

June 14, 2001
Bay Area Alliance for Sustainable Development
Business (8:30 – 10:00 a.m.) and Public (10:00 a.m. – noon) Meetings
Sierra Club; 85 Second Street, San Francisco
MINUTES

Michele Perrault, International Vice President of the Sierra Club, opened the meeting, **welcomed** everyone and provided introductory remarks.

Business Meeting: Updates were provided on Bay Area Alliance activities.

Governmental liaison team: Surlene Grant, the leader of the team of governmental liaisons retained by the Bay Area Alliance, reported on the activities of her team. Almost all of the 101 cities in the Bay Area have been contacted. Approximately 45 presentations have been made to the city leaders. Most San Mateo County cities have already expressed their support for the *Draft Compact for a Sustainable Bay Area*, as has the San Mateo Board of Supervisors. Surlene noted that many other municipalities are using the *Draft Compact* to stimulate discussion amongst their leaders on issues such as what can/cannot work, how much the implementation of certain provisions will cost, etc.

In addition to trying to secure support from as many municipalities as possible, the governmental liaison team is also gathering feedback and recommendations from this constituency group.

Among the feedback the team has gathered to date:

- The title *Draft Compact for a Sustainable Bay Area* is somewhat "scary" to leaders in several municipalities. Rather than sustainable "Bay Area" Surlene suggested the use of the term sustainable "communities."
- Napa County suggested that the *Draft Compact* insufficiently addresses agricultural issues.
- Be cautious about using the term "revenue sharing." We may want to specify that this refers to *new* revenue rather than *all* revenue.
- The Bay Area Alliance members and others will need to work together to influence state legislators a) to retrieve the \$1.25 billion property taxes transferred from localities to the state, b) to modify the current legislation that results in fiscalization of land use, and c) to address affordable housing and transportation.
- Some people are unfamiliar with the social equity aspects of the *Draft Compact* and the Bay Area Alliance and question whether "social equity" means "socialism."

Surlene also expressed some frustration in trying to get the discussion of the *Draft Compact* as an action item on municipal agendas, especially during this time of budget preparation/approval. The staffs of the boards of supervisors and city councils are the people that need to be most influenced. It is essential that we allow sufficient time for staff review of the *Draft Compact*. Staff is the entity that sets the agenda and has the power to "table" the discussion on the *Draft Compact*.

In response to a question on how to better communicate with staff Eugene Leong, executive director of ABAG, opined that each government is different with respect to agenda setting, etc. We have distributed the *Draft Compact* material to all elected and administrative offices in the nine counties and 101 cities comprising the Bay Area. ABAG staff might pursue communication

tactics similar to those pursued by the governmental liaisons and aimed at elected officials, but target their efforts at the staff level. Staff preparation is essential.

Press follow up: Karen Sarlo of Public Affairs Management provided an update of the services delivered to the Bay Area Alliance and those to be delivered. Those already delivered include:

- Developed communication materials, e.g., program identity, E-Visioning the Future and *Draft Compact* overview documents, identity materials for web site, press packets, press release, etc.;
- Conducted media outreach, e.g., spokespersons briefing session, press conference invitations, radio station coordination to air public service announcements, follow-up calls to media to secure print/radio coverage, etc.; The media coverage to date includes:
 - newspaper coverage, i.e., Alameda Times Star, Oakland Tribune, The Montclairion, Tri-Valley Herald, Contra Costa Times, San Francisco Examiner, San Jose Mercury News, San Mateo County Times, Santa Clara Daily Republic
 - public service announcement coverage, i.e., KIQI AM San Francisco, KDFC FM San Francisco, KKUP Santa Clara, KLVP Sonoma
 - radio coverage, i.e., KNBR-KSA-KFOG-KTCT (Half hour interview aired on 2 weekends), KALW FM (City Visions)
 - editorial board briefings, i.e., San Jose Mercury News, San Francisco Examiner, San Francisco Chronicle

Those services to be delivered include:

- Conduct remaining editorial briefings for the *Draft Compact*
- Develop communication materials and conduct media relations and outreach for the September 2001 Workshops (Round One) and Round Two Workshops for Regional Agencies Smart Growth Strategy/ Bay Area Alliance Regional Livability Footprint Program

Tax and Fiscal Policies Working Group: Ceil Scandone of ABAG provided an update on the Tax and Fiscal Policies Working Group. The Working Group was formed in Spring 2000 to identify, support and advocate for tax reform strategies dealing with fiscalization of land use, the equitable distribution of resources among municipalities, and consistency of revenue resources for local governments. The Working Group had several meetings in which many good ideas were generated. But since none of these ideas made through the State Legislature, the Working Group has “refocused.”

The Working Group is now working with the League of California Cities, California State Association of Counties (CSAC), and the Legislative and Governmental Organization Committee of ABAG to jointly develop strategies on these issues of interest. Among other barriers to overcome is a general lack of resonance with the public on the issues of taxation and local government funding, i.e., the public doesn't understand why it's important. This coalition of organizations hopes to present legislation in the 2001-2002 legislative session. Support of constituency based organizations like the Bay Area Alliance will be critical. CSAC and the League of California Cities are working to ensure that they have the support of school and other special districts around the State.

The Working Group will reconvene as soon as practical to discuss next steps. The tactical objective is to be able to quickly lend the support of the coalition member organizations to proposed legislation that meets the strategic objectives.

Best Management Practices: Michele Perrault of the Sierra Club reminded attendees of the development of the Best Management Practices and highlighted several of the BMPs in the draft document entitled *Faces of Sustainability*, e.g., the San Mateo County Indicators, Napa Living Rivers, Shaklee U.S. in Pleasanton, Stornetta Farms, and the Ag Land Trust. She agreed to post on the website the current draft. She asked that all participants send examples of BMPs to the Bay Area Alliance.

Sustainable Development Indicators Report: Andrew Michael of the Bay Area Council reported that the Bay Area Alliance has requested qualifications of consultants to work on the initial draft of the Indicators Report. The hope is to have this initial draft completed by the first of the year.

Bay Area Regional Livability Footprint/Smart Growth Strategy: Sunne Wright McPeak of the Bay Area Council reminded us that the original working plan of the Bay Area Alliance envisioned moving from the qualitative vision in the *Draft Compact* to dealing with real issues such as land use, etc. As a result, the Bay Area Alliance embarked on its Regional Livability Footprint project. The Bay Area's regional agencies also embarked on a land use related project in a similar time frame, i.e., Smart Growth Strategy. To take advantage of synergy, the efforts of the Bay Area Alliance and the regional agencies were combined. The two groups have been working closely to develop alternative land use scenarios. They are jointly conducting land use exercises at public workshops in each of the nine Bay Area counties. The workshops, to be conducted in September and October, will be "beta tested" in July. In addition to the substance of the workshops, the two groups are working together to ensure that the "unconverted" attend and to ensure that the social equity sector is fully involved.

Community Capital Investment Initiative: James Head, the new co-chair (along with Sunne Wright McPeak) of the Community Capital Investment Initiative (CCII), reported that the CCII is continuing to attract private capital for investment in the 46 neighborhoods of concentrated poverty in the nine-county Bay Area. The family of investment funds includes the:

1. smart growth fund;
2. small business fund; and
3. environmental redevelopment fund.

Fundraising is on track but has been noticeably affected by the economic downturn. The CCII hopes to be "open for business" in the Fall.

The CCII's governing structure consists of three councils representing the community, business and government.

James emphasized that the CCII is one of the areas where the work of the Bay Area Alliance is truly concrete, where the "rubber meets the road." The CCII will help answer the question posed in many neighborhoods, i.e., how does smart growth and sustainable development effect employment and the economic needs of the neighborhood. Among the issues to be addressed are:

- how to better integrate the CCII into the larger Bay Area Alliance activities;
- how to deal with capacity issues in the social equity community and the neighborhoods of concentrated poverty (the communities want the developers that are doing the keystone projects to partner with the community) ; and
- how to ensure that the CCII is indeed concrete rather than abstract. People in neighborhoods understand housing and better jobs and services. We need to ensure that we address both social and economic equity.

This concluded the business portion of the meeting.

Public Meeting: The public meeting consisted of a panel discussion focusing on housing in the Bay Area, and specifically the balance of housing with jobs and opportunities/barriers for housing within the context of the Three E's. Four panelists addressed the issue:

- Alex Amoroso, Senior Regional Planner with the Association of Bay Area Governments;
- Tom Steinbach, Executive Director of Greenbelt Alliance;
- Sunne Wright McPeak, President & CEO of the Bay Area Council; and
- James Head, President of the National Economic Development & Law Center.

Alex Amoroso kicked off the discussion by reporting that ABAG projects that both population and jobs in the Bay Area will increase by 1 million over the next 20 years. Some cities in the Bay Area and in surrounding areas will double in population in the next 40 years. The housing needs within individual municipalities should reflect not only who is living in each jurisdiction but also who is working there. With this projected increase in population and employment it is essential that the Bay Area continue to link jobs and housing with the three E's of sustainable development. The work of the Bay Area Alliance is important in maintaining this link.

The population and job increases projected are caused not only by immigration but also by births over deaths within the Bay Area. Additionally, significant shifts in the demographics of the Bay Area are expected, especially as related to the average age of the population. Notwithstanding the recent slowdown in the economy, job growth will continue to be a primary factor in the Bay Area's population increases. Therefore, it is essential that jobs and housing be put in closer proximity.

Amoroso identified several opportunities to address housing and the housing/jobs balance. First, local jurisdictions need to accept higher densities of housing units. They should look to supplement their zoning codes that already include maximum densities so that they address minimum densities as well. Second, local jurisdictions need to rethink the concept of land use and look more seriously at both infill and the reuse of land. Third, local jurisdictions need to increase inclusionary zoning to ensure that at least 10 percent of each housing development has housing units for low- or very low-income people. These housing units "must be built not just talked about." Fourth, the State must address the issue of fiscalization of land use. Finally, incentives should be linked to the construction of housing units, especially lower income housing units.

Tom Steinbach characterized his remarks as falling into four themes. First, housing, especially affordable housing, is an environmental, economic (attracting/retaining workers) and social equity (gentrification) issue. Second, the housing crisis is real. There is simply not enough housing in the Bay Area. Third, the solution requires a holistic approach, one that links transportation with housing, open space and jobs. Fourth, "density" is not a dirty word.

Steinbach also identified several "housing ground rules." We must focus on mixed-use and infill housing so that we provide a diversity of housing choices. We need to pay particular attention to creating affordable housing. We must integrate housing with transit, shopping, parks and schools. Public and community participation in addressing the housing crisis is critical.

The solution to housing problems in the Bay Area has both State and local components. The State must link infrastructure dollars as a reward for local smart growth efforts. It must also increase

the money available for affordable housing. And, as fiscal reform is pursued, a percentage of property tax dollars should be returned to jurisdictions that implement smart growth strategies.

Local governments must adopt growth boundaries and pursue infill development. They must include smart growth oriented housing elements in their general plans. They need to map their available infill sites. They need to increase inclusionary zoning. And, they need to reduce parking requirements associated with new development.

Sunne Wright McPeak characterized housing as the “linchpin of sustainable development and smart growth.” In the context of existing land use patterns the projections of population and job growth lead to instability and will ultimately undermine the economy of the Bay Area.

The Bay Area Council surveyed local government in 1999 and found a significant discrepancy between projected housing units needed and those that were actually built at all income levels. Only 27% of the very low-income housing units needed in the Bay Area were built. Only 35% of the low-income housing units needed were built. The numbers improved slightly in the moderate-income level where 54% of the needed units were built and the above moderate-income level (78%). The problem with the lower income units is clear. But the issue is as significant and far reaching at the upper income levels. By building less than 80% of the units needed more for above moderate-income households, we increase pressure for gentrification of lower income neighborhoods.

Births over deaths will account for almost 60 percent of the population increase between 2000 and 2020. Therefore, the housing challenge we face in the Bay Area is really one of “taking care of our own.” The issue is fundamentally a supply/demand issue. While the marketplace may provide for housing for the upper income levels, it is unlikely that the market alone will meet low income and very low-income housing needs. There must be subsidies for the construction of these lower income housing units.

Housing planners must ensure that jurisdictions provide sufficient housing for the expected number of jobs. Five-year planning cycles are too shortsighted. Longer-term planning horizons are essential. Increased housing densities are also essential. Fiscal reform should provide rewards for the higher densities in housing and mixed-income and mixed use housing developments.

McPeak suggested that there are two issues of real debate. Growth boundaries can work if done properly. One-half of the needed housing can be built within the existing urban footprint. As this housing is built within the existing footprint, we must consider not only infill but also “refill.” But the other half of the needed housing must be accommodated in “edge” communities. This “edge” development must be properly planned for.

The ABAG projections of one million more people and one million more jobs in the next 20 years, means that 250,000 additional people will be commuting into the Bay Area from outside, thereby exacerbating traffic congestion and air quality problems. (This takes into consideration that each job translates into approximately 1.25 people.)

James Head suggested that inclusionary zoning could strengthen local housing. An unacceptable level of racial segregation still exists in housing in the Bay Area. While the population in the Bay Area grows, there are many areas that are losing population because of poor education, transportation and service systems and a lack a sense of community. When transportation routes are cut, they are generally cut on routes serving low-income areas. The Fruitvale neighborhood is example of “doing it right” as we try linking transportation and housing.

Gentrification is a major, self-perpetuating issue that must be addressed. Many people see home ownership as the key to financial security. As property values increase, property taxes also increase, sometimes to the point where people can no longer afford to live in the home that they own.

We need to integrate these shortcomings in discussions on housing and transportation, and sustainable development. We need to link transportation to housing, we need to strengthen local housing, and we need to mitigate gentrification.

Discussion/ Q&A:

Q: how do we generate consensus on issues such as boundaries, linkages etc.?

A: Tom Steinbach suggested that we conduct more meetings such as this. He suggested that housing growth is a very contentious issue to environmentalists and builders and suggested that both agree to build in infill areas first. When considering how to pay for lower income housing, we must also approach it collaboratively. For example, the business community can look at how to finance lower income housing construction, while the environmental community looks to fight the NIMBY arguments.

Sunne Wright McPeak suggested that we often "under accommodate" in our general plans. The commitment to low- and very low-income housing must involve government. She also suggested that we need to move beyond limiting new housing to infill development. There needs to be a combination of infill and edge development. She opined that inclusionary zoning is too progressive for many home builders and suggested that we identify new terminology.

Q: Is the segregation in the Bay Area housing market racially or economically motivated?

A: James Head suggested that people with higher incomes are leaving the area because of the lack of improvements. People stay in communities with services that meet the expectations of residents. People are not opposed to racially diverse neighbors if the expected level of services, infrastructure and businesses are there.

Q: Predictions and projections are often incorrect. How accurate have ABAG's population/job projections been in the past and how accurate will they be in the future?

A: While noting that hindsight is always clearer than predictions, Alex Amoroso suggested that the Bay Area housing market is "so far behind" already that we will likely continue the shortfall even if we build to meet these projections. Eugene Leong stated that census data is demonstrating that ABAG's projections are on target. It is clear that population and job growth are coming. The accuracy of the increase, i.e., 1 million more people and jobs, is correct. The accuracy of the timing, i.e., in 20 years, may be off somewhat. Either way, we need to plan and build for growth.

Leong also pointed out the differences in projections between the Bay Area and the San Diego Metropolitan Area. With only half of the 7 million people in the nine county Bay Area, San Diego predicts the same absolute growth of 1 million people in 20 years. But San Diego predicts only 350,000 new jobs compared to the Bay Area's 1 million new jobs. The Bay Area is a "huge magnet" that draws new jobs.

Sherman Lewis of the Sierra Club expressed his concern and disagreement with the speakers' apparent acceptance of "trend is destiny." He suggests that communities with housing surpluses be targeted for job creation and those with job surpluses be targeted for increased housing development. He also disagreed with the concept of the Bay Area "competing against the world"

for economic prosperity. He supports sharing resources with other areas so that smart growth can be planned in the context of truly sustainable development.

Q: What is the “density assumption” in the statement that 50 percent of the needed housing can be built within the existing urban footprint?

A: Sunne Wright McPeak stated that it assumes that average density will increase by 50 percent. Local government has the power to make density changes through zoning laws.

Ken Norwood of the Shared Living Resource Center suggested that bar graphs be developed that illustrate available infill and transit space, and that the Bay Area Alliance use this information to support and or create legislation for higher density housing developments in these areas.

John Holtzclaw of the Sierra Club commented that 25 years ago, San Francisco was perceived to have no more room for housing. Since then, thousands of units have been built at densities of 50-100 units per acre. There is more land available than most people realize.

Tom Steinbach stated that we have no definitive study on land availability. Studies come to different conclusions based on their assumptions.

Mary Griffin, a Local Government Liaison team member for the Bay Area Alliance, commented that high density housing by itself is not the answer. Services such as schools, transportation, shopping, etc., are key components in the solution. Mixed use is not compatible with the concept of “high-end” communities.

Q: How do you explain an under-production of 50 percent? To what extent is this under-production of housing being addressed? If we did all that we’re suggesting, would we get what we need?

A: Sunne Wright McPeak suggested that we would get what we need if each jurisdiction had to plan for their population and job increases. Schools, water and sewer, etc., would also need to be sufficient to serve these needs.

Q: Public participation is a critical component. How can the public participate?

A: Alex Amoroso suggested that the public get involved early, and that developers strive to include public participation in their projects.

Sunne Wright McPeak agreed that early public engagement is essential. People have different visions of how we should grow. These differing visions underline the importance of the Regional Livability Footprint/Smart Growth Strategy efforts of the Bay Area Alliance and the regional agencies.

Marin County Supervisor Cynthia Murray commented that there is an “elephant in the room,” i.e., the public’s perception of the housing crisis. Community leaders need to show their constituents that housing is a critical issue, that not all new housing creates traffic problems locally, and how increasing housing availability will make life better for them. The leaders need to connect this housing crisis with the everyday lives of their constituents.

This concluded the panel discussion

Public Comments:

Charlotte Powers commented on an apparent dual agenda. Most homeowners see housing as an investment. A greater supply of housing will drive down the value of existing homes.

We also need to address the “fear issue” of higher density housing. We need to look at the policy of distributing higher-density housing all over town. We also need to address the issue of the perpetuity of affordable housing, i.e., are publicly subsidized affordable housing units made available for a finite time or forever?

James Head suggested that the perpetuity issue could be addressed at the sale of the housing unit. The beneficiary of the publicly subsidized affordable housing unit should not be able to walk away with windfall profits unrelated to his investment.

Harry Moore, a Local Government Liaison team member for the Bay Area Alliance, asked about the barriers to constructing affordable housing, and if incentives or set-asides would help address the issue. He also noted that we have a conglomerate of self serving transit systems. “Can they work together?”

James Head opined that housing is seen as a commodity and not a right. “If you can afford housing, you get housing. Otherwise, you don’t.” As a society we need to invest in affordable housing. The current structure is a “boutique” structure. If we see a societal cost, we back away. People know that housing is a crisis in the Bay Area. But until people recognize that housing is a right like any other legal right, we will not be able to resolve the crisis.

Irwin Mussen of the Urban Habitat Program commented that the fostering of nonprofit housing developers is a good thing that should be encouraged. Cities and counties can and should do more to encourage this type of development, especially those that are community based.

In response to **Holly Welles’** (PG&E) question on the role of the private sector, Sunne Wright McPeak encouraged her to get her private sector colleagues engaged. While the private sector has been involved, “we’re [private sector] not where we need to be.”

The meeting adjourned at noon.

BAY AREA ALLIANCE MEETING ATTENDANCE SHEET

DATE OF MEETING: *Thursday, June 14, 2001*
LOCATION OF MEETING: *Sierra Club, San Francisco*

Amoroso, Alex – ABAG
Angel, Kristen – California Futures Network
Bay, Duane – City of East Palo Alto/Housing Conservancy
Blackman, Susan – EFC9
Blake, Ann – Cal. EPA Dept. of Toxic Substance Control
Bruce, Margaret – Silicon Valley Manufacturing Group
Calamari, Samantha - PAM
Cheng, Susan – Greenlining Institute
Chesnutt, John – U.S. EPA, Region 9
Clark, Susan – Columbia Foundation
Coleman, John – KB Home
Davis, Jim – E-5th Power Consulting
De Geofrey, Isabelle – Biological Consultant
Edmondson, Scott – City /County San Francisco
Elizabeth, Lynne – Arch/Design/Planners for Soc. Responsibility
Gelli, Francesca – Univ. of Political Science, Padua, Italy
Grant, Surlene – Local Government Liaison, Bay Area Alliance
Griffin, Mary – Local Government Liaison, Bay Area Alliance
Head, James – National Economic Development & Law Center
Holtzclaw, John – Sierra Club
Hood, Heather – Institute of Urban & Regional Development
Hough, Bill – Presidio Alliance
Hurwitz, Eliot – BCDC/NOAA
Johannson, Thomas – Natural Logic
Johnck, Ellen – Bay Planning Coalition
Kambe, Tom – Shea Homes
Kittermaster, Carol – Sustainable San Mateo Co. – Tides Center
Leong, Eugene – ABAG
Lewis, Sherman – Sierra Club
Liu, Donna – NRDC
Logsdon, Terre – YMCA of the East Bay
Lyndon, Peter – SPUR Regional
Manges, Ellen – U.S. EPA
McCloskey, Benjamin – ADPSR
McPeak, Sunne Wright – Bay Area Council
Melhus, Peter – Bay Area Alliance for Sustainable Development

Michael, Andrew – Bay Area Council
Milks, Linda – CAWA
Moore, Harry – Supervisor, Marin County
Murray, Cynthia – Marin County Supervisor, District 5
Mussen, Irwin – Urban Habitat Program
Myers, Jim – HUD
Norwood, Ken – Shared Living Resource Center
Ortendahl, Mary - EDAB
Page, Paul – F.T.A.
Pagels, Marcia – Sustainable San Mateo County
Perrault, Michele – Sierra Club
Powers, Charlotte – Local Government Liaison, Bay Area Alliance
Raycraft, Gerry – ABAG
Reiskin, Ed – City of Oakland
Ruark, Sam – Sustainable Marin/Sustainable Solutions
Sarlo, Karen – Public Affairs Management
Scandone, Ceil – Association of Bay Area Governments
Skarlatos, Candace – Bank of America
Steinbach, Tom – Greenbelt Alliance
Villanueva, Trina – PolicyLink
Welles, Holly – PG&E
Wise, John – CA Environmental Dialogue