

3.10.03

Stakeholder Dialogue Meeting Notes

Attendees:

Will Travis, BCDC
John Coleman, KB Home
Andrea Ouse, City of Alameda
Paul Shepherd, Cargill Salt
Andrew Thomas, City of Alameda
Morty Prisament, City of Richmond
Christy Riviera, ABAG
Stephen Haase, City of San Jose
Bob Harris, PG&E
Andrew Michael, Bay Area Council
Sherman Lewis, Sierra Club
Doug Shoemaker, NPH
Sunne McPeak, Bay Area Council
Rachel Peterson

Item I: Convene Policy Conversation

Discussion of AB 857 and Environmental Goals & Policy Report to be produced by OPR

- Will it provide incentives for infrastructure in the right places?
- How powerful will it be?
- Environmental Goals & Policy will be about state-level priorities and integration from executive agencies, not housing element law.
- Cities will appreciate if it creates new incentives not sanctions; cities will rebel if penalties are established.

Item II: Magnitude of Housing Production Challenge

(Process note: representatives from each caucus were not all present, and so discussion / comments were not official caucus statements. Notes identify caucus membership for information only.)

Government:

Acknowledged challenge of reconciling data sets from which assumptions are made. Eg, Landis report makes San Jose appear low in housing production when that is not the case.

Numbers don't really matter if we focus on creating incentives for cities to build more housing. Magnitude is so large that we should just work toward achieving a significant increase; assess our achievement after incentives are in place.

The numbers matter if cities are going to be faced with sanctions / penalties for not achieving a numerical target.

Environment:

We have existing demand for housing, and Smart Growth Vision only deals with new growth based on projections of job creation. Region ends up chasing its tail because it assumes high levels of job creation, thus appearing to need to create new housing. Need to find a way to achieve jobs-housing balance without creating net new jobs, which always leads to new demand for housing. A number of Bay Area cities have a surplus of jobs relative to employed residents; they are externalizing their housing & transportation deficits to other cities. Many differences exist in the data assumptions that underlie projections: suggest 1) choosing 2030 as the end point, 2) using 2002 job projections. Result is a deficit of 129,000 housing units over next 30 years.

Economy:

Job forecasts from ABAG relatively reliable historically; they are not land constrained. Using ABAG forecasts is most conservative approach because jobs number has been tracked and is not very volatile over several decades, and not disputed by economists. Manipulation of #s occurs when assuming a ratio of jobs per household: 1.46 (current ratio used by ABAG), 1.5 (standard city planning practice), 1.56 (will be used by ABAG in the future). Small variance in ratio results in a large variation in projected number of needed housing units.

Result of using ABAG jobs & 1.46 ratio: 637,000 housing units (if in-commuters included) vs. planned for base case of 438,000. Pattern of continued development of housing outside of region, in-efficient use of land. Social equity implications: Bay Area can't deal with affordability issue unless housing supply is increased. That's why issue is important.

Equity:

Region needs to produce 50% more housing than it currently does. Let's arrive at a general, simple number such as this and move discussion forward.

Process suggestion:

When Stakeholders are ready to write a joint letter to Sacramento legislators, develop a basic conceptual statement about the order of magnitude, eg "The Stakeholders agree that in the Bay Area housing production must increase [by 50%] [substantially] [dramatically] if the region is to achieve sustainability..."

Economy:

Region needs a target to shoot for. Component of housing costs that continues to rise is land price, not construction costs. Land prices only drop when more land inventory gets into development pipeline. Prices drop when competition exists for 80% of overall supply. Thus, the ultimate target number makes a difference.

Government

Group suffers from fear of the implications of housing numbers – fear loss of open space, ag land, etc. Propose accepting ABAG numbers because they recommend producing more housing than at the moment.

Housing is terminal for economy: problem is so severe that without significant fiscal change, crisis will not change. If Stakeholders agree to a projected number that's too low, pressure will mount on already protected lands – eg slopes of San Jose hills: development line now at 15% of slope, may go up to 25%.

Items III and IV: Policies that Produce Infill and Smart Growth Policy Options for Consensus

Background provided by Doug Shoemaker, NPH

Policy Options for Consensus list is result of small group meeting to find common ground. Brief review of bills from memo in packet.

Brief discussion of bills:

SCA 11 (voter threshold lowering) – Questions about the use of sales tax for transportation projects.

AB 1426 (housing production quotas) – Did CBIA endorse?

AB 1112 (TOD tax increment districts) – Make sure state does not claim the revenue.

Proposed Stakeholder communication with Sacramento legislative delegation:

- a) Develop general positions about pending bills
- b) Write a joint letter detailing policy positions
- c) As available and interested, individual Stakeholders follow up with letters, phone calls, visits.

Other policy ideas & suggestions:

- a. Sanctions for cities that gross support job production over housing production.
- b. Re-examine new categories of CEQA exemptions for infill development, that streamline review process and/or reduce the mitigation burden, especially for infrastructure.
- c. CPUC Greening Affordable Housing proposal: If an affordable housing project incorporates 5 of 10 green design components (above Title 24) then project receives CEQA exemptions. Research to find opportunities to support.
- d. Construction defect litigation – Questions about implementation of bills passed last year, find out if new bills are pending.

Recommendations for next meeting agenda:

Work through bills conceptually with larger group to establish points of common agreement and potential disagreement. Stakeholders requested to review bill concepts beforehand and come prepared to discuss in broad terms. Example: If a Stakeholder opposes using gas tax for transportation purposes, discuss ways of enabling its use for open space, affordable housing, and transportation infrastructure that meets smart growth criteria.

Special Addendum: Local Government Opinions on Increasing Housing Supply

Stephen Haase (San Jose) – Cities now looking for land to do infill are considering rezoning from industrial to housing – doing so because neighborhoods fight density at sufficient levels. Cities that build their share of housing should be rewarded with additional transportation infrastructure funds.

Andrea Ouse (Colma) – Crisis is from fiscal taxing structure, cities fight each other for tax base from jobs and sales tax. Fiscal equity would reward housing production.

Andrew Thomas (Alameda) – Keep hammering away at CEQA reform: neighbors use CEQA to protect their parking spaces. Use requirements from the state to buttress local City Councilmembers as they approve higher-density, housing. Example: North Berkeley, regional transit hub, is zoned single-family.

Morty Prisant (Richmond) – Education of the public remains paramount: people need to understand benefits and impacts of development, what is real impact, will develop understanding by going through planning processes.