

Metropolitan Transportation Commission

May 22, 2019

Agenda Item 9b. iii.

AB 1487 (Chiu) Seek Amendments

- Subject:** Position on AB 1487 (Chiu): Housing Alliance for the Bay Area
- Background:** On May 10, the Legislation Committee reviewed legislation and recommended a “seek amendment” position on AB 1487 with the following requested amendments:
- 1) Ensure no new responsibilities are assigned to ABAG or MTC without the following: 1) A guaranteed source of funding that is not dependent upon voter approval; 2) A provision for the re-evaluation and potential dissolution of HABA in the event that the level of revenue approved is too small to meaningfully address the region’s housing crisis;
 - 2) Ensure the bill does not require that MTC staff report to a newly structured board;
 - 3) Exclude sales tax from revenue options; and
 - 4) Develop a distribution formula that distributes more than 25 percent of the employer-based (i.e. non-bond and parcel tax measures) revenue to a regional pool.

In addition, the Committee’s action recommended the formation of working group of three ABAG representatives and three MTC representatives to be appointed by the ABAG President and MTC Chair, respectively, to work with Assembly Member Chiu’s office on governance of the Housing Alliance for the Bay Area (HABA) and other details and bring a recommendation back to the Executive Board and MTC Commission, respectively.

Issues: None

Recommendation: The Commission is requested to adopt a “seek amendment” position on AB 1487 (Chiu), as described above.

Attachments: May 10 Legislation Committee summary sheet.

Reviewed:



Therese W. McMillan

Metropolitan Transportation Commission and the Association of Bay Area Governments
**Joint MTC Legislation Committee and
ABAG Legislation Committee**

May 10, 2019

Agenda Item 7c3

AB 1487 (Chiu): Housing Alliance for the Bay Area

Subject: AB 1487 (Chiu) would establish the Housing Alliance for the Bay Area (HABA) to increase funding for affordable housing in the nine-county region. The bill authorizes HABA to place on the ballot a series of revenue raising measures, subject to certain return to source provisions, to provide funding and technical assistance to local jurisdictions and affordable housing developers to help produce and preserve affordable housing and pay for tenant protection services. The bill provides that HABA would have the authority to buy and lease land for affordable housing purposes, but not the ability to purchase land by eminent domain or regulate or enforce local land use decisions.

Background: Plan Bay Area 2040's Action Plan (adopted jointly by MTC and ABAG in July 2017) called for the creation of regional self-help funding for affordable housing. This position was later incorporated into the Committee to House the Bay Area (CASA) Compact as Element #10. This bill is co-sponsored by the Nonprofit Housing Association of Northern California (NPH) and Enterprise Community Partners, Inc. and calls for the creation of a regional housing entity to raise funds and support local jurisdictions to help achieve the region's bold housing goals.

Discussion: **Funding**
The primary stated purpose of AB 1487 is to raise regional funding for affordable housing to help close an estimated annual funding shortfall of \$2.5 billion to address the region's affordable housing production, preservation and tenant protection needs. Unlike transportation, which has long had access to substantial regional funding through bridge tolls and federal and state funds distributed at the regional level, affordable housing is strictly reliant upon private, local, state and federal funding. A regional funding source would be immensely valuable to help close the funding gap on affordable housing projects that are otherwise struggling to cobble together enough funds across multiple sources, especially for those jurisdictions that have less resources available at the local level.

Key Concerns

From a policy perspective, staff agrees that establishing a regional funding source for affordable housing production and protection-related needs is likely a necessity if we are to make serious progress on the housing crisis. Opportunities to build or preserve affordable housing projects are unpredictable, making a more robust regional funding source a useful option, instead of every jurisdiction needing to close the funding gap by levying taxes locally that might not be put to use for many months or even years.

However, in our various meetings with local elected officials over the last few months we heard concerns about the use of a sales tax or parcel tax for a regional housing program due to concerns this might supplant *future* revenue raising opportunities at the local level. Concerns were also frequently raised regarding the establishment of another regional agency, which may duplicate authorities of existing regional agencies, and/or local governments. While staff does not have a

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recommendation on these points per se, we are raising them for discussion given their importance. In addition to those observations, we outline some significant practical and operational concerns we have with the bill.

Start-Up Funding

The bill requires that MTC staff the HABA but does not provide any start-up or sustaining funding associated with imposition of this new role. While the bill authorizes up to 3 percent of voter-approved funds to be reserved for administrative costs, this doesn't address how the agency is to absorb what would be substantial near-term responsibilities before revenues are collected, or address what should occur if any or all contemplated voter-approved measures fail. In addition, the bill requires that either ABAG or MTC reimburse the counties for the cost of placing the measure on the ballot. The RM 3 election cost MTC \$3.2 million in direct charges from county election offices. Neither agency has funding available (or even eligible) to cover this cost if an election fails.

As such, we recommend amendments to ensure that no new responsibilities are assigned to MTC or ABAG without a) providing a guaranteed source of support funding that is not dependent upon voter approval; and b) including a provision for the re-evaluation and potential dissolution of HABA in the event that the compendium of funds approved by the voters are determined to fall substantially short of the amounts needed to meaningfully address the housing crisis across the region.


Governing Board

The current version of the bill has removed all references to ABAG and MTC as the foundational membership for the HABA governing board, to provide for further discussion of this critical question at the regional level. Nonetheless, we remain concerned that the bill could require MTC staff to serve a new and separate board, potentially placing staff in a conflicted situation. While we have no specific recommendation on the governance question, we believe it is critical that we communicate to the author and bill supporters that neither ABAG nor MTC can support an outcome where MTC staff are assigned to directly report to a newly structured board.

Recommendation: Seek Amendments

Bill Positions: See attached

Attachments: Attachment A: Bill Positions


Therese W. McMillan

Official Positions on AB 1487 (Chiu)

Support

Bay Area Council
Bay Area Housing Advocacy Coalition
Burbank Housing Development Corporation
California Community Builders
California YIMBY
Chan Zuckerberg Initiative
Enterprise Community Partners, Inc.
Greenbelt Alliance
Habitat For Humanity East Bay/Silicon Valley
Non-Profit Housing Association Of Northern California (Nph)
Pico California
Silicon Valley At Home (Sv@Home)
Techequity Collaborative
TMG Partners
Urban Displacement Project, Uc-Berkeley

Support If Amended

Community Legal Services In East Palo Alto
Genesis
Monument Impact
City of Oakland
Public Advocates Inc.
San Francisco Foundation
City of Vallejo

Oppose

California Taxpayers Association
Howard Jarvis Taxpayers Association

Oppose Unless Amended

Alameda County Transportation Commission