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January 16, 2019

TO: Association of Bay Area Governments (ABAG) Commission Members

FROM: Land Use and Transportation Committee of the Coalition for San Francisco Neighborhoods
Rose Hillson, Chair

SUBJECT: CASA Compact

The Coalition for San Francisco (CSFN) supports solutions to protect existing housing stock and provide affordable housing in San Francisco. That being said, the CSFN is concerned with the current version of the CASA Compact.

It was written by the Committee to House the Bay Area aka CASA Steering Committee and subcommittees. All of these committees were creations of the Metropolitan Transportation Commission (MTC). CASA Steering Committee and subcommittees were made up of MTC appointees consisting mainly of representatives from big businesses, real estate developers, and major cities.

These committees created the CASA Compact. The CASA Compact is a policy document that is being sent directly to Sacramento to implement, without the approval of the MTC or the Association of Bay Area Governments (ABAG) and without input from the local communities it will impact.

The Compact proposes a new, independent, public/private "Regional Housing Enterprise" with taxing authority to annually collect and distribute \$1.5B in new taxes. This authority would also administer standardized zoning for the entire Bay Area.

The Coalition for San Francisco Neighborhoods Land Use and Transportation Committee recommends that ABAG oppose the CASA Compact for the following reasons:

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CASA Compact

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1. The CASA Compact is undemocratic. It was written by an unelected agency with little or no input from the communities it will impact.
2. The CASA Compact will severely diminish local control over land-use planning. It ignores the physical geography differences, local challenges, and infrastructure constraints that shape the way regulations are formulated in each community.
3. The CASA Compact does not adequately deal with the complex causes of the current housing situation, which include but are not limited to an imbalance between jobs and housing, gentrification of existing lower-income communities, and economic cycles of boom and bust, and truly sustainable growth.
4. The CASA Compact ignores the role of national and international finance, which seeks returns of up to 30% on development in housing production.
5. Citing cities for the failure to build housing is in error and misleading. Developers build housing, not cities.
6. The CASA Compact under-estimates the impacts of the Compact on existing affordable housing and communities of people of color. It does not adequately address the losses of currently affordable housing-
7. The CASA Compact disregards the potential impacts of climate change including the regular drought cycles, rising sea levels' impact on the Bay Area's infrastructure, and the problems of using ground and reclaimed water.
8. The CASA Compact puts the burden of paying for services on the taxpayers and ignores the fact that local impact fees for housing and office development are often severely under-charged.
9. Under the CASA Compact, the Regional Housing Enterprise would divert property taxes that fund community services and infrastructure into a regional coffer with no guarantee of how funding decisions would be made.

D5 Action

December 12, 2018

Metropolitan Transportation Commission RE: CASA Compact
- hand-delivered -

Dear Commissioners:

The CASA Technical Committee has produced a sweeping package of ideas and proposals, many of which deserve further study and possible implementation. However, the underlying premises are fatally flawed, causing the CASA Compact recommendations to be flawed.

Flawed premises include blaming cities for failing to build housing, ignoring the role of the federal government's housing policies and practices, ignoring the impact of Proposition 13, ignoring the fact that local impact fees for housing and office development are vastly under-charged, over-estimating the value of transit-oriented development while under-estimating the impact on existing affordable housing and communities of people of color, disregarding economic cycles of boom and bust as well as of climate change and disasters, and ignoring the losses of currently affordable housing.

- 1. Blaming cities for failing to build housing.** As is well-known, cities primarily approve housing, rather than actually build housing. The three Bay Area cities most targeted by CASA Compact plans, San Francisco, Oakland, and San Jose, over the last forty years, have approved large amounts of housing. In fact, San Francisco over-built housing in some decades, and currently has over 40,000 approved housing units awaiting production.
- 2. Ignoring the role of the federal government's housing policies and practices.** The Color of Law by Richard Rothstein clearly documents federal government's racist covenant restrictions and mortgage restrictions that have resulted in long-lasting impacts in where people live and household wealth.
- 3. Ignoring the impact of Proposition 13.** California used to be the envy of other states, with our superior educational system and other public services. Now California's spending on schools rivals Mississippi's. Our cities are starved of property tax income due to Prop 13, so they are incited to build office and retail, not housing.

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The city of Emeryville is a case in point, relying on other cities to provide housing for its workforce. Until the inequities of the lack of reassessment of commercial property and of neighbors in near-identical homes paying vastly different property taxes are addressed, cities will continue to have incentives to avoid approving housing the its attendant costly services.

4. Ignoring the fact that local impact fees for housing and office development are vastly under-charged. As an example, a local study of impact fees in San Francisco found that all development costs the city around \$80 per square foot to provide fire and police protection, transportation, schools, etc. Yet the city charges developers about \$6 psf. Could this be due to the influence of the real estate industry?

5. Failing to take into account the role of national and international finance in housing production. It is known that international finance seeks returns of up to 30% on development. This cost adds thousands to the sale price or rents, and smacks of usury. As long as private capital is the primary source of funding for housing, cities and homeowners and renters are at the mercy of these funders.

6. Over-estimating the value of transit-oriented development while under-estimating the impact on existing affordable housing and communities of people of color. Studies on who occupies transit-oriented development have been ambiguous, and fail to show that the people who live there use the transit, and that the people who use the transit, can afford to live there.

7. Disregarding economic cycles of boom and bust as well as of climate change and disasters. Many cities and states have seen cycles of investment and dis-investment that they have little, if any, control over. Examples include Detroit, and even New York, a few decades ago. The nine Bay Area counties are not immune. Even the business press has commented on the increasing out-migration from California. And in addition, there are the dangers of a major earthquake and the new ravages of fires destroying towns and parts of cities. These are not addressed in the CASA Compact.

8. Ignoring the losses of currently affordable housing. In San Francisco, for example, according to the recent Housing Balance Report, we lose one affordable housing unit for every two new affordable units built. It is cheaper to protect affordable housing than to build new. The Compact attempts to address some of the causes of these losses, but is inadequate.

Another major issue is that the CASA Compact is designed as state pre-emptions of local control, the “we know better than you” view. At the state level, some limits, controls, and benefits have value, but they can be manipulated by the influence of money.

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For example, take the TNCs. Uber and Lyft went to the state to pre-empt the potential regulation of local cities. As a result, cities are flooded with desperate people driving to make a few bucks to live on. [They are also often purchasing or leasing expensive vehicles, indebting themselves for an “industry” that plans to replace them with self-driving cars in a few years.] Local traffic problems have vastly increased, public transit is slowed, leading to more use of TNCs and less use of public transit, and so in a vicious cycle to more traffic congestion and air pollution. This situation is augmented by workers driving to the city to work, where they used to live.

The Compact involves too many “hands,” too many intermediaries, each siphoning off a portion of the funds for housing. Instead, consider a state or regional bank, and support local community banks in lending, and other financial sources.

The Compact is too oriented to private housing production, and private profits. Instead, it could focus on changing the rules to favor housing providers, not finance. Building 20-30% of all housing to be community-owned, or community land trust-owned would really change the “housing market” from “take the money and run” to providing stable, long term housing.

Other factors ignored by the Compact include the loss of Sierra snowpack in our water supply, California's regular drought cycles, rising seas' impacts on Oakland, San Francisco, and other Bay cities and counties' infrastructure, and the problems of using ground and reclaimed water, contaminated by industrial production, common household products, and fracking.

It appears that the Metropolitan Transportation Commission, having fulfilled its mission to provide the Bay Area with safe, convenient, and abundant highways and public transit, is now seeking a new mission: Housing. How fortunate we are!

Sincerely,

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Tuesday, December 18, 2018

Mayor London Breed RE: To ABAG Board: Delay the CASA Compact
Planning Director John Rahaim
Supervisors Norman Yee and Rafael Mandelman

cc: Supervisor Vallie Brown
Supervisor Jane Kim
Nick Josefowitz, Representative

Mayor, Supervisors, Director, and Representative:

The CASA Compact is fashioned by MTC-appointed, unelected, committees made up of reps from big businesses, real estate developers, and big cities. Hardly any of the 101 cities in the 9-county Bay Area have been informed or engaged. Up until last week, the content and format of the CASA Compact was still changing. The decision is being rushed forward during the holidays without adequate time for review.

The Compact sets up an adversarial model that falsely blames cities and aims to pass legislation to punish cities for not building more housing. Developers build housing, not cities.

While housing is needed throughout the nine county Bay Area, the CASA focus is on building infill housing in the three large cities, San Francisco, Oakland, and San Jose. This benefits developers' pockets but doesn't address the greater area needs for housing throughout the Bay Area.

The Compact proposes a new, independent, public/private "Regional Housing Enterprise" w/taxing authority to annually collect and distribute \$1.5B in new taxes and administer standardized zoning for the entire area. The Regional Housing Enterprise would divert property taxes that fund community safety, services, and infrastructure into a regional coffer.

They call this "A 15-Year Emergency Policy Package to Confront the Housing Crisis in the San Francisco Bay Area." We call this an attempt to eliminate local control in order to expand corporate ownership of land and wealth as a means of generating even more corporate profits. We have a housing problem, and a crisis in our democracy.

We also need to consider the carrying capacity of San Francisco:
- How much water supply do we expect to have over the next several decades?
- Our current transportation system is already overloaded, yet CASA gives no additional funds to develop MTA.

- How will global warming's raised sea level impact San Francisco?
- How can we protect current lower income communities, PDA districts, and open space?
- How can we solve the problem of losing an average of one affordable housing unit for each two new-built units?
- What do San Franciscans want for the future of San Francisco?

Vote NO on the CASA Compact.

Sincerely,

Teresa Welborn

President

Haight Ashbury Neighborhood Council