

November 18, 2011

BY ELECTRONIC MAIL

Alix Bockelman, Director of Programming and Allocations
Doug Kimsey, Director of Planning
Metropolitan Transportation Commission
101 Eighth Street
Oakland, California 94607

Re: OneBayArea Grant Program

Dear Ms. Bockelman and Mr. Kimsey:

We strongly support the use of regional funds to encourage equitable transit oriented development through the OneBayArea Grant program. The region's vision for sustainable growth – decreasing greenhouse gases while promoting healthy and affordable neighborhoods for people of all incomes and races – will be realized only if local jurisdictions implement it. Channeling money to the local governments that are working hard to plan for and accommodate housing at all income levels is one of the most important ways that MTC and ABAG can help make the Sustainable Communities Strategy a real action plan rather than a document that gathers dust on a shelf.

Staff's proposed framework for the OneBayArea Grant is a strong start to developing an effective program that could be a model for the rest of the state. It requires most of the funding to go to the places which are slated to take on most of the region's housing growth. It establishes policy-based eligibility criteria for local jurisdictions to qualify for Grant funding, which will help ensure that the money supports truly sustainable growth. In particular, it makes a California Department of Housing and Community Development-certified housing element a prerequisite for funding. And it recognizes the importance of rewarding past housing production in addition to supporting new construction.

As stakeholders deeply vested in the Sustainable Communities Strategies, Regional Housing Needs Allocation, and Regional Transportation Planning processes, we urge staff to make a few key revisions to the OneBayArea Grant program to make sure that the money is spent (1) in the right places, (2) with the right safeguards in place, and (3) on the right projects. Without these changes, the Grant program may do little to change the status quo, or might even undermine the principles of sustainability and equity that it is designed to advance. Specifically, we ask that the OneBayArea Grant program be modified to include the following key principles:

1. Funding should be prioritized for the cities have added the most *affordable* housing in the past, rather than total housing, and are expected to take on the most affordable housing in the future.
2. Anti-displacement policies should be a *requirement* for Grant eligibility rather than part of a menu of options.
3. Projects funded by OneBayArea Grants should be vetted by an inclusive neighborhood planning process that analyzes critical issues including equity, health, and transit accessibility.

These modifications are outlined in more detail below. We offer to meet with staff to discuss these recommendations and technical changes to the OneBayArea Grant proposal that will address our

concerns. We hope that by working together now we can craft a strong OneBayArea Grant proposal that we can all support when it comes before the MTC Commission and ABAG Board next year.

1. Direct Funding to Cities that are Building Affordable Housing

To be effective, OneBayArea Grants must not only be spent in the right counties, but also be directed to the appropriate places within each county. Because the current proposal is for Grant funding to flow to the County Congestion Management Agencies before it is allocated to cities, it is essential that MTC and ABAG establish meaningful guidelines for distribution of the money to local jurisdictions. The current proposal is lacking in this area. The guidelines we recommend will help ensure that the Grant program advances the regional vision of sustainable growth, rather than a patchwork of nine county-level agendas.

The requirement that 70% of Grant funding be spent within PDAs is not enough. The policy should be more specific – Grant money should be directed to the particular PDAs that are taking on the most housing growth. Supporting the PDA framework with financial investments appropriately rewards jurisdictions that have embraced their role in achieving sustainable and equitable growth, and encourages cities that have not opted into the PDA framework (or done so insufficiently) to do better in the future. That said, not all PDAs are created equal. They vary widely in their capacity to accommodate growth because of things such as size, density, transit connectivity, and political support. Since Grant funding is limited, it should be prioritized to the PDAs most able to help the region meet its need, and SB 375's mandate, for sufficient housing at all income levels. This is particularly important as ABAG moves toward approving PDAs with little or no planned housing growth.

Past production of affordable housing should also be taken into account when distributing both the PDA and non-PDA Grant funding. The current regional plan will not be built on a blank slate, so credit should be given to jurisdictions that have already been doing their part to plan for and encourage sustainable and equitable growth. When considering this factor, jurisdictions should be evaluated based on two factors. 1) Consider the absolute number of low and very-low income units produced by a jurisdiction over the past two RHNA cycles, recognizing those jurisdictions that have contributed the most to provide the very-low and low income housing that is the most difficult to produce.¹ Considering total lower-income housing production will also align the OneBayArea Grant program with the draft RHNA methodology being developed by ABAG's Housing Methodology Committee. 2) Evaluate jurisdictions on how well the ratio of lower income housing produced to above moderate housing produced matches the proportional need for housing by income level established by the jurisdiction's RHNA distribution.² This will recognize those jurisdictions that work to keep affordable housing production on-pace with market-rate housing growth, a key way to help the region achieve SB 375's goals of meeting the region's full housing needs at all income levels.

We strongly support staff's proposal that jurisdictions must have an HCD-certified Housing Element adopted for the current planning period to be eligible for Grant funding. Housing

¹ This means that a city would score better if it produced 100 units of affordable housing than if it produced 50 units.

² In other words, a city would score better if it met 50% of its lower income housing need and 50% of its market rate housing need than it would if it met 50% of its lower income housing need and 150% of its market rate housing need.

Elements are important tools to plan for and accommodate housing at all income levels, as well as to solicit public engagement about housing needs and barriers to affordable housing. And HCD-certification is the well-established standard for ensuring that Housing Elements meet the basic requirements of state law. Moreover, adoption of an HCD-certified element is already the standard used to determine eligibility for numerous other funding programs.³ Failure to require HCD-certification would completely undermine the purpose of the requirement, which is to ensure that local governments have complied with state laws requiring them to accommodate, zone, and plan for adequate housing at all income levels.

2. Ensure Anti-Displacement Safeguards to Protect Low Income Communities

Recognizing the importance of protecting low income communities at risk of displacement, MTC and ABAG included an anti-displacement goal among the SCS Performance Targets adopted earlier this year. After extensive public input and consideration by Commissioners and Board Members, the agencies committed to develop an SCS that “House[s] 100% of the region’s projected 25-year growth by income level (very-low, low, moderate, above-moderate) *without displacing current low-income residents.*”⁴ Since adopting this target, however, there has been little serious discussion about how to meet it. The OneBayArea Grant program is a critical opportunity to help the region meet its goal of preventing displacement of low income residents, but in order to do this, its anti-displacement provisions must be strengthened.

It has been well established by both local and national studies that transit-related investments are a primary cause of gentrification and displacement.⁵ Time and again, low income communities that have suffered from decades of disinvestment have seen new infrastructure investments lead to “improvements” in their neighborhoods that do not provide established families and local businesses with benefits but, to the contrary, drive them out.

As MTC and ABAG have acknowledged,⁶ the PDA system emphasizes and encourages growth in communities that are predominantly low income and people of color. The OneBayArea Grant program promises to infuse much-needed financial resources into these neighborhoods. If this is not done with the proper safeguards in place, however, the PDA system and supporting Grants will perversely cause massive gentrification and displacement, forcing out existing residents and excluding them from the region’s sustainability plans rather than improving their access to healthy, safe, and opportunity-rich neighborhoods.

³ A list of funding incentives that flow from adoption of a certified housing element is available from HCD at http://www.hcd.ca.gov/hpd/hrc/plan/he/loan_grant_hecompl011708.pdf.

⁴ See “Performance Targets for the Sustainable Communities Strategies/Regional Transportation Plan,” OneBayArea, *available at* <http://www.onebayarea.org/pdf/PerfTargetsSCS-RTP.pdf>.

⁵ See “Development without Displacement, Development with Diversity,” ABAG, *available at* www.bayareavision.org/initiatives/dwd-final.pdf; “Mapping Susceptibility to Gentrification: The Early Warning Toolkit,” Karen Chapple, Center for Community Innovation at UC Berkeley, *available at* www.communityinnovation.berkeley.edu/reports/Gentrification-Report.pdf; “Maintaining Diversity In America’s Transit-Rich Neighborhoods: Tools for Equitable Neighborhood,” Stephanie Pollack, et al., Dukakis Center for Urban and Regional Policy, *available at* www.northeastern.edu/dukakiscenter/publications/transportation/documents/TRN_Equity_final.pdf

⁶ See Equity Analysis presentation to October 14, 2011 MTC Planning Committee, Slide 11 – Relationship of Communities of Concern to PDAs/GOAs, *available at* http://apps.mtc.ca.gov/meeting_packet_documents/agenda_1752/2_Plan_Bay_Area_Equity_Analysis.pdf

In order to blunt the displacement pressures that will increase with the influx of OneBayArea Grant money, all Grant recipients should be required to have strong anti-displacement policies in place. Under the current staff proposal, affordable housing or anti-displacement policies are just one of a menu of options that jurisdictions may choose from in order to qualify for Grant funding. Because gentrification and displacement are a particularly problematic and direct result of investing in low income neighborhoods, we ask that a set of strong anti-displacement policies such as just cause/fair rent laws, condo conversion restrictions, and inclusionary housing programs, be made obligatory rather than optional conditions for funding. While local conditions may vary, it is critical that policies that can help achieve the region's goal of preventing displacement be defined and incentivized at the regional level. We would be happy to meet with staff to discuss the types and details of policies that could render a city eligible under such a requirement, as the details can spell the difference between success and failure.

3. Require Meaningful Engagement of Local Residents and an Analysis of Equity Issues and Alternatives for all Grant Projects

The OneBayArea Grant program will give more money to certain local governments along with more flexibility in spending it. This increased local control must come with local accountability to ensure that investments are being spent wisely on projects that meet the most pressing community needs as well as the regional goals of the SCS. Strong public participation and clear disclosure of project alternatives and impacts are among the best ways to achieve accountability without undermining the goal of local flexibility.

Any projects funded by OneBayArea Grants should be vetted by the local community to ensure that local residents, particularly low income people, communities of color, immigrant communities, seniors, and people with disabilities have the opportunity to help shape investment priorities to meet local needs. To facilitate this process and provide decision makers with full information, projects receiving Grant funding should also undergo an analysis of the relative benefits to and burdens on low-income communities and communities of color as well as an assessment of their impacts on health and the accessibility and affordability of transit.

In many cases, Grant-supported projects may have already undergone sufficient public review and analysis. Projects that are consistent with local plans developed with meaningful public participation and consideration of impacts and alternatives, or that emerged as priorities in Community Based Transportation Plans, for example, might not require any further vetting. Where high quality planning and priority setting have not taken place, however, requiring it of OneBayArea Grant recipients is critical to ensure that regional funds are spent wisely.

This recommendation is in line with MTC's *Station Area Planning Manual*⁷ and ABAG's *Development Without Displacement* report,⁸ both of which emphasize the importance of meaningful community engagement early and often throughout the decision-making. This requires more than just public notice. ABAG's report recommends that public participation in Station Area Planning Grants "be strengthened by incorporating more explicit standards for community participation (for example,

⁷ See "Station Area Planning Manual," November 2007, p. 22, MTC, *available at*:

http://www.mtc.ca.gov/planning/smart_growth/stations/Station_Area_Planning_Manual_Nov07.pdf

⁸ See "Development without Displacement, Development with Diversity," p. 63.

demonstrated involvement of community-based groups in the planning process), and incorporating . . . equity performance measures” such as housing and transportation cost burden, affordable housing development and preservation, community engagement, anti-displacement.⁹ ABAG’s report also recommends that the allocation of planning and capital infrastructure funds be based on the ability of a project or community to make progress on equity goals identified by the community.

Likewise, we recommend that cities undertake an analysis of the equity and health impacts of proposed projects and potential alternatives before selecting one. The analysis should provide a clear picture of potential alternatives’ relative benefits and burdens on low income communities and communities of color, as well as their potential impacts on issues such as affordable transit access, health, safety, air quality, noise, and active transportation. This will not only promote fairness locally, but will also help ensure that key regional priorities are accomplished, including those in the adopted Performance Targets, such as preventing displacement, reducing exposure to particulate emissions, and reducing injuries and fatalities including bike and pedestrian incidents

We appreciate your serious consideration of these comments, and we look forward to meeting with you to discuss in more detail how to integrate them into the OneBayArea Grant program as you revise it in the coming weeks and months. Meaningful incorporation of these suggestions into the OneBayArea Grant proposal will help to secure the active support of affordable housing and equity organizations before the MTC Commission and ABAG Executive Board. By working together, we can create a mechanism to begin realizing the region’s vision for sustainable communities.

Sincerely,

Asian Pacific Environmental Network
Bay Localize
California WALKS
Causa Justa :: Just Cause
Chinatown Community Development Center
Council of Community Housing Organizations (CCHO)
East Bay Housing Organizations (EBHO)
Genesis
Green Youth Alliance
Greenbelt Alliance
The League of Women Voters of the Bay Area
National CAPACD
Public Advocates
TransForm
Unitarian Universalist Legislative Ministry California
Urban Habitat

⁹ *Id.*