



June 9, 2022

Metropolitan Transportation Commission
Association of Bay Area Governments
Joint Legislation Committee
375 Beale Street
San Francisco, CA 94105

Re: Regional Revenue Options for Housing and Transportation, Joint ABAG and MTC Legislation Committee

Dear Chair Arreguin, Vice Chair Liccardo and Committee Members:

SPUR believes that the Bay Area must be able to generate the resources needed to solve our vexing housing and transportation challenges.

SPUR supports a regional housing ballot measure in 2024. We believe a regional housing measure can provide our region with the relief and resources needed to address our housing and homelessness challenges at the scale of the problem. We support the proposed next steps of directing the relevant committees and staff to proceed in earnest to pursue a \$10-20 billion regional housing measure in November of 2024.

Additionally, we support the staff proposal to move forward with the foundational work that is part of a pathway towards a regional measure for public transit and sustainable transportation, should the opportunity to advance a measure emerge.

We also agree with the staff proposal to pursue a comprehensive, multi-pronged strategy to fund transit and sustainable transportation. We encourage this multi-pronged strategy to include seeking state surplus funds, regional funding, decongestion pricing, pricing parking, and more sustainable long-term sources from the state through a gas tax alternative and other state funding programs. The COVID-19 pandemic has proven that we can no longer rely on the current business model.

MTC will need to be adequately resourced to move all of these efforts effectively.

Importantly, we hope that we can avoid pitting housing and transportation against each other and instead collectively set our sights on achieving a vision in which everyone has quality housing that they can afford and has access to sustainable transportation.

Thank you for your leadership in working to solve some of the most vexing challenges in our region.

Sincerely,

Laura Tolkoff
Transportation Policy Director

Sarah Karlinsky
Senior Advisor



June 9, 2022

Metropolitan Transportation Commission
Association of Bay Area Governments
Joint Legislation Committee
375 Beale Street
San Francisco, CA 94105

Dear Chair Arreguín, Vice Chair Liccardo and Commissioners:

Thank you all for the considerable time and effort you have been putting in recently in service of some of the region's most pressing needs in transportation and housing. In particular, thank you for dedicating time to the important topic of regional measure discussions today.

We come to these discussions with an open mind and willingness to work together to see if our region can reach consensus on a regional measure to support transportation and, in particular, public transit.

We have serious concerns, however, about seeking authorization for a transportation measure without having agreement on what that measure would be. Before seeking authorization for a measure, we must do the hard work of coming to agreement on fundamental questions including:

- What the mix of operations and capital expenditure would be.
- What the expenditure plan would be- what can we afford to fund, and when. Broad programmatic funding guidelines will likely not be enough.
- What percentage of the funds will be "return to source" and how would return to source be defined.
- What funding mechanisms, in what amounts and in what proportions, should fund the measure.

SVLG's record of leading, co-leading, and succeeding in passing transportation measures in the Bay Area over the past several decades is unparalleled. Every successful transportation measure has started with building a foundation of agreement among a broad array of stakeholders about what we need to fund and how we can fund it. Now is not the time to venture into uncharted territory by skipping that foundational work at the outset.

Taking the shortcut of simply seeking authorization for a series of business-targeting taxes as a potential economic downturn looms and hoping that is the foundation that will help us come to agreement later, is not the path to a successful regional transportation measure.

SVLG, along with our partners at the Bay Area Council and SPUR invested significant time and financial resources to work on a regional transportation measure leading up to 2020. That work included substantial research (including polling a broad array of funding mechanisms) and conducting outreach via a series of polling, focus groups, and in-person convenings of our region's transit agencies, members of the public and elected officials throughout the nine county bay area in an attempt to bring a transformative transportation measure to the ballot in 2020.

That work moved our region closer to being able to put a viable regional transportation measure on the ballot. That is the kind of work that has to be done for the next measure to be successful. We learned as part of that outreach, for instance, that knowing what individual projects would be funded, at least for the first few decades, was critical for many local and regional leaders and for many, if not all, state legislators.

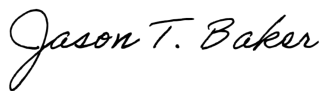
To be clear, the world is different than it was in the leadup to 2020. There are new concerns about the economy. A host of taxes are higher; they may go higher still before 2024. Polling for a transportation measure is generally worse now than it was then. Many workers are working remotely much more often and coming in at less uniform times and access to affordable housing and other issues have for the first time in memory for many of our members.

But we believe our members remain committed to transit.

We are open to a robust and factual discussion of what a potential transportation measure should fund, how it should be designed and what mechanisms should be used to fund it. But that discussion must happen first. We need agreement on a measure before we ask for authorization for a measure.

Thank you for your time and your leadership in these unprecedented times.

Sincerely,

A handwritten signature in cursive script that reads "Jason T. Baker".

Jason Baker
Senior Vice President, Silicon Valley Leadership Group

Dear Commissioners,

I urge you to keep fiscal prudence in mind when you consider agenda item 3b1, the item on the proposed housing bond measure.

Interest rates are rising fast in response to the highest inflation in 40 years. Interest rates are expected to rise dramatically in response to this historic inflation.

The higher the interest rates, the less bond money from a given amount of taxes. The attached charts show this relationship.

1. Chart 1 estimates the annual taxes required to service a \$100 bond. You can see how an increase in the interest rates sharply increases the tax money required to raise the same amount of bond money.
2. Chart 2 shows the percentage of taxes that will be consumed by interest payments at different interest rates. You can see that as interest rates rise into the high single digits about 2/3 of the taxes will be spent on interest alone.

In short, if an equal amount of taxes are raised and spent a couple of years later, we can achieve dramatically better outcomes for producing affordable housing.

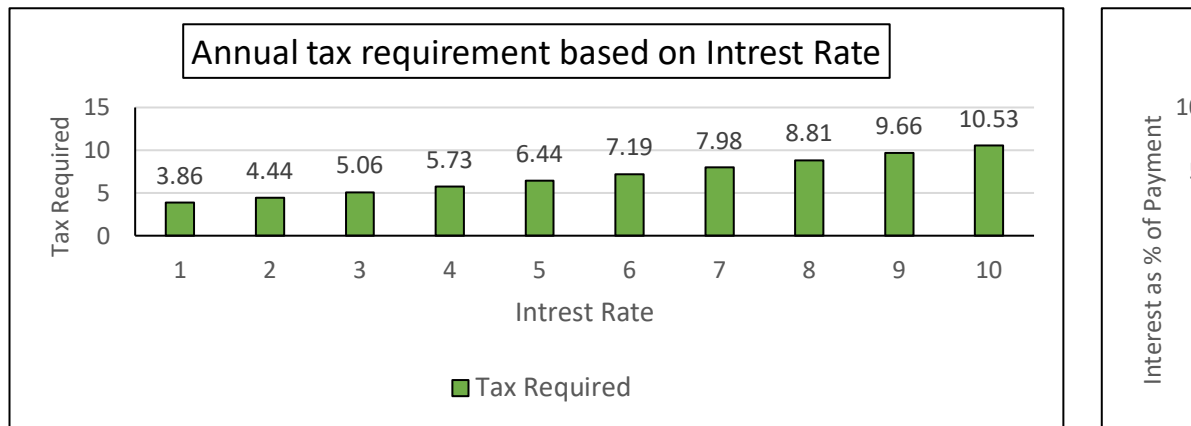
The basic principle of public investments is to raise and spend money when the economy is down due to reduced private investments. This way, the public bodies can raise more money at cheaper rates, realize more ambitious outcomes, and provide jobs during periods of higher unemployment.

Raising and spending such huge amounts of money at this time violates this basic principle of public investment. It shows a disregard for fiscal prudence and tax payer money.

Thank you

Vinay Pimple

Interest Rate	Tax Required	Interest as % of Payment	% of Tax used
1	\$3.86	13.64	86.36
2	\$4.44	24.92	75.08
3	\$5.06	34.12	65.88
4	\$5.73	41.83	58.17
5	\$6.44	48.24	51.76
6	\$7.19	53.64	46.36
7	\$7.98	58.23	41.77
8	\$8.81	62.16	37.84
9	\$9.66	65.49	34.51
10	\$10.53	68.34	31.66



Intrest share of Total Payment based on Intrest Rate

