

October 13, 2016

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

Re: **Plan Bay Area 2040 Preferred Scenario**

Dear members of the Joint MTC Planning Committee and ABAG Administrative Committee:

Thank you for the opportunity to comment on the draft Preferred Scenario for Plan Bay Area 2040. We write to propose solutions that will lead to a Plan Bay Area that works better for everyone, on behalf of members and allies of **the 6 Wins for Social Equity Network**, a regional coalition of over 20 organizations working to promote social, racial, economic and environmental justice in the Bay Area.

According to MTC and ABAG's own analysis, the draft Preferred Scenario will significantly worsen the housing and displacement crisis for low-income people. Housing and transportation costs for lower-income households would increase by at least 13%, and at least 9% more low-income families – tens of thousands of people – would be at risk of displacement. Meanwhile, the Scenario does nothing to increase access to good jobs and little to reduce the health harms these communities face.

In a recent interview¹, 100-year-old San Francisco resident Iris Canada discussed her impending eviction from a place she's called home for more than 50 years – an experience she described as “killing me.” Ms. Canada is just one of countless Bay Area residents facing, and trying to survive, this unprecedented crisis that disproportionately affects low-income communities of color and seniors. For example, dozens of residents powerfully and personally described these challenges at the regional housing forum² in February and during a Commission meeting³ on July 27th, and nearly 500 people from 54 cities sent emails to MTC ahead of that meeting pleading for the region to take meaningful action.

Yet MTC and ABAG have failed to include effective strategies in the Scenario that would promote affordable housing opportunities, prevent displacement of low-income residents from rapidly gentrifying neighborhoods, and increase access to affordable transit and middle-wage jobs.

In 2013, the 6 Wins Network's **Equity, Environment and Jobs (EEJ) Scenario** produced the strongest equity and environmental outcomes for the Bay Area. The choice to exclude

¹ *The Guardian*, “‘This is killing me’: 100-year-old woman fights eviction in San Francisco,” by Sam Levin, available at <https://www.theguardian.com/us-news/2016/oct/03/san-francisco-100-year-old-iris-canada-eviction>.

² Watch remarks from Melissa Jones, Reyna Gonzalez, and Theola Polk at <https://www.youtube.com/watch?v=Jm-7v17car0> (starting at 18:26).

³ Watch testimony from residents and students at http://baha.granicus.com/MediaPlayer.php?view_id=1&clip_id=1510 (starting at 39:35).

an EEJ Scenario this time has led to predictable results. That “environmentally superior” scenario should be the basis for improving the draft Preferred Scenario. This means (1) leveraging regional funding to promote local anti-displacement policies, (2) planning for a fair-share distribution of affordable housing growth in *all* transit-served and high-opportunity neighborhoods, (3) increasing funding for projects and programs that serve the needs of transit-dependent riders, and (4) supporting and prioritizing *inclusive* economic development that generates good jobs for members of underserved communities.

It also means developing a clear **roadmap for actions** necessary to achieving these goals, and implementing those actions promptly. These are the conditions necessary for Plan Bay Area to serve all communities, rather than simply creating unachievable aspirations that create greater disparities.

For Plan Bay Area to meet its GHG reduction and housing targets as well as the other social equity goals, **we recommend the following actions** (with more detail in the addendum):

- a) **Incorporate key EEJ components into the Preferred Scenario and final plan**, and include an EEJ Scenario in the environmental review for Plan Bay Area 2040.
- b) **Include a detailed and aggressive implementation plan** in Plan Bay Area 2040 that establishes the necessary concrete policy actions at the local, regional and state levels to meet the region’s affordable housing and anti-displacement goals, including fully leveraging transportation funds to incentivize local actions.
- c) **Increase funding** for bus operations, the Lifeline Transportation Program, and the Community-Based Transportation Planning Program.
- d) **Fully fund** a regional free youth transit pass, means-based fare discount program, and fare stabilization.
- e) **Distribute household growth equitably** – ensuring that *all* neighborhoods near transit and in high-opportunity areas take on a fair share of housing growth rather than over-concentrating growth in the big three cities (Oakland, San Jose and San Francisco) in ways that would make displacement worse.
- f) **Model anti-displacement policies**, such as rent stabilization and just cause eviction protections, in the Preferred Scenario in cities where low-income residents are undergoing or at risk of displacement, and provide incentives in the Scenario for those policies.
- g) **Quantify affordable housing funding gaps** in the Preferred Scenario that must be filled in order to achieve the region’s affordable housing goals.
- h) **Support middle-wage job creation** by acknowledging the limitations of the draft Preferred Scenario to measure or target middle-wage jobs, and include in the implementation plan action steps to develop both data and policies that support local initiatives to address income inequality and the middle-wage jobs gap.
- i) **Provide transparent information and data** on jobs-housing fit, affordable housing production, the effect of anti-displacement policies, and estimates on available

revenue and revenue necessary to implement Plan Bay Area 2040 investments, programs and projects.

We envision a Bay Area in which residents are part of a transparent decision-making process and where the costs and benefits of development lead to shared prosperity. We challenge MTC and ABAG to join us in creating a just and inclusive region and begin undoing the damage of inequitable planning and a legacy of historically discriminatory policies that continue to marginalize low-income communities of color.

We look forward to working with you to discuss, further develop, and operationalize these recommendations to ensure that Plan Bay Area 2040 provides a clear and effective roadmap for ensuring that all communities benefit from the region's growth.

Thank you,

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Urban Habitat

Stuart Cohen
TransForm

Rev. Earl W. Koteen
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Addendum: Detailed Recommendations

As MTC and ABAG prepare to discuss and adopt the Preferred Scenario, we urge you to address the concerns, and incorporate the recommendations, below.

Concern #1 – Social Equity: The draft Preferred Scenario performs poorly on social equity measures, particularly related to housing and displacement. For example, MTC and ABAG set a target of decreasing the housing and transportation costs for lower-income households by 10%. Instead, the draft Preferred Scenario increases housing and transportation costs for lower-income households by 13%. The agencies project that 67% of household income will be spent on housing and transportation by 2040, up from 54% in 2005. In addition, the agencies aimed to not increase the share of households at risk of displacement, but the draft Preferred Scenario increases the risk of displacement by 9%. Finally, the agencies had a target to increase the share of affordable housing in PDAs, TPAs, and HOAs by 15%, but instead, the share of affordable housing will increase by just 1%, while the Scenario does nothing to increase access to jobs and little to reduce the adverse health impacts facing communities.

Recommendations:

- 1. Incorporate key components of the Equity, Environment and Jobs (EEJ) Scenario into the Preferred Scenario, and study the EEJ in the Environmental Impact Report (EIR) for Plan Bay Area 2040.** In the EIR for Plan Bay Area 2013, the EEJ proved to be the superior alternative, both environmentally and for low-income communities of color. The failure to include an EEJ Scenario this time has led to predictable results.
- 2. Include a detailed and aggressive implementation plan** as part of Plan Bay Area 2040 that identifies concrete policies and programs for how the region will meet its affordable housing and anti-displacement goals, boost local transit service and reduce fares, and support middle-wage job creation. The implementation plan should include the actions that MTC and ABAG will take, those that local jurisdictions need to take, and those that the regional agencies will take to get local jurisdictions to act.

Concern #2 – Land Use and Housing: The draft Preferred Scenario does not include adequate affordable housing and anti-displacement strategies, or equitably allocate growth. Despite the region's exceedingly poor performance on affordable housing since the adoption of the prior Plan Bay Area, and the role that regional transportation investments play in exacerbating the Bay Area's housing affordability and displacement crisis, the draft Preferred Scenario includes just one strategy to mitigate the crisis: apply inclusionary zoning in all cities with PDAs, making 10 percent of units deed-restricted. There are a number of problems with relying so heavily on this particular strategy. First, inclusionary zoning for rental housing is not currently permitted under the *Palmer* decision, making the strategy purely aspirational. Second, reducing displacement risk and increasing affordable housing production requires more than just inclusionary zoning – it

requires a broad array of policies that also include rent stabilization, just cause ordinances and other eviction protections, impact and commercial linkage fees, housing bonds, and public land policies. Moreover, any affordable housing strategy should specifically serve the lowest-income households and should be included in cities with TPAs and HOAs, not solely PDAs.

In addition, the Preferred Scenario includes no clear plan to encourage cities to adopt affordable housing and anti-displacement policies. MTC and ABAG have essentially given up on taking a robust role in addressing the crisis, claiming they have limited strategies available to them. They should instead work with the affordable housing and tenants' rights communities to develop concrete strategies.

Finally, the draft Preferred Scenario allocates a disproportionately low share of housing to many of the mid-size cities, which are job centers within the urban core, with the result that a number of cities are allocated 4 times or more as many new jobs as they are new housing units – and even fewer affordable housing units. Moreover, the projections for average annual housing growth in San Francisco and Oakland are far above anything they have achieved even at peak levels, despite actions these cities have already taken to accommodate growth and streamline the approval process. These unrealistic and inequitable allocations create the conditions for guaranteed “failure” and the potential for politically justifying even more aggressive deregulation and pro-gentrification agendas, threatening to move us backwards rather than forward in realizing an equitable development vision.

Recommendations:

3. **Establish concrete actions in the implementation plan to meet the region's affordable housing and anti-displacement goals and to mitigate Plan Bay Area's negative impacts.** Examples include:
 - a. **Develop and fund a Regional Housing Trust Fund** to support the development of affordable housing throughout the region.
 - b. **Modify the One Bay Area Grant (OBAG) and other transportation funding programs** to more effectively encourage local land use planning and development that will make things better, not worse. OBAG's new anti-displacement scoring criteria and affordable housing incentive funding are steps in the right direction, but MTC must create stronger incentives for local jurisdictions to produce affordable housing and adopt anti-displacement policies by using the full countywide OBAG funds and other transportation dollars.
4. **Include – and model – anti-displacement policies**, such as rent stabilization and just cause eviction ordinances, in the Preferred Scenario in cities where low-income residents are undergoing or at risk of displacement. These protections are the most effective at keeping low-income renters in their homes.

5. **Distribute household and employment growth equitably** – near transit and in high-opportunity areas⁴, not just in PDAs concentrated in the big three cities, and in a manner that achieves both jobs-housing balance⁵ and jobs-housing fit (availability of affordable housing in proportion to the number of low-to-moderate wage jobs in a city). It is critical that we end our historic patterns of sprawl development – which has both negative environmental and equity consequences. But we must do so in a manner that does not concentrate development in ways that actually exacerbate displacement, and we must ensure that all cities are doing their fair share to create affordable housing and job opportunities. Allocating growth into a more “poly-nodal” land use pattern is a far superior “smart growth” vision that will enable Bay Area residents to live and work in their home communities rather than endure extreme commutes and the associated greenhouse gas emissions, increased transportation costs and public health impacts.
6. **Quantify affordable housing funding gaps** in the Preferred Scenario that must be filled to achieve the housing affordability and share of affordable housing targets, particularly for production of housing for very low-, low-, and moderate-income families that is proportional to market-rate housing production.
7. **Analyze and share the following data:**
 - a. How jobs-housing fit is – or is not – achieved in the Preferred Scenario, and how the Preferred Scenario drives household distribution to places with poor jobs-housing fit, near transit, and in high-opportunity areas.
 - b. Total housing production for each jurisdiction and how it compares with the actual track record of past production.
 - c. Affordable housing production for each jurisdiction and (i) how it compares with actual track record of past production and (ii) how much it will cost compared to affordable housing subsidy dollars available annually.
 - d. The effect that additional affordable housing and anti-displacement policies would have on meeting the performance targets.

Concern #3 – Transportation Investments: The draft Preferred Scenario does not include adequate transportation funding to meet the needs of underserved communities. We have concerns about projected revenue and the presentation of new investments in expanding equitable transportation. We acknowledge the policy decision to fully fund transit operating shortfalls. However, the assumed increase in revenue from sales-tax-based discretionary sources (e.g., Transportation Development Act and local measures) may be overstated; if so, there is the risk of major service cuts should the economy falter in the future. Packaging mostly pre-existing programs as an “Equity

⁴ Allowing people to live closer to their jobs and other key community assets, even with limited public transit access, still reduces VMT and GHG emissions.

⁵ The jobs-housing ratios for the three big cities vary widely – from 0.8 in San Jose, where the projected job growth is well below what’s planned in its General Plan, to 2.4 in San Francisco. These numbers are not only unrealistic, but they result in completely inadequate jobs-housing balance and, even more importantly, the jobs-housing affordability “fit.”

Roadmap” is misleading and inadequate. Deceptive because conversations with staff indicate that bus versus other modes are not clearly broken out; inadequate because, e.g., Lifeline, is still stuck at the low level from PBA 2013. Consistent with the Gioia amendment, Communities of Concern should be receiving a fair share of all discretionary revenues in the first four years of the plan.

Recommendations:

8. **Allocate “bus operations” funding for bus service**, which low-income riders rely on disproportionately to get to their jobs, schools and critical services. The current categories appear to include capital costs and need to be broken out and described more clearly.
9. **Allocate \$2 billion to the Lifeline Transportation Program by 2021** to fund the transportation projects that low-income communities of color identify in the Community-Based Transportation Plans (CBTPs). This important program is the only one that specifically targets the needs identified by low-income residents who rely on transit, but current funding levels do not come close to closing the gap in transit service for this population, much less meeting the full range of critical transportation needs in underserved communities.
10. **Increase funding for updating CBTPs to \$3 million.** MTC recently allocated \$1.5 million in OBAG funds for updating CBTPs, enough to update approximately 15 plans. However, 28 CBTPs are at least 6 years old, and the new Community of Concern definition may create a need for additional community-based plans.
11. **Develop and fund a regional free youth transit pass** program. The overwhelming success of the Free MUNI for Youth program (over 33,000 youth currently receive passes) highlights the need for this investment. Moreover, MTC’s investment in the MUNI pilot youth program demonstrates that regional funding can play a key role in supporting local models that can be scaled up and replicated throughout the region.
12. **Fully fund MTC’s Regional Means Based Fare Discount program.** This pilot study is examining program alternatives that can both reduce transportation costs for transit-dependent riders on major operators with existing discount programs as well as reduce costs for those transit dependent riders forced to take multiple unlinked trips (e.g., local bus to BART to another local bus) because of the displacement crisis. The draft investment strategy includes \$150 million over the life of Plan Bay Area to support this effort. However, current staff estimates range from \$57 million to \$100 *annually*. This does not include cost estimates for new service needed to meet increased demand, which are still being developed.
13. **Allocate discretionary revenue to develop a fare stabilization fund** to help prevent fare increases or service cuts during periods of unanticipated economic downturn.
14. **Provide reliable estimates** on available revenue and revenue necessary to implement Plan Bay Area 2040 investments, programs, and projects.

15. **Conduct an equity analysis** of the proposed expenditure of the regional discretionary share of funds, including a focus on the equity of discretionary fund allocations in the first four years of the new Plan. This will help ensure that low-income populations and people of color are not being subjected to any delay in the receipt of a fair share of the Plan's benefits.

Concern #4 – Economic Opportunity: We commend the regional agencies for incorporating Middle-Wage Job Creation as an explicit Performance Target for Plan Bay Area. However, the draft Preferred Scenario falls short in two respects.

First, it inaccurately represents that the share of middle-wage jobs is growing in the Bay Area and will grow under any scenario – even “No Project.” This positive forecast is sharply contrasted by real world data, which show growth concentrated in high-wage and low-wage jobs, exacerbating the region's income inequality and attendant impacts on housing, transportation and public health. This reality is what our communities are facing as they struggle to maintain economic security. While we understand that these results stem from the current limitations of the forecasting model, this should be acknowledged in the Performance Targets Results as a limitation of the methodology, rather than presented as an indication that the actual share of middle-wage jobs will increase.

Second, and more importantly, the next Plan Bay Area needs a sharper focus on understanding and effectively leveraging the impacts that policies, investments, incentives and planning decisions have on the type and quality of jobs that are created or retained. At a minimum, MTC and ABAG should establish strong policies to ensure that the direct impacts of Plan Bay Area investments are moving us in the right direction.

Furthermore, if the region moves forward with the actions outlined in the Implementation Strategies – which include establishing a Regional Economic Development District and creating “Priority Production Areas” – it is critical to start from the basis of an inclusive economic development strategy that addresses the type and quality of jobs that are being created.

Recommendations:

16. **Include in the implementation plan an action item focused on developing the data and capacity to analyze wages at the job / workers level** and to project potential impacts of land use scenarios and policy decision on the jobs and wage distribution. In the meantime, indicate the modelling limitations of the Middle-Wage Jobs target in the Performance Targets Results (by including a footnote or similar indicator).
17. **Establish policies in the implementation plan to ensure that the direct investments made through Plan Bay Area are aligned with the goal of expanding the share of middle-wage jobs.** These could include:
 - a. **Ensure minimum standards:** Require prevailing wages, participation in state-registered apprenticeship, and priority for veterans on all construction work that is supported by Plan Bay Area investment, including where

funding is used for land acquisition, architectural or engineering fees, or project planning.

- b. **Expand middle-wage career pathways in construction and operations:** Support transportation operators and local jurisdictions that are seeking to implement models such as Community Workforce Agreements that combine efficient project delivery, strong enforcement of minimum job standards, and career pathways for workers in underserved communities. Support might include providing resources for pilots, convening and/or technical assistance, and supporting local jurisdictions in applying to the FTA for approval of innovative career pathway mechanisms.

18. **The process underway to create a Bay Area Economic Development District should explicitly target middle-wage job creation and access.** Refocus the stakeholder process of developing a Comprehensive Economic Development Strategy for the Bay Area to explicitly prioritize creating and sustaining middle-wage jobs and ensure access to those jobs for members of underserved communities.

19. **Provide support and incentives for local jurisdictions to innovate, replicate and collaborate on approaches to support the growth and retention of middle-wage jobs.** A number of cities and counties are already taking action on policies, programs and initiatives to expand economic opportunity. MTC and ABAG's role in economic development should be to support and prioritize those local efforts that, when aggregated, can demonstrate effectiveness in supporting middle-wage jobs. In particular, the concept of Priority Production Areas should prioritize investment in and support for projects that will explicitly lead to middle wage job creation, pathways into those jobs and/or the upgrading of low-wage jobs.

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