

Cities Association of Santa Clara County fully **endorses** local and regional efforts to encourage the production of more housing for people at all income levels, preserve affordable housing that already exists and protect current residents from displacement in rapidly changing neighborhoods. The Cities Association supports further collaboration with MTC, ABAG and the State Legislature on the ideas contained within the CASA Compact and the establishment of an appropriate governance structure to administer new affordable housing funds.

We support the calls for action to:

- Pass legislation enabling the re-establishment of redevelopment in California to provide a significant source of new funding for affordable and mixed income development.
- Pass legislation that will provide voters statewide with the opportunity to apply a 55 percent threshold for investments in affordable housing and housing production
- Pass legislation that will return e-commerce/internet sales tax revenue to the point of sale – not the point of distribution as currently mandated – to provide cities that have a significant residential base with a commensurate fiscal stimulus for new housing.

We support other *new* funding sources dedicated to housing, including substantial contributions from the private sector but **oppose** any effort to take away or redistribute property tax or other *existing* local revenues.

We support establishing tenant protections.

We support removal of regulatory barriers to building new accessory dwelling units and thoughtful CEQA reform to streamline the process.

We support:

- Modifying the housing allocation process to increase the weight given to transit investments in the regional transportation plan when calculating RHNA, similar to the weight given to jobs with SB 828.
- Establishing minimum densities in future Housing Elements.

We support efforts that recognize and address the impacts of new housing schools, parks, and the transportation infrastructure.

The Cities Association **strongly opposes** the diversion of current or future property tax revenue from cities, counties and school districts; and **opposes** a one size fits all approach to housing densities and land use decision making.

Cities Association of Santa Clara County recognize the severe housing shortage in the Bay Area and endorse the goals of encouraging the production of more housing for people at all income levels, preserving affordable housing that already exists and protecting current residents from displacement in rapidly changing neighborhoods.

The CASA Compact is a high-level document with only limited detail. Small and medium sized cities were not well represented in its creation yet represent 66% of the Bay Area population. Cities want to ensure that their voices are heard as the details of legislation are being crafted and that the State avoids a “one size fits all” approach to a complex issue that varies city by city.

Cities in Santa Clara County are Actively Addressing the Housing Shortage.

- All 15 cities have state approved plans for new housing growth.
- Permits for over 24,000 new homes have been approved since 2015
- Represents over 40% of the state’s housing goal for Santa Clara County - 58,836 new homes by 2023.
- X housing units are in the pipeline
- Plans for more than X units are being studied/have been zoned for. [to capture 15,000 MV is planning plus whatever other cities have]
- In 2016, Santa Clara County voters increased local taxes to support \$950 million in funding to support affordable housing.
- Cities Association of Santa Clara County is leading the effort to form a 2023-2031 RHNA Sub-Region within the County.
- While Santa Clara County is a job rich area that has fueled the state and national economy, our 5.5 jobs to homes creation ratio from 2010 to 2015 is not far off the statewide average of 4.4.

Summary

The Cities Association of Santa Clara County recognizes the need for increased housing opportunities, especially for people earning below the area median income. We fully **endorse** local and regional efforts to encourage the production of more housing, preserve and increase subsidized below market rate housing and provide benefits to minimize the impact for current residents in rapidly changing neighborhoods. The Cities Association encourages MTC, ABAG and the State Legislature to collaborate with all cities on the ideas contained within the CASA Compact so that we can collectively formulate workable solutions to address the Bay Area's housing needs.

We support legislation that will provide voters statewide with the opportunity to apply a 55 percent threshold for revenue generating ballot measures for investments in affordable housing and housing production.

We support legislation that will return e-commerce/internet sales tax revenue to the point of sale – not the point of distribution as currently mandated – to provide cities that have a significant residential base with a commensurate fiscal stimulus for new housing.

We support Governor Newsom's investments proposed in the state budget that will benefit California cities including a substantial increase in state funding for affordable and workforce housing and to address the growing homelessness crisis in our state.

We support removal of regulatory barriers to building new accessory dwelling units and incentives for their production as well as thoughtful CEQA reform to streamline the permitting process.

We support removing barriers to planning complete communities ensuring that adequate resources are available for new schools and parks to serve our growing population.

We support additional transportation investments to expand the Bay Area transit network that provide and connect existing housing as well as planned future housing to job centers.

Should a governance structure be needed to administer new affordable housing funds and monitor housing production, we support designating ABAG to fulfill this role rather than establishing yet another agency.

We oppose a one-size-fits-all approach to housing densities and land-use decision-making.

We oppose any diversion of existing revenue sources from cities.

Cities in Santa Clara County are actively addressing the housing shortage.

- All 15 cities have state approved plans for new housing growth.
- Permits for over 24,000 new homes have been approved since 2015 which represents over 40% of the state's housing goal for Santa Clara County of 58,836 new homes by 2023.
- Applications have been submitted for an additional [redacted] units in Santa Clara County.
- Santa Clara County voters increased local taxes to support \$950 million in affordable housing funds. As of 2018, \$234 million has been invested for 1,437 new multi-family units and 484 rehabilitated units.
- The Cities Association of Santa Clara County is leading the effort to form a 2023-2031 RHNA Sub-Region within the County.

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BLUEPRINT FOR MORE HOUSING

LEAGUE OF CALIFORNIA CITIES®



California cities remain committed to being a part of the solution to our housing crisis.

- There is a critical challenge that binds California's communities: housing is unaffordable for many of our residents.
- Cities agree with the fundamental problem—there aren't enough homes being built in California. We are committed to working with the Governor and Legislature to do our part to increase housing supply.
- Cities play an important role in this process by setting the table so homes can be built. Cities are responsible for the *planning, zoning and approval* of new housing. This is a transparent process that involves input from residents, detailed environmental reviews and documents, and *approving* projects consistent with our plans.
- While cities don't build homes, we have an obligation to ensure we're planning for and approving the housing our communities need while minimizing delays, costs and barriers to housing.

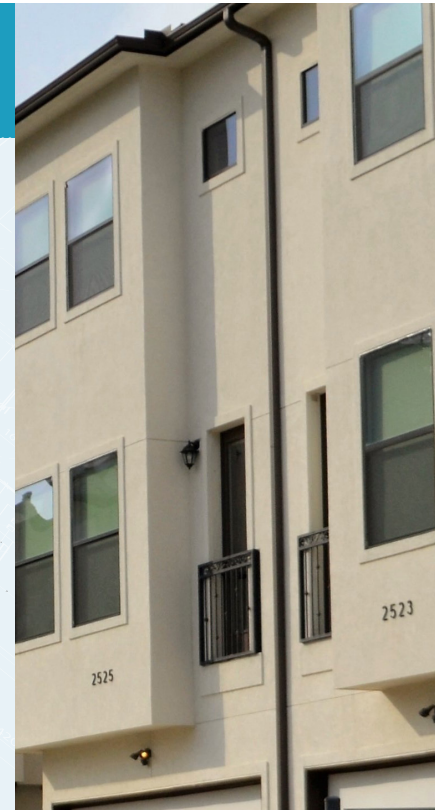
Cities support solutions to remove local barriers to housing.

- Cities should do their part by planning, zoning and approving housing projects that are consistent with adopted plans, and the over 30 new laws passed in 2017 and 2018 aimed at improving the local planning and approval process.
 - Recently enacted laws include strong accountability provisions that authorize \$10,000 per-unit fines for local governments that deny housing consistent with their local plans.
- In the past two years, the League of California Cities has strongly supported passage of legislation and ballot measures to streamline the housing approval process (SB 540 and AB 73), and to increase funds for affordable housing (Props. 1 and 2).
- Building fees, architectural standards and parking requirements should be reasonable; and new subdivisions planned by cities and developers should also include zoning for multi-family units and access for homebuyers in all income ranges.



Sustainable funding for affordable housing is needed.

- Cities support Governor Newsom's budget proposal to allocate nearly \$2 billion for housing tax credits, moderate income housing and other affordable housing resources as well as the Governor's proposals to accelerate Prop 1 and 2 funding and provide grants to local governments to develop plans, conduct permitting and to zone or rezone to meet our housing needs.
- At the same time, California needs a sustainable housing investment program to invest in low-income housing and incentivize development.
 - Since the state eliminated redevelopment in 2011, billions of dollars for affordable housing has been lost—the largest source of sustainable funding and the most effective tool in building affordable housing in the urban core.
 - Cities strongly support the leadership of Senator Jim Beall, Senator McGuire, and Assembly Member David Chiu to begin a serious conversation about restoring a more robust form of property tax increment financing for housing and associated infrastructure in our downtowns.



Housing solutions should recognize the market realities that dictate housing construction and respect the values of civic engagement.

- It is reasonable to expect cities to do their part by planning, zoning and approving housing projects, while minimizing delays, costs and barriers to construction.
 - More than 90 percent of all cities have state-certified housing elements, the state-mandated process to identify and zone where all jurisdictions' needed housing can be built.
 - New research soon to be released by UCLA's Luskin School of Public Affairs reports [cities and counties have zoned land for the construction of 2.8 million homes.](#)
 - And a 2018 report by the California Economic Forecast listed more than 450,000 new homes under construction or approved—but because of market forces, they will not be built for five years.
- It is *not* reasonable to penalize cities that are meeting their responsibilities but where builders decide not to build.
 - Local governments cannot force private developers to build. The housing market, economy, availability of skilled tradespeople, building and environmental mandates, mortgage interest rates, and other factors are largely responsible for where and how homes get built.
- Furthermore, as we move to increase housing construction, we should value public transparency and civic engagement that are central to building strong communities.

**Much Needs to be Done to Address the Housing Crisis.
Cities are Committed to Being a Part of the Solution.**

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Subject: RE: housing policy statement - comments requested by March 7th

Andi,

It's important to most of our members that we also take a position clearly opposing the seizure of local control of zoning near transit. One of the original drafts included language to this effect:

“The Cities Association strongly opposes the diversion of current or future property tax revenue from cities, counties and school districts; and opposes a one size fits all approach to housing densities and land use decision making.”

Some of that language exists in the new draft, but it's a bit more oblique now. Let me try suggesting something that restores the original language and even expands on it:

We **oppose** a one-size-fits-all approach to housing densities and land-use decision-making. However, we are interested in Governor Newsom's proposal around fiscal incentives and disincentives, which would give cities the ability to comply with state requirements and directives while still meeting the context of their specific local environments.

This would not only be clear but also offer an alternative direction that, depending on how it was implemented, might well be supportable by most or all of us.
Eric



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March 7, 2019

To the members of the Cities Association of Santa Clara County:

This letter provides comments and recommendations on the Cities Association of Santa Clara County Draft Housing Policy Statement (“Statement”) on behalf of the City Council of the City of Cupertino (“Council”).

To begin with, the Council recommends that the Association highlight acute jobs to housing imbalances and a deficient public transportation network as key factors exacerbating the affordable housing crisis. Any state initiative that will further exacerbate the jobs/housing imbalance is going down the wrong path. Similarly, the Council recommends that the Statement specifically refer to an “affordable housing crisis” rather than a “housing crisis” given the acute need for more affordable housing—not more luxury housing.

I. Recommendations to Add Policies to the Statement

The Council recommends that the Association support and add the following policies to the Statement:

- **Balance the jobs to housing ratio across the region.** The Council recommends passing state legislation that would limit or prohibit new office or commercial developments in areas where there is an existing imbalance in jobs to housing ratio exceeding a certain threshold, unless those projects fully offset the housing need they create through ample inclusionary housing or sufficient in-lieu fees to actually build new affordable housing. The in-lieu fee should go to a regional fund for affordable housing. Inclusionary below-market rate housing should be encouraged over in-lieu fees.
- **Require cities to disclose existing jobs to housing ratio as part of annual housing reports and in relation to each project proposed.** This information will assist in evaluating and addressing a key driver of affordable housing shortages.

- **State action should promote efficacy and strive to improve and refine, rather than remove, the local entitlement process.** For example, in the absence of providing cities a reasonable opportunity to address how to encourage property owners to act on entitlements in a timely manner, we oppose the removal of local input and approval authorities on the basis of whether building permits have been issued, as opposed to the granting of entitlements.
- **Remove barriers to adequate school and park funding.** Current state law (prior SB50) limits the amount of school impact fees that can be assessed on commercial and market rate residential development projects. Thus, current impact fees fail to cover the costs of land and construction needed for school districts. Increase impact fees to cover the full cost of parks for residents. Adopt commercial linkage fees.
- **Adopt a higher, regional employee head tax on businesses to help fund affordable housing.** Without a regional business tax, cities will be compete in a race to the bottom.
- **Strengthen and Expand Public Transportation.** Public transportation should link jobs-rich areas to areas where affordable housing is more plentiful. Thus, in addition to increasing transportation headways and frequency in key corridors within cities, the Statement should also clearly recognize the need for an expanded regional transit network.

II. Support for Certain Statements

The Council fully agrees with the Statement’s opposition to any effort to take away property taxes from cities to generate new funding for housing. Further, the Council supports the recommendation to have ABAG fulfill the role of administering new affordable housing funds and monitor housing production, rather than creating a new regional agency.

III. Recommendations to Clarify Certain Statements

The Council recommends that the Association clarify or remove certain statements of support. For instance, the statements supporting “removal of regulatory barriers to building new accessory dwelling units” and “thoughtful CEQA reform” are likely too broad. Similarly, the Council would not necessarily support every “new funding sources dedicated to housing.” For instance, the Council would not favor new sales taxes because they are regressive. Further, the Council opposes Governor Newsom’s funding package approach to the extent that it would tie transportation funding to housing production.

In addition, although the Council supports the goals of the CASA Compact to create more affordable housing, the Council does not support all ideas included within

the Compact. Thus, the Council recommends that the Association clarify language within the introduction to work with the cities on the “ideas” contained within the Compact.

IV. Recommendation to Reorganize and Strengthen the Statement

Finally, Council believes the Statement could benefit from a comprehensive reorganization and framing of the issues once all comments are received. Council recommends that the Association structure the Statement to include an introduction, statement of intention, summary of actions cities in Santa Clara County have taken to address the housing shortage, statements of support for certain policy actions, statements in opposition of certain policy actions, and a conclusion. As part of the discussion on what cities in Santa Clara County are actively doing to address the affordable housing shortage, the Council recommends that the Association add a discussion on how cities are already entitling their Regional Housing Needs Assessment (“RHNA”) requirements.

The Statement might also recognize that cities can capture the value of upzoning by requiring new housing, in ways that the state cannot. Funding for affordable housing should come before state efforts to upzone.

* * *

The Council appreciates the efforts of the Association to develop a Statement that can represent the interests of all cities in Santa Clara County. Thank you for considering our comments.

Sincerely,



Steven Scharf
Mayor