, Mayor, City of American Canyon; Liz Gibbons, Councilmember, City of Campbell; Lynette Gibson McEhane, Councilmember, City of Oakland; Abel Guillen, Councilmember, City of Oakland; Pradeep Gupta, Councilmember, City of San Francisco; Scott Higgins, Supervisor, County of Alameda; Barbara Halliday, Mayor, City of Hayward; Erin Hamigan, Supervisor, County of Solano; Dave Hudson, Councilmember, City of San Ramon; Sergio Jimenez, Councilmember, City of San Jose; Wayne Lee, Councilmember, City of Millbrae; Jake Madenzer, Councilmember, City of Rincon Park; Rafael Mandelman, Supervisor, City and County of San Francisco; Nathan Milroy, Supervisor, County of Alameda; Karen Mitchell, Supervisor, County of Contra Costa; Rauli Peralez, Councilmember, City of San Jose; Dave Pine, Supervisor, County of San Mateo; John Ransim, Planning Director, City and County of San Francisco; Beth Rattus, Supervisor, County of Napa; Dennis Rooten, Supervisor, County of Marin; Tripp Spencer, Mayor, City of Alameda; Norman Yee, Supervisor, City and County of San Francisco; William Kissinger, Board Member, San Francisco Bay Regional Water Quality Control Board—Advisory Member.

Exhibit A, the image above, is a screenshot of the Executive Board roster that is on the ABAG website (https://abag.ca.gov/overview/executive_roster.html) as of 2:32 p.m. today, January 17th, the meeting date. The roster includes many members who are not currently in public office, including Len Augustine of Vacaville, Abel Guillen of Oakland, Greg Scharff (whose name still appears at the top of the roster as vice chair) of Palo Alto and Trish Spencer of Alameda. Presumably they are no longer serving on ABAG and somehow have been replaced. ABAG seems to have failed deliberately to update this roster in order to insulate the politicians participating in tonight's vote from public scrutiny and accountability. How are citizens supposed to know whom to direct their concerns about the CASA Compact and other items on tonight's agenda? Presumably the special interests pushing CASA already know the current composition of the ABAG Executive Board through other sources; presumably they are lobbying those Executive Board members individually. But the general public is not on an equal footing. Therefore, ABAG seems to be dissuading public comment and public participation in the vote tonight. For this reason alone, tonight's vote on the CASA Compact cannot proceed.

Second, ABAG is further stymieing the public from communicating with the Executive Board. The ABAG website does not give much contact information for ABAG (e.g., how to send public comment to the Executive Board). The website has a phone number and an e-mail address listed as "contact us": (<https://abag.ca.gov/overview/contact.html>). I was reluctant only to send to the e-mail address listed because it seemed like a generic "catchall" e-mail address that it rarely checked. The ABAG "contact us" phone number leads to a voice that announces "Cisco Unity Connection Messaging System." Nothing says that the caller has reached ABAG. The voice says that the caller can dial by name or hold for operator. I dialed three times before I realized that maybe the "Cisco Unity Connection Messaging System" was somehow connected with ABAG. If the caller holds, the caller reaches a voice system for "Bay Area Metrocenter." There are four options (dial by name; Clipper account; Fastrak; front desk). If No. 4, front desk is selected, then a human answers. I asked how I could reach the ABAG clerk of board. I was given an e-mail address that is inaccurate: fcastro@bayareametrocenter.org and a phone number for a Mr. Castro. Fortunately, Mr. Castro answered and gave me the correct e-mail address:

All of this is too convoluted. It's too much work to navigate the maze of phone systems and inaccurate e-mail addresses just to send a comment to an ABAG body that really doesn't welcome public input. It's a case study in how "regional government" really could care less what the seven million people of the Bay Area really want concerning ABAG policies. The elected officials who serve on ABAG really do not want the public to know who they are and what they do. The CASA vote cannot proceed tonight.

Third, even if the ABAG Executive Board roster were accurate and up-to-date, it's still not easy for the public to communicate with their local ABAG representatives. If your city councilmember and county supervisor is not on the Executive Board, do others from your county really want to hear public comment from a citizen who cannot vote for them? Even if a citizen's elected official is on the ABAG Executive Board, there is not an ABAG e-mail address for them on the ABAG website. There's no e-mail address given for any of the Executive Board members. This is another signal to the public that ABAG could care less what they have to say about ABAG governance and policy outcomes. Again, the CASA Compact vote tonight needs to be delayed.

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Substantive Concerns About CASA Compact

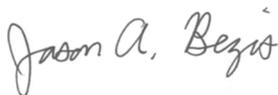
First, the Just Cause Eviction Policy (Compact Element #1) is enormously controversial among the small landlords that are gradually learning about it. Landlord/tenant law, especially affecting the private sector, is a field traditionally controlled by the State Legislature, with some local control in individual cities where the city council and/or voters have created local ordinances. CASA seems to be allowing regional government to make major changes to landlord/tenant law. Many small landlords, many of whom are immigrants and ethnic minorities, depend upon their real property income. Many do not have legal and/or political sophistication and connections to monitor and influence landlord/tenant law. This raises potential Title VI Civil Rights Act issues. ABAG is trying to ram the CASA Compact through as fast as possible before these small immigrant and ethnic minority landlords realize what is happening and organize opposition against CASA, ABAG and the politicians doing the special interest groups' bidding.

Second, there is a proposal in the agenda packet to amend the CASA Compact (Compact Element #2 – Rent Cap) to allow landlords to use Ratio Utility Billing Systems (RUBS). The rent cap (euphemism for “rent control”) is enormously controversial among small landlords. RUBS are a “bete noir” of tenants' advocates because there literally is NO regulation of RUBS; the California Public Utilities Commission refuses to regulate them. Major corporate landlords across the state have imposed RUBS upon their tenants. The RUBS exact unjustified monthly administrative fees from tenants. Also, tenants have no right to inspect the utility bills to ensure that RUBS billing reflects actual utility expenses. ABAG seems to be placing its imprimatur of approval upon major corporate landlords' abuse of RUBS by including this amendment. The “industry standard” that ABAG cites to is to fleece tenants with RUBS charges without accountability. The public should view this as a further sign that the CASA process is dominated by major corporate real estate development interests, to the detriment of tenants and small landlords.

Third, CASA is backed by an alliance that includes not only major corporate developers, but also the politically powerful construction labor unions. This proposed amendment to the CASA Compact (Element #7 – Qualifying Projects) is a buy-off of organized labor: “complies with all proposed labor standards contained in SB 35 and shall include prevailing wages and trained apprentices to help grow the construction workforce.” Such language likely will add thousands of dollars to the cost of every housing unit under CASA. To the extent that federal funds are associated with the CASA Compact, this language may be unconstitutional. I demand an economic cost/benefit analysis of this CASA amendment because this “project labor agreement”/“prevailing wage” amendment of CASA will make Bay Area housing MORE expensive and undermine a major rationale that supposedly justifies CASA's existence. I also demand a publicly disclosed legal analysis that explains how this language comports with the federal and state law.

In summary, the CASA Compact is enormously controversial to the relatively few citizens who know about it. The ABAG Executive Board needs to postpone approval because ABAG is undermining public participation in the CASA Compact approval process. The public has no idea who will be making the decision tonight because the ABAG website does not list the current ABAG Executive Board members and therefore the public has been unable to contact their local ABAG members in order to influence their votes.

Sincerely,



JASON A. BEZIS, California State Bar No. 225641



California Apartment Association

980 Ninth Street, Suite 1430
Sacramento, CA 95814
800.967.4222 • caanet.org

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



**City of
Santa Clara**
The Center of What's Possible

Mayor

Lisa M. Gillmor

Councilmembers

Raj Chahal
Debi Davis
Karen Hardy
Patricia M. Mahan
Teresa O'Neill
Kathy Watanabe

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

Page 2

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.

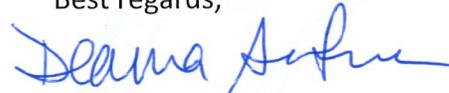
Best regards,



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

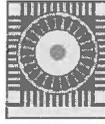
you to conduct broader outreach with local agencies by CASA and MTC staff before any additional actions are taken on the CASA Compact.

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
TEL: 510/583-4340 • FAX: 510/583-3601 • TDD: 510/247-3340
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

Fred Castro

From: MTC Info
Sent: Tuesday, January 22, 2019 9:26 AM
To: Fred Castro; Marti Paschal
Subject: FW: CASA Compact Is a Very Negative Proposal

FYI...
-M

From: Dede Heiman [mailto:bluewindharp@gmail.com]
Sent: Friday, January 18, 2019 5:23 PM
To: MTC Info <info@bayareametro.gov>
Subject: CASA Compact Is a Very Negative Proposal

Dear Executive Board Members Of ABAG,

Please register my OPPOSITION to the proposed CASA Compact. My objections are as follows:

1. Sustainability: The issue of sustainability of our environment and resources is not adequately addressed. California is predicted to have greater storms and floods and greater droughts and fires in the future. A proposal is pending to cut water supplies to San Francisco by 20-40%. The next major earthquake is a matter of when, not if. PG&E is facing bankruptcy. The monarch butterfly is facing extinction. Governor Newsom is inviting unlimited illegal aliens to settle in California. Population growth should not be planned, nor encouraged, unless all facets of urban living are sustainable.

2. Local Control is Usurped: Most of the 10 elements of the Compact weaken local decision-making and the authority of elected officials, empowering un-elected bureaucrats instead. There has been no public review. The CASA Compact document provides limited information on who, other than the committee, has had input to this. Local city councilors and county supervisors should be briefed on the plan, and public input and comment should be solicited, BEFORE a vote to endorsing the plan. Otherwise this appears as a usurpation of rights of tax-payers and their elected officials.

In addition, there is no description of impact on historic areas or even neighborhood character; the document does not discuss how an historic zone is protected from over development. It also does not address how a neighborhood can sustain the character that its residents cherish within this new framework. Why are these groups' rights not being considered?

3. Pro-Development Bias: The CASA committee members were drawn from groups that typically support aggressive housing development. A committee with a wider diversity of goals and viewpoints would inherently be more credible. Solutions that favor one side of an issue, and ignore contrary views or warnings of adverse or unintended consequences, are a recipe for even greater problems in the near- and long-term.

4. Existing Housing Stock Should be Used: Existing housing stock should be used before aggressive building and development projects are undertaken. State laws on rent control and eviction need to be changed so that landlords are willing to rent to tenants once again. Rent control should either be expanded to all units, old and new, or abolished altogether and let market forces determine rental prices. Units occupied by illegal aliens should be freed up for U.S. citizens and lawful permanent residents to help alleviate the housing “crisis.” For example, it is estimated that there are 44,000 illegal aliens in San Francisco. If four people occupy a unit, that means 11,000 units are unavailable to U.S. citizens and lawful permanent residents, including the “homeless.”

5. Tax Implications Are Significant: A new government agency is proposed without a cost estimation. The proposed new agency to oversee the rental market is a giant leap in the scale of regional government. The document fails to mention the costs of the major new bureaucracy that will be needed to manage it. It does not even pretend to be neutral: it is one-sided and hostile to landlords. Major tax increases are recommended to be effected without tax-payer consent. Governor Newsom is already talking about taking gas tax money from transit to pay for housing. How will transportation needs be met with reduced funding? \$2.5 billion or more in new taxes should be well publicized to the tax-payers of California instead of trying to pull the wool over their eyes and ram-rod this proposal through. The proposed funding structure raids local revenue and constrains future options for cities to fund infrastructure and meet CalPERS obligations.

Please VOTE NO on the CASA Compact.

Thank you.

Dede Heiman

--

Dede Heiman

bluewindharp@gmail.com

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

January 17, 2019

Dear ABAG Executive Board Members,

I am the Chair of Berkeley's elected Rent Stabilization Board and while I am writing in my individual capacity (the Board has not had an opportunity to review the CASA compact as a body), I know several Board members share the sentiments in this letter. I applaud the efforts of the parties involved in shaping the CASA Compact and hope that this represents the starting point for developing policies that will truly offer protection for vulnerable tenants, preservation of affordable housing, and production of necessary housing in an equitable and just manner that meets the needs of all Californians.

While I support the broad principles of the preservation aspects of the CASA Compact: just cause eviction, rent cap, rent assistance, and legal assistance, it is clear from the details that the policies do not reflect the expertise of people who have been working in this area for decades and as written, risks doing little to prevent homelessness and displacement. Among the CASA Compact steering committee, technical committees, and workgroups, there was very little representation from organizations that work with or are comprised of tenants. There also does not appear to be any staff or elected officials from rent control agencies or cities with meaningful tenant protections. While the development of the CASA Compact spanned 18 months, the final push to produce recommendations was rushed and largely done in closed session workgroup meetings. Many of the details in the final report were decided on by a few people and appeared with little debate or negotiation with no ability to amend before participants were asked to vote on whether they supported the Compact in its final iteration.

In his letter, ABAG Executive Director Steve Heminger asks for authorization to sign the CASA Compact. He suggests that the technical committee "overwhelmingly endorsed" the Compact because 28/29 members voted favorably. Unfortunately, this interpretation of the vote is misleading. The gradients of agreement system mentioned in the letter is meant to help groups move forward in a process and to help identify the areas that require more time to debate, but it is a poor tool for approval of a final document that participants have spent 18 months working on. This is because the gradients skew toward allowing a process to move forward; one can express concerns while not choosing to express opposition strong enough to halt the process. Consequently, participants can "support" the CASA Compact while continuing to have major reservations about the details. When asked to vote on the final Compact, it is not surprising that only 1 member expressed strong opposition because the document contains some positive ideas even though much of the implementation details are flawed. To further elucidate how this process works, I can use myself as an example. I support and applaud the ideas put forth in elements #1-#3, but the details as they are currently written are highly problematic. According to the gradients of agreement system, I would vote that I am moderately supportive because I want to continue to hone the details to actually protect vulnerable tenants, a stated CASA

Compact goal. Based on Mr. Heminger's summary, it would appear that I vote to express my agreement or support for the Compact, but that does not mean that I would "sign the document as an expression of ... commitment to securing its passage as a package of state legislative measures in Sacramento" as Mr. Heminger requests of you today. In fact, I would actively oppose legislation that contained some of the details in elements #1 and #2.

Attached, I have flagged problematic issues with elements related to tenant protections and offer some amendments. I sincerely hope that you will carefully consider that the current form of the CASA Compact is highly problematic and will do little to advance its supposed goals to protect vulnerable tenants. I strongly urge you not to vote to authorize Mr. Rabbit to sign the CASA Compact in its current form. In the Preamble of the Compact, it is made clear that "[e]ach signatory to the Compact pledges to support the entire agreement and all of its provisions [emphasis added]." It would be against the interests of ABAG and vulnerable tenants to support the Compact's existing provisions as they are written. The ideas can be a useful starting point from which to create truly meaningful policies to protect vulnerable tenants, but signing the Compact without amendments will do the exact opposite.

Sincerely,



Paola Laverde

COMPACT ELEMENT #1: JUST CAUSE EVICTION POLICY - This element will offer no protection to tenants unless a meaningful rent cap policy is also adopted. Otherwise, landlords will be able to raise rents extremely high so that tenants can be evicted for cause for not paying rent. Similarly, having a rent cap, but no just cause eviction policy will enable landlords to evict tenants for no reason in order to raise rent under vacancy decontrol. Consequently, compact elements #1 and #2 should be considered two parts of one element as both are needed for either one to offer any meaningful tenant protection.

- Permissible causes for evictions o Fault evictions
 - *Fault evictions*
 - This element offers a non-exclusive list of actions for which a tenant can be fault evicted, but there is no criteria or process for determining whether a tenant's unlisted actions constitute grounds for a fault eviction. Without specificity, this loophole could easily lead to tenant pushout for reasons unrelated to a tenant's conduct.
"Illegal conduct" is included as a permissible reason for fault eviction. This should only be grounds for eviction if the tenant is convicted of that conduct.
 - "Waste" is included as a permissible reason for fault eviction, but should only be grounds for eviction after the tenant is notified and given the opportunity to pay the estimated cost of repairs over a reasonable time period.
 - *No-fault evictions*
 - No-fault evictions for OMI should include a provision that the owner must, in good faith with honest intent and without ulterior motive to recover possession, use and occupy the unit as their primary residence for a minimum of 36 consecutive months. If the eviction was not done in good faith, the tenant should have the right to reoccupy.
 - This element permits landlords to evict tenants from properties where units are unsafe for habitation or where demolition or substantial rehabilitation will be undertaken. In these cases, tenants should have a right of first refusal to re-occupy the unit once work is complete and/or be offered a substantially similar or better unit in another building owned by the landlord at a rate based on continuous occupancy from the original tenancy as set by the emergency rent cap.
- Right to cure
 - This element allows landlords to evict tenants for "specific illegal activity that presents the potential for harm to other tenants" and does not give tenants the opportunity to cease or remediate that activity to avoid eviction. This inability to cure must be limited to situations in which there is clear and convincing evidence that the illegal activity's "potential" harm will actually result in substantial, immediate harm to other tenants.
- Applicability
 - This element allows owner-occupants who rent or lease two or more units in a single residence to arbitrarily evict tenants. There is no justification for this. It creates a situation in which an owner could occupy an ADU with a separate kitchen and bath

while renting multiple rooms as separate units in a larger single family house to multiple tenants and evict any of them for no reason.

- This element includes a provision that allows arbitrary and capricious evictions in the first 11 months of tenancy. This provision must be significantly amended. It is particularly egregious in situations where tenants are being evicted without fault after they have just recently incurred the cost and hassle of moving. Eviction protections should apply once a tenant has been in occupancy for 14 days.

- Relocation Assistance
 - This element does not specify an amount for relocation assistance when a landlord evicts a tenant who is not at fault. This element must specify an amount of relocation assistance and that amount must be adjusted annually based on CPI or by the amount local housing prices have increased in the prior 12 months. The relocation assistance amount should not be based on number of bedrooms, but on factors that impact the burden of relocating. These factors should include market cost of a similar unit in a similar location and the vulnerability of tenants such as low-income, children, elderly, long-term, and disabled tenants. The time in which a tenant must vacate a property for a no-fault eviction should also be extended when tenants are particularly vulnerable.
 - Any tenant who is evicted for no fault of their own, including OMI, should be entitled to relocation assistance.

- Administration
 - This element is silent on administration and enforcement. There is no designated entity that will advise landlords and tenants of their rights and responsibilities under the just cause eviction policy.
 - In jurisdictions that do not currently have renter protections, there is no infrastructure to administer and enforce a rent cap.

COMPACT ELEMENT #2: EMERGENCY RENT CAP

- Cap on Annual Rent Increases
 - This element proposes to cap annual rent increases at CPI + 5%. This is laughable and offers less protection to tenants than allowing landlords to charge market rent. In other words, CPI+5% results in rent increases that exceed market rates.
 - A tenant paying \$1600 monthly in 2007 would, based on inflation/CPI, pay \$2,036 (27% increase) in 2017 and based on unregulated market rent pay \$2,800 (75% increase) in 2017. Using CPI+5%, that amount would have been \$3,279 (105% increase) in 2017.
 - Furthermore, if the rent “cap” is set at this astronomically high rate and vacancy decontrol is left in its current state, this compact element will do nothing to address anti-gouging or prevent displacement during the “emergency period”. To truly address extreme rent increases in the Bay Area, this element should include separate rent cap formulas for continuing tenancies and new tenancies. There could even be a higher cap for newer buildings as defined as being built in the last 15 years.

- This element defines the emergency period as 15 years. The emergency period should not have a defined time period, but should instead be based on rental housing market indicators.
- Pass-Throughs, Capital Improvements
 - This element allows landlords to pass on a percentage of capital improvements and expenses to renters. This pass-through should not be allowed. If it is, the amount allowed to be passed on to renters should be reduced accordingly based on the savings landlords receive from Proposition 13 since property taxes do not reflect a property's value, thereby enhancing a landlord's profits from higher rents garnered from improving the property.
- Applicability
 - This element exempts ADUs on owner-occupied properties from the rent cap. This should not be the case, particularly if the owner is not occupying the property as their primary residence.
- Administration
 - This element is silent on administration and enforcement. Without meaningful administration and enforcement, a rent cap will be meaningless. Compact Element #10 makes clear that "RHE will not have an administrative role in implementing tenant protection policies ... capacity would be needed at the local and county-level to implement the protection strategies". Many jurisdictions do not currently have infrastructure to administer and enforce a rent cap, which will render the cap meaningless.

COMPACT ELEMENT #3: EMERGENCY RENT ASSISTANCE AND ACCESS TO LEGAL COUNSEL

- Administration
 - This element creates a program very similar to ones that already exist in the Bay Area (Berkeley, Alameda County, the City of Alameda, Oakland, San Francisco). Instead of creating an entirely new agency to oversee a new program, existing programs should be supported and enhanced to meet the need. The expertise of existing service providers and clients should be capitalized upon instead of starting anew.
- Assistance Cap
 - This element includes a \$5,000-\$10,000 cap on total assistance "per tenancy", but it is unclear how "per tenancy" is defined. This ambiguity could create a loophole that results in and possibly encourages displacement. Existing service providers should be consulted to determine how to calculate a sensible cap that constitute sufficient funding to protect tenants. For particularly vulnerable tenants, the cap should be higher to reflect their needs. Criteria for service providers to make exceptions to the cap in particular situations should also developed.

- Applicability
 - This element excludes tenants who reside on the same property as their landlord. These tenants should be included or the exclusion should only apply in situations where the property is the landlord's primary residence, the landlord is at least a 50% owner, the landlord shares a kitchen and bath with the tenant, and the property is not being operated like a boarding house with multiple tenants on separate leases.
 - Depending on the administration infrastructure created for these three protection elements, it may be necessary to extend legal counsel to tenants to assert their rights related to elements #1 and #2.

COMPACT ELEMENT #9: FUNDING

- Allocation
 - This element sets a maximum amount of funding for local incentives (10%), protection (10%), and preservation (20%), and a minimum for production (60%). These allocations make the CASA Compact priorities clear and undermine the supposed importance of the protection and preservation efforts. Funding allocation should be more evenly distributed and exact allocations should be determined by local jurisdictions based on community need. At the very least, there should not be a minimum for some elements and a maximum for others; the percentages should be estimated targets.
- Priorities/Contingent Implementation
 - If the goals of the CASA Compact, to protect vulnerable people from displacement and homelessness, preserve existing affordable housing, and produce new housing, are to be believed and realized, the implementation of the production elements must be secondary to the implementation of the protection and preservation elements. Moving forward with production without ensuring that vulnerable tenants are protected and affordable housing is preserved will certainly exacerbate housing disparities and result in more homelessness and displacement among our most marginalized communities in California.



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



City of Millbrae

621 Magnolia Avenue, Millbrae, CA 94030

WAYNE J. LEE
Mayor

REUBEN D. HOLOBER
Vice Mayor

ANNE OLIVA
Councilmember

ANN SCHNEIDER
Councilmember

GINA PAPAN
Councilmember

January 17, 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 City Council of Millbrae understands the complexities of the current housing shortage and appreciates the laudable work of the Association of Bay Area Governments (ABAG)/Metropolitan Transportation Commission (MTC) Steering and Technical Committees to develop the CASA Compact. Millbrae is committed to building housing and is currently working on a comprehensive General Plan update to support the buildout of approximately 2,500 housing units in the vicinity of our multi-modal transit hub.

We find it disappointing to discover that the work to develop the CASA Compact failed to seek out and obtain input from primary city stakeholders in San Mateo and Santa Clara counties. We are the very cities that house more than two-thirds of the Bay Area population. This oversight resulted in a failure to address the root cause of the housing crisis: the responsibilities of the private sector development community and large employers to carry their fair share of meeting housing needs. The CASA Compact unreasonably places the burden on the tax payers to solve the crisis alone.

This crisis cannot be solved with a one dimensional approach.

We urge ABAG not to support the CASA Compact as it is fatally flawed due to the lack of input from municipal stakeholders. A one size fits all approach is not appropriate to achieve the global objective for increasing the housing supply for all. For instance, there is no mention of other possible options to lessen the housing crisis such as building transportation at locations where desirable single family housing is being built. More time is needed in order for jurisdictions with land use authority to provide feedback and address their diverse and unique circumstances. These needs can be incorporated into any future compact or policy resulting in a successful housing initiative that reflects the partnership of diverse cities.

City Council/City Manager/City Clerk
(650) 259-2334

Building Division/Permits
(650) 259-2330

Community Development
(650) 259-2341

Finance
(650) 259-2350

Fire
(650) 558-7600

Police
(650) 259-2300

Public Works/Engineering
(650) 259-2339

Recreation
(650) 259-2360

The Compact itself contains proposed funding mechanisms and policies that are not feasible and would have the effect of usurping local control over specific land use decisions. Millbrae supports the development of housing, including affordable housing, as is evident through its adoption of specific plans and entitlements for medium to high density residential developments inclusive of low income housing. Implementing best practices for Transit Oriented Development (TOD) has been a mainstay in Millbrae's housing and land use policies. These policies have created the opportunity for much needed housing production under the land use authority of the City. By maintaining proper governance for land use and housing policies at the local level, the City can consider financial, environmental and infrastructure impacts, as well as, community, neighborhoods and adjacent uses. This review and discretion is integral to appropriately vet new development in a City that has the largest multi-modal transportation facility west of the Mississippi.

Currently, in San Mateo County, a portion of a half-cent sales tax measure (Measure K) is dedicated to housing production and homeless issues. In the 2017-18 fiscal year alone, the Board of Supervisors invested \$19.3 million of Measure K funds toward affordable housing and homeless prevention programs. Local control has provided the means to dedicate Measure K funds to additional related quality of life issues including: public safety, physical and mental health, youth and education, parks and environment, older adults and veterans, and community services.

Among the problematic proposals in the CASA Compact are those that divert property tax revenues from cities to a central fund. This central fund concept creates a new costly administrative bureaucracy without any guarantees housing will be built and a city's ability to provide adequate services.

Due to Millbrae's geographic location, its proximity to San Francisco International Airport (SFO), development is restricted. Millbrae's financial stability is limited to 10.8% of its land devoted to commercial and industrial development. Mandated housing development without a commercial balance and ignoring the fiscal impact on the local community to serve the new population will place undue stress on budget and could critically cripple the City's ability to deliver essential services. The only alternative that a City such as Millbrae has is to seek voter approved tax increases which become more difficult to pass as the tax burden increases on the tax payers. This option only further overburdens the most vulnerable, those on limited incomes, resulting in even higher cost of living and causing people to move out of the area.

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/tax payers to subsidize needed services such as police, fire, and possibly schools for the new residents. Current residents should not be legally bound to pay for any new development impact(s) on the community. Anything other than this position would violate State laws and only ensure developers profit from their housing and commercial projects elsewhere in the region with no direct community benefit where the revenue is collected. 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 a housing only mentality, in and around transit corridors, will affect existing transit centers, transit operators and ridership. Access to stations is limited and new development at existing stations will reduce parking and cause greater congestion. It needs to be further

analyzed in the CASA Compact. In fact, the City of San Francisco's Transit Center District Plan, released in November 2009, on page 17 - LAND USE, Regional Environmental Sustainability and Downtown San Francisco states the following:

"the tendency to use transit for commuting drops 70 percent more for every 1,000 feet a workplace is from transit than for the same relationship between home and transit."

"These factor suggest that to maximize regional transit use and achieve the lowest overall auto travel, land immediately proximate to major regional transit (e.g. rail stations like BART or Caltrain) should be oriented more toward high-density jobs, with areas ringing these cores oriented more to high-density housing."

This is further evidence that the one dimensional CASA Compact approach fails to consider the balance of other land uses, proximity to transit and parking, and a myriad of other variables that will deter people from taking public transportation. This one dimensional thinking is further exemplified at the new BART station in Antioch. BART grossly underestimated parking demands at the site and commuters' desires to access public transportation. The result has been low ridership as a result of the inconvenience around the station.

There are carve-out exceptions in the CASA Compact for innovative projects and approaches that various cities have already implemented. Yet the Compact mandates a top-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.

The cities in San Mateo County have a decades-long track record of innovative solutions by taking action long before recently enacted legislation in an attempt to solve the current housing dilemma. 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. This example and others in Millbrae and San Mateo County 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.

It is time to pause and rethink the CASA Compact so that we can all work together and be proud of the traction we can achieve when working cohesively as a region.

Again, we ask the MTC and ABAG to join us in not supporting the CASA Compact 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.

Sincerely,



Wayne J. Lee
Mayor

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

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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

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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

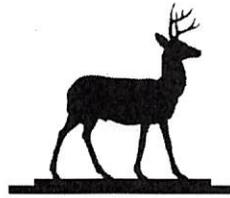
MATT BROWN
MAYOR

BRIAN COLBERT
COUNCIL MEMBER

FORD GREENE
VICE MAYOR

KAY COLEMAN
COUNCIL MEMBER

JOHN WRIGHT
COUNCIL MEMBER



TOWN OF
SAN ANSELMO
EST. 1907

525 SAN ANSELMO AVENUE, SAN ANSELMO, CA 94960-2682
WWW.TOWNOFSANANSELMO.ORG
(415) 258-4600 | FAX (415) 459-2477

January 16, 2019

David Rabbitt, President
ABAG Executive Board
375 Beale St., Suite 700
San Francisco, CA 94105

Re: Objection to CASA Compact

Dear Mr. Rabbitt:

The San Anselmo Town Council strongly disagrees with the CASA Compact and urges you not to sign the Compact.

We recognize that all communities, including ours, are challenged with providing affordable housing at all income levels. We have made progress in San Anselmo. The Town has already approved 100% of its share of the 2015-2023 Regional Housing Need Allocation (RHNA) and has approved building permits for 80% of the units. We have removed barriers to development of Accessory Dwelling Units. We recently passed an ordinance to prohibit discrimination based on source of income. We are developing objective design standards for multifamily housing.

The issues raised by the CASA Compact are more robustly dealt with in our local town councils and there needs to be greater outreach to the public. We are troubled that no one from Marin County, and no small jurisdictions, were represented on the CASA committees. We may support some of the elements in the CASA Compact but have too many concerns with the full package and “top down” approach, which attempts to eviscerate local authority and local control.

We urge you to vote against the CASA Compact.

Sincerely,

Ed Sei for Matt Brown

Matt Brown
Mayor

cc: Pat Eklund, Councilmember, City of Novato
Damon Connolly, Supervisor, County of Marin



January 17, 2018

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
Delivered Via Electronic Mail

President Rabbitt:

The City of San Carlos recognizes that our region's overall jobs/housing imbalance has fueled a housing crisis that requires critical policy attention. As such, the CASA Compact has been crafted through an effort led by the Association of Bay Area Governments (ABAG) and the Metropolitan Transportation Commission (MTC). While the City is in support of efforts to assuage pressing regional issues, we have significant reservations about the CASA Compact as currently written.

The City understands that the affordable housing issue is of utmost importance and, for decades, has been committed to the production and protection of below market rate (BMR) units to provide housing to households of all income levels. We have adopted and managed an inclusionary zoning ordinance requiring residential developments to restrict 15% of units for BMR households. We have established a Commercial Linkage Fee program that funds an Affordable Housing Trust Fund, which can be leveraged for the development of BMR units. We have entered into agreements with non-profit affordable housing developers to build affordable housing projects funded by City sources. We have revised our Accessory Dwelling Unit regulations to promote and streamline their development as a strategy to increase their production. We have partnered with local housing organizations to support and fund their efforts and services. We encourage increased density along our transit corridors for affordable housing projects. Overall, we are continually looking for innovative approaches to increase our housing stock at all income levels.

The CASA Compact sets out seven Core Principles that the City proudly supports: (1) shared responsibility; (2) inclusion everywhere; (3) promote the "missing middle" housing types; (4) stabilize communities; (5) balance across the "Three P's"; (6) level the playing field; and, (7) minimize administrative burden. These are excellent objectives that our City proudly subscribes to and actively seeks to meet. Our City's concern rests in the Compact Elements, which aim to be foundational outlines for future state legislation.

The City is supportive of some of the Compact Elements, such as "Element Four: Remove Regulatory Barriers to ADUs", which reduces barriers to production of these units that are typically more affordable to households. This Element recommends a policy modification

that facilitates production but does not upend the efforts of the General Plan for jurisdictions. However, several Elements, such as “Element Five: Minimum Zoning Near Transit” sidesteps several years of planning efforts. This Element recommends state legislation to preempt local zoning regulations and permit residential uses up to 55 feet (or 75 feet with density bonus) in areas within 1/4-mile radius of major transit stops. The City has established zoning rules that plan for dense urban development around its transit stop yet protect historic buildings and neighborhoods. By removing a layer of local control, the City’s residents are removed from being engaged in the participatory planning process. This is not acceptable.

To reiterate, the City supports the overarching CASA goal of promoting density near transit, however it does not support this level of regulation through the state legislature that should be under local control. Smaller cities like San Carlos were not included in this process, nor were our unique characteristics, circumstances and the character of our community. The City cannot support the CASA Compact as it is fundamentally flawed by being primarily developed by the MTC and ABAG without input from smaller cities who stand to be most impacted. **We ask that ABAG reconsider the details of the execution strategy set forth as Elements in the Compact and include smaller cities in the process. Until these adjustments to the Compact can be made, we urge ABAG not to sign the CASA Compact.**

Regards,



Jeff Maltbie
City Manager



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