

Appendix A

Notice of Preparation and
Scoping Comments



NOTICE OF PREPARATION OF AN ENVIRONMENTAL IMPACT REPORT FOR THE 2025 METROPOLITAN TRANSPORTATION PLAN/SUSTAINABLE COMMUNITIES STRATEGY FOR THE SACRAMENTO REGION

February 5, 2025

INTRODUCTION

You are invited by the Sacramento Area Council of Governments (SACOG) to comment on the scope and content of the programmatic environmental impact report (EIR) that will be prepared for the 2025 update of the regional Transportation Plan/Sustainable Communities Strategy (MTP/SCS). You may do so electronically, during a virtual meeting, or by mail - instructions are provided below.

The 2025 MTP/SCS is an integrated land use and transportation strategy for the six-county region consisting of Sacramento, Sutter, Yolo, Yuba, and portions of Placer and El Dorado counties (the Lake Tahoe basin in these counties is excluded from the SACOG region). **Figure 1** depicts the Sacramento metropolitan planning area which is the area covered by the 2025 MTP/SCS. More information about the 2025 MTP/SCS and the update process is available at the following web site: <https://www.sacog.org/planning/blueprint>

SACOG will be the lead agency for preparation of the EIR. This notice of preparation (NOP) is being issued for the 2025 MTP/SCS EIR to responsible agencies, interested parties, and organizations. If you wish to provide comments or suggestions addressing the scope and content of the EIR, you may do so during the designated 30-day comment period, which runs from February 5, 2025, to March 7, 2025 (4:00 p.m.).

PROJECT LOCATION

The plan area for the proposed 2025 MTP/SCS includes El Dorado, Placer, Sacramento, Sutter, Yolo, and Yuba counties, exclusive of the Tahoe Basin. Located in the north San Joaquin Valley in Central California, the plan area encompasses approximately 6,000 square miles and is bounded by Colusa, Lake, Napa, and Solano counties to the west; Butte, Sierra, and Nevada counties to the north; the Lake Tahoe Basin, Plumas, and Alpine counties to the east; and Amador, San Joaquin, and Contra Costa counties to the south. The bulk of the plan area is located in the Sacramento Valley, a basin generally bounded by the Sierra Nevada mountain range to the east and the coastal ranges to the west. The eastern portion of the region – Placer County, El Dorado County, and Eastern Yuba County – is located in the Sierra Nevada mountains and foothills. The western portion of the region, in Yolo County, marks the eastern edge of the coastal mountain ranges. North to south, the plan area spans from the lower Sacramento Valley in northern Sutter and Yuba counties to the Sacramento River Delta in southern Sacramento County. In the valley portion of the plan area – Sacramento County, western Placer County, western Yuba County, Sutter County, and eastern Yolo County – the topography is generally flat, with the exception of the Sutter Buttes mountain range in Sutter County. Urban uses in the 2025 MTP/SCS plan area are primarily concentrated in an urban core in northern and central Sacramento County, eastern Yolo County, southwestern Placer County, and western El Dorado County, with smaller urban areas separated from this core and each other by rural lands.

PROJECT BACKGROUND AND DESCRIPTION

Designated by the Federal government as the Metropolitan Planning Organization for the region, SACOG oversees the MTP, which is updated every 4 years in collaboration with local governments. The MTP is a long-range (at least 20-year) comprehensive plan for the region's multi-modal transportation system that is required for the region to

qualify for some federal and state transportation funding for public transit, streets/roads, and bicycle and pedestrian improvements. SACOG's last adopted MTP/SCS was published in 2020 and has a 2040 planning horizon.

The 2025 MTP/SCS aims to achieve various federal, state, regional, and local policy objectives related to sustainable development, transportation, and GHG emission reduction while considering financial, growth, and regulatory constraints. The plan is built on extensive data analysis, public outreach, and collaboration with local agencies and experts while being grounded in the board-adopted Triple Bottom Line framework, emphasizing a balanced approach to equity, economy, and environment. Over the past year, SACOG has laid the groundwork for the update, culminating in the adoption of a set of land use assumptions for the plan in June 2024 and a transportation investment strategy that complements the adopted land use assumptions in November 2024.

Under California's Sustainable Communities and Climate Protection Act, or Senate Bill (SB) 375 (Statutes of 2008, Chapter 728), SACOG is required to adopt an SCS as part of every MTP that aligns transportation, housing, and land use decisions to help achieve the per-capita reduction targets for greenhouse gas (GHG) emissions from passenger vehicles that are set by the California Air Resources Board. For each plan update, SACOG prepares a projection for the amount of regional growth in population, employment, and households the region can expect over the life of the plan. For the 2025 MTP/SCS, the forecast of growth (called the regional growth projections) was adopted by the SACOG board in 2022 and anticipates that the region will grow by nearly 600,000 people, and will add just over 260,000 new jobs, and 278,000 new homes.

The 2025 MTP/SCS is designed to achieve the regional SB 375 GHG target while prioritizing maintenance and rehabilitation of existing infrastructure. It integrates smart land use planning principles with a diverse and efficient transportation network. The plan identifies targeted transportation investments, including new capital improvements (e.g., highways, roads, bridges, and light rail), policies such as roadway pricing strategies (e.g., tolling and mileage fees), and multimodal benefits aimed at connecting housing to jobs, managing congestion, and addressing forecasted travel volumes.

SCOPING PROCESS

In accordance with Section 15082 of the California Environmental Quality Act Guidelines, the purpose of this NOP is to seek comments about the scope and content of the EIR that will be prepared analyzing this update of the MTP/SCS. Comments and suggestions as to the appropriate scope of analysis in the EIR, potential mitigation measures, and alternatives are invited from all interested parties. If you represent an agency that may use the EIR for tiering purposes, SACOG is particularly interested in learning what information may be helpful for such tiering in connection with your project-specific environmental review.

PROBABLE ENVIRONMENTAL EFFECTS AND SCOPE OF THE EIR

The environmental analysis presented in the EIR will describe the existing conditions in the plan area. Relevant federal, state, and local laws and regulations, including applicable General Plan policies from local jurisdictions, will be summarized. The methods of analysis and standards of significance used to determine projected-related impacts will be described in each of the environmental analysis sections of the EIR, including any assumptions that are important to understand the conclusions of the analysis. The EIR will also evaluate potential cumulative effects and potential growth-inducing impacts of the proposed project and compare impacts of the project to a reasonable range of project alternatives. Based on available information and the scope of effects that could result from implementation of the 2025 MTP/SCS, SACOG anticipates that the following resource areas will be evaluated in the EIR:

- ▶ Aesthetic
- ▶ Agriculture Resources/Forestry Resources
- ▶ Air Quality
- ▶ Biological Resources
- ▶ Cultural Resources
- ▶ Energy
- ▶ Geology/Soils
- ▶ Greenhouse Gas Emissions
- ▶ Hazards and Hazardous Materials
- ▶ Hydrology/Water Quality
- ▶ Land Use/Planning
- ▶ Mineral Resources
- ▶ Noise
- ▶ Population/Housing
- ▶ Public Services
- ▶ Recreation
- ▶ Transportation
- ▶ Tribal Cultural Resources
- ▶ Utilities/Service Systems
- ▶ Wildfire

COMMENT PERIOD INFORMATION



Due to time limits mandated by State law, your response must be received no later than March 6, 2025 (4:00 p.m.) using any of the following methods:

By Mail	By Fax	By E-Mail
SACOG 1415 L Street, Suite 300 Sacramento, CA 95814	(916) 321-9551	eircomments@sacog.org

All comments will become part of the public record. Please include the name, organization (if applicable), mailing address, and e-mail address of the contact person for all future notifications related to this process.

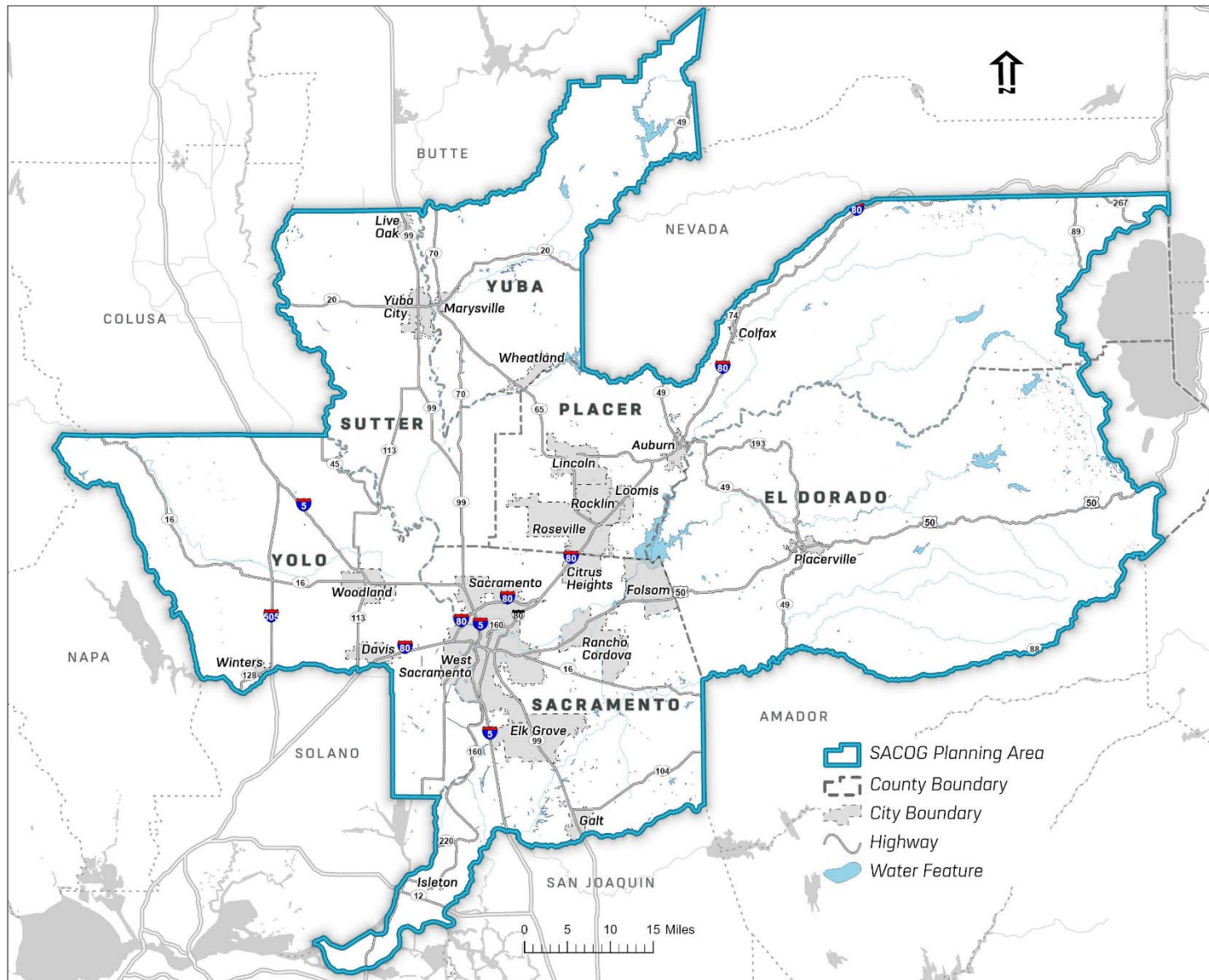
SCOPING MEETINGS

Two virtual public scoping meetings will be held via Zoom to receive comments on the appropriate scope and content of the EIR. These meetings will take place on Wednesday, February 26, 2025, from 11:30 to 1:00 and Thursday, February 27, 2025, from 5:30 p.m. to 7:00 p.m.

Wednesday, February 26, 2025	Thursday, February 27, 2025
REGISTER VIA ZOOM: bit.ly/SACOGMeeting1	REGISTER VIA ZOOM: bit.ly/SACOGMeeting2
	

If you have any questions or need help finding or understanding available materials, please reach out to:

Clint Holtzen
Planning & Program Manager
(916) 321-9000
choltzen@sacog.org



Plan Area

Figure



March 7, 2025

Clint Holtzen, Planning & Program Manager
Sacramento Area Council of Governments
1415 L Street, Suite 300, Sacramento, CA 95814

**Subject: Notice of Preparation for the Environmental Impact Report for the
Sacramento Region 2025 MTP / SCS Strategy Update
State Clearinghouse # 2025020168**

Dear Clint Holtzen:

Thank you for providing the Sacramento Metropolitan Air Quality Management District (Sac Metro Air District) with the opportunity to review the Notice of Preparation (NOP) for an Environmental Impact Report (EIR) for the [Sacramento Area Council of Governments Metropolitan Transportation Plan / Sustainable Communities Strategy \(MTP/SCS\)](#). The MTP/SCS is an integrated land use and transportation strategy for the SACOG region, updated every four years to further federal and state air quality and climate objectives and ensure eligibility for federal and state transportation funding. We recommend that the following issues are addressed in this EIR:

Construction and Operation Emissions

Please reference Sac Metro Air District's guidance on reviewing projects under the California Environmental Quality Act (CEQA), [The Guide to Air Quality Assessment in Sacramento County](#) (CEQA Guide), in preparing the EIR. The CEQA Guide provides essential reference for CEQA review of project [criteria pollutant](#), greenhouse gas (GHG), and [toxic air contaminant](#) (TAC) emissions within Sacramento County, to assist lead agencies in complying with CEQA. It provides methods to analyze air quality impacts from plans and projects, thresholds of significance for environmental impacts, and mitigation measures to reduce construction and operation emissions.

Induced Vehicle Miles Traveled Impacts

The EIR should include a thorough assessment of all vehicle miles traveled (VMT) impacts, including impacts from induced VMT. The addition of roadway capacity induces VMT by changing travel behavior such as trip length and mode use. This assessment is particularly important because some highway planning efforts in the Sacramento Region still use "congestion relief" as a metric for success without fully acknowledging the long-term impact of induced VMT on the short-term apparent congestion-relieving effects of roadway capacity expansion. Guidance on VMT assessment includes the Caltrans [Transportation Analysis under CEQA for Projects on the State Highway System](#) and [Transportation Analysis Framework](#), the California Governor's Office of Planning and Research's [Technical Advisory on Evaluating Transportation Impacts in CEQA](#), and the [California Induced Travel Calculator](#) from the National Center for Sustainable Transportation.

The EIR should include a discussion and quantification of potential mitigation measures for induced VMT, so that if individual projects are determined to induce VMT during project-level CEQA analysis, feasible options will be readily available to mitigate associated impacts. Measures should support [California Air Resources Board \(CARB\) targets for VMT reductions](#). Measures could include congestion pricing and funding for active transportation projects, transit, and transportation demand management, for example in the context of comprehensive multimodal corridor planning efforts. An excellent resource for VMT reduction strategies is the [CAPCOA Handbook for analyzing Greenhouse Gas Emissions Reductions, Assessing Climate Vulnerabilities, and Advancing Health and Equity](#).

Vehicle Miles Traveled Reduction Strategies

E-Bike Incentive Project and Safe Streets Strategies

An important consideration for reducing regional VMT is increasing the share of active modes use region-wide. The State of California has launched the [E-Bike Incentive Project](#), which provides up to \$2,000 of point-of-sale incentives to support the purchase of new electric bicycles (e-bikes). This program has experienced overwhelming demand, and a similar regional program is worth investigating for its potential to reduce VMT. Consideration of such a program should also include street safety projects and appropriate cycling infrastructure, including bike parking.

Managed Lanes and Pricing

Assessing VMT reductions associated from managed lane projects should include a study of alternatives that use a configuration of at least two lanes in the same direction. Previous studies in the region have assessed High-Occupancy Toll (HOT) lanes with only one lane. [Efficiency is maximized where there are at least two lanes in the same direction](#). Please also assess other pricing models that could reduce emissions and decrease congestion, such as central city congestion pricing or toll facilities for [Highway 37 in the Bay Area](#).

Mobility Hubs

Please also evaluate the VMT reduction potential of mobility hubs where people can access multiple transportation options, such as public transit, biking, and ride-sharing. [SACOG's Regional Mobility Hub Design Guidance](#) can help in evaluating potential opportunities for the further development of mobility hubs in the region consistent with the [Mobility Hub Suitability Analysis](#). Please describe how the MTP/SCS can implement the mobility hub recommendations in the 10 neighborhood sized zone areas identified within the [Sacramento Zones Regional Mobility Hub Project](#).

Toxics and Sensitive Receptors

The EIR should include an assessment and disclosure of potential public health impacts from MTP/SCS projects and programs that could increase public exposure to toxic motor vehicle and locomotive emissions. This includes the health impacts of diesel particulate matter generated from high volume roadways, locomotive railways, the construction of transportation projects, and programs region-wide.

Landscape Design

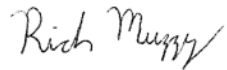
Please evaluate approaches to reducing exposure to toxic emissions such as a plan for regional greening near sources of mobile air toxics, such as highways, to reduce exposure for nearby sensitive populations. Ample guidance exists to create such a plan, including the United States Environmental Protection Agency [Recommendations for Constructing Roadside Vegetation Barriers to Improve Near-Road Air Quality](#), the CARB guidance on [Strategies to Reduce Air Pollution Exposure Near High-Volume Roadways](#), and Sac Metro Air District's [Landscaping Guidance for Improving Air Quality Near Roadways](#) (Landscaping Guidance), which provides specific recommendations on using vegetation to reduce public

health impacts from motor vehicle emissions, including the selection, placement, planting, and caring for tree and shrub species on project sites.

Conclusion

Thank you for your attention to our comments. If you have questions about them, please contact Molly Wright at mwright@airquality.org or (279) 207-1157.

Sincerely,

A handwritten signature in cursive script that reads "Rich Muzzy".

Rich Muzzy
Program Supervisor
CEQA and Land Use



NATIVE AMERICAN HERITAGE COMMISSION

February 6, 2025

Clint Holtzen
Sacramento Area Council of Governments
1415 L Street
Suite 300
Sacramento CA 95814

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NAHC HEADQUARTERS
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(916) 373-3710
nahc@nahc.ca.gov
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Re: 2025020168 2025 Metropolitan Transportation Plan/Sustainable Communities Strategy (MTP/SCS) EIR Project, Yolo, Sutter, Yuba, El Dorado, Placer, Sacramento Counties

Dear Mr. Holtzen:

The Native American Heritage Commission (NAHC) has received the Notice of Preparation (NOP), Draft Environmental Impact Report (DEIR) or Early Consultation for the project referenced above. The California Environmental Quality Act (CEQA) (Pub. Resources Code §21000 et seq.), specifically Public Resources Code §21084.1, states that a project that may cause a substantial adverse change in the significance of a historical resource, is a project that may have a significant effect on the environment. (Pub. Resources Code § 21084.1; Cal. Code Regs., tit. 14, § 15064.5 (b) (CEQA Guidelines § 15064.5 (b)). If there is substantial evidence, in light of the whole record before a lead agency, that a project may have a significant effect on the environment, an Environmental Impact Report (EIR) shall be prepared. (Pub. Resources Code §21080 (d); Cal. Code Regs., tit. 14, § 5064 subd.(a)(1) (CEQA Guidelines § 15064 (a)(1)). In order to determine whether a project will cause a substantial adverse change in the significance of a historical resource, a lead agency will need to determine whether there are historical resources within the area of potential effect (APE).

CEQA was amended significantly in 2014. Assembly Bill 52 (Gatto, Chapter 532, Statutes of 2014) (AB 52) amended CEQA to create a separate category of cultural resources, "tribal cultural resources" (Pub. Resources Code §21074) and provides that a project with an effect that may cause a substantial adverse change in the significance of a tribal cultural resource is a project that may have a significant effect on the environment. (Pub. Resources Code §21084.2). Public agencies shall, when feasible, avoid damaging effects to any tribal cultural resource. (Pub. Resources Code §21084.3 (a)). **AB 52 applies to any project for which a notice of preparation, a notice of negative declaration, or a mitigated negative declaration is filed on or after July 1, 2015.** If your project involves the adoption of or amendment to a general plan or a specific plan, or the designation or proposed designation of open space, on or after March 1, 2005, it may also be subject to Senate Bill 18 (Burton, Chapter 905, Statutes of 2004) (SB 18). **Both SB 18 and AB 52 have tribal consultation requirements.** If your project is also subject to the federal National Environmental Policy Act (42 U.S.C. § 4321 et seq.) (NEPA), the tribal consultation requirements of Section 106 of the National Historic Preservation Act of 1966 (154 U.S.C. 300101, 36 C.F.R. §800 et seq.) may also apply.

The NAHC recommends consultation with California Native American tribes that are traditionally and culturally affiliated with the geographic area of your proposed project as early as possible in order to avoid inadvertent discoveries of Native American human remains and best protect tribal cultural resources. Below is a brief summary of portions of AB 52 and SB 18 as well as the NAHC's recommendations for conducting cultural resources assessments.

Consult your legal counsel about compliance with AB 52 and SB 18 as well as compliance with any other applicable laws.

AB 52

AB 52 has added to CEQA the additional requirements listed below, along with many other requirements:

1. Fourteen Day Period to Provide Notice of Completion of an Application/Decision to Undertake a Project:

Within fourteen (14) days of determining that an application for a project is complete or of a decision by a public agency to undertake a project, a lead agency shall provide formal notification to a designated contact of, or tribal representative of, traditionally and culturally affiliated California Native American tribes that have requested notice, to be accomplished by at least one written notice that includes:

- a. A brief description of the project.
- b. The lead agency contact information.
- c. Notification that the California Native American tribe has 30 days to request consultation. (Pub. Resources Code §21080.3.1 (d)).
- d. A "California Native American tribe" is defined as a Native American tribe located in California that is on the contact list maintained by the NAHC for the purposes of Chapter 905 of Statutes of 2004 (SB 18). (Pub. Resources Code §21073).

2. Begin Consultation Within 30 Days of Receiving a Tribe's Request for Consultation and Before Releasing a Negative Declaration, Mitigated Negative Declaration, or Environmental Impact Report: A lead agency shall begin the consultation process within 30 days of receiving a request for consultation from a California Native American tribe that is traditionally and culturally affiliated with the geographic area of the proposed project. (Pub. Resources Code §21080.3.1, subs. (d) and (e)) and prior to the release of a negative declaration, mitigated negative declaration or Environmental Impact Report. (Pub. Resources Code §21080.3.1 (b)).

- a. For purposes of AB 52, "consultation shall have the same meaning as provided in Gov. Code §65352.4 (SB 18). (Pub. Resources Code §21080.3.1 (b)).

3. Mandatory Topics of Consultation If Requested by a Tribe: The following topics of consultation, if a tribe requests to discuss them, are mandatory topics of consultation:

- a. Alternatives to the project.
- b. Recommended mitigation measures.
- c. Significant effects. (Pub. Resources Code §21080.3.2 (a)).

4. Discretionary Topics of Consultation: The following topics are discretionary topics of consultation:

- a. Type of environmental review necessary.
- b. Significance of the tribal cultural resources.
- c. Significance of the project's impacts on tribal cultural resources.
- d. If necessary, project alternatives or appropriate measures for preservation or mitigation that the tribe may recommend to the lead agency. (Pub. Resources Code §21080.3.2 (a)).

5. Confidentiality of Information Submitted by a Tribe During the Environmental Review Process: With some exceptions, any information, including but not limited to, the location, description, and use of tribal cultural resources submitted by a California Native American tribe during the environmental review process shall not be included in the environmental document or otherwise disclosed by the lead agency or any other public agency to the public, consistent with Government Code §6254 (r) and §6254.10. Any information submitted by a California Native American tribe during the consultation or environmental review process shall be published in a confidential appendix to the environmental document unless the tribe that provided the information consents, in writing, to the disclosure of some or all of the information to the public. (Pub. Resources Code §21082.3 (c)(1)).

6. Discussion of Impacts to Tribal Cultural Resources in the Environmental Document: If a project may have a significant impact on a tribal cultural resource, the lead agency's environmental document shall discuss both of the following:

- a. Whether the proposed project has a significant impact on an identified tribal cultural resource.

- b.** Whether feasible alternatives or mitigation measures, including those measures that may be agreed to pursuant to Public Resources Code §21082.3, subdivision (a), avoid or substantially lessen the impact on the identified tribal cultural resource. (Pub. Resources Code §21082.3 (b)).

7. Conclusion of Consultation: Consultation with a tribe shall be considered concluded when either of the following occurs:

- a.** The parties agree to measures to mitigate or avoid a significant effect, if a significant effect exists, on a tribal cultural resource; or
- b.** A party, acting in good faith and after reasonable effort, concludes that mutual agreement cannot be reached. (Pub. Resources Code §21080.3.2 (b)).

8. Recommending Mitigation Measures Agreed Upon in Consultation in the Environmental Document: Any mitigation measures agreed upon in the consultation conducted pursuant to Public Resources Code §21080.3.2 shall be recommended for inclusion in the environmental document and in an adopted mitigation monitoring and reporting program, if determined to avoid or lessen the impact pursuant to Public Resources Code §21082.3, subdivision (b), paragraph 2, and shall be fully enforceable. (Pub. Resources Code §21082.3 (a)).

9. Required Consideration of Feasible Mitigation: If mitigation measures recommended by the staff of the lead agency as a result of the consultation process are not included in the environmental document or if there are no agreed upon mitigation measures at the conclusion of consultation, or if consultation does not occur, and if substantial evidence demonstrates that a project will cause a significant effect to a tribal cultural resource, the lead agency shall consider feasible mitigation pursuant to Public Resources Code §21084.3 (b). (Pub. Resources Code §21082.3 (e)).

10. Examples of Mitigation Measures That, If Feasible, May Be Considered to Avoid or Minimize Significant Adverse Impacts to Tribal Cultural Resources:

- a.** Avoidance and preservation of the resources in place, including, but not limited to:
 - i.** Planning and construction to avoid the resources and protect the cultural and natural context.
 - ii.** Planning greenspace, parks, or other open space, to incorporate the resources with culturally appropriate protection and management criteria.
- b.** Treating the resource with culturally appropriate dignity, taking into account the tribal cultural values and meaning of the resource, including, but not limited to, the following:
 - i.** Protecting the cultural character and integrity of the resource.
 - ii.** Protecting the traditional use of the resource.
 - iii.** Protecting the confidentiality of the resource.
- c.** Permanent conservation easements or other interests in real property, with culturally appropriate management criteria for the purposes of preserving or utilizing the resources or places.
- d.** Protecting the resource. (Pub. Resource Code §21084.3 (b)).
- e.** Please note that a federally recognized California Native American tribe or a non-federally recognized California Native American tribe that is on the contact list maintained by the NAHC to protect a California prehistoric, archaeological, cultural, spiritual, or ceremonial place may acquire and hold conservation easements if the conservation easement is voluntarily conveyed. (Civ. Code §815.3 (c)).
- f.** Please note that it is the policy of the state that Native American remains and associated grave artifacts shall be repatriated. (Pub. Resources Code §5097.991).

11. Prerequisites for Certifying an Environmental Impact Report or Adopting a Mitigated Negative Declaration or Negative Declaration with a Significant Impact on an Identified Tribal Cultural Resource: An Environmental Impact Report may not be certified, nor may a mitigated negative declaration or a negative declaration be adopted unless one of the following occurs:

- a.** The consultation process between the tribes and the lead agency has occurred as provided in Public Resources Code §21080.3.1 and §21080.3.2 and concluded pursuant to Public Resources Code §21080.3.2.
- b.** The tribe that requested consultation failed to provide comments to the lead agency or otherwise failed to engage in the consultation process.

- c. The lead agency provided notice of the project to the tribe in compliance with Public Resources Code §21080.3.1 (d) and the tribe failed to request consultation within 30 days. (Pub. Resources Code §21082.3 (d)).

The NAHC's PowerPoint presentation titled, "Tribal Consultation Under AB 52: Requirements and Best Practices" may be found online at: http://nahc.ca.gov/wp-content/uploads/2015/10/AB52TribalConsultation_CalEPAPDF.pdf

SB 18

SB 18 applies to local governments and requires local governments to contact, provide notice to, refer plans to, and consult with tribes prior to the adoption or amendment of a general plan or a specific plan, or the designation of open space. (Gov. Code §65352.3). Local governments should consult the Governor's Office of Planning and Research's "Tribal Consultation Guidelines," which can be found online at: https://www.opr.ca.gov/docs/09_14_05_Updated_Guidelines_922.pdf.

Some of SB 18's provisions include:

1. Tribal Consultation: If a local government considers a proposal to adopt or amend a general plan or a specific plan, or to designate open space it is required to contact the appropriate tribes identified by the NAHC by requesting a "Tribal Consultation List." If a tribe, once contacted, requests consultation the local government must consult with the tribe on the plan proposal. **A tribe has 90 days from the date of receipt of notification to request consultation unless a shorter timeframe has been agreed to by the tribe.** (Gov. Code §65352.3 (a)(2)).
2. No Statutory Time Limit on SB 18 Tribal Consultation. There is no statutory time limit on SB 18 tribal consultation.
3. Confidentiality: Consistent with the guidelines developed and adopted by the Office of Planning and Research pursuant to Gov. Code §65040.2, the city or county shall protect the confidentiality of the information concerning the specific identity, location, character, and use of places, features and objects described in Public Resources Code §5097.9 and §5097.993 that are within the city's or county's jurisdiction. (Gov. Code §65352.3 (b)).
4. Conclusion of SB 18 Tribal Consultation: Consultation should be concluded at the point in which:
 - a. The parties to the consultation come to a mutual agreement concerning the appropriate measures for preservation or mitigation; or
 - b. Either the local government or the tribe, acting in good faith and after reasonable effort, concludes that mutual agreement cannot be reached concerning the appropriate measures of preservation or mitigation. (Tribal Consultation Guidelines, Governor's Office of Planning and Research (2005) at p. 18).

Agencies should be aware that neither AB 52 nor SB 18 precludes agencies from initiating tribal consultation with tribes that are traditionally and culturally affiliated with their jurisdictions before the timeframes provided in AB 52 and SB 18. For that reason, we urge you to continue to request Native American Tribal Contact Lists and "Sacred Lands File" searches from the NAHC. The request forms can be found online at: <http://nahc.ca.gov/resources/forms/>.

NAHC Recommendations for Cultural Resources Assessments

To adequately assess the existence and significance of tribal cultural resources and plan for avoidance, preservation in place, or barring both, mitigation of project-related impacts to tribal cultural resources, the NAHC recommends the following actions:

1. Contact the appropriate regional California Historical Research Information System (CHRIS) Center (https://ohp.parks.ca.gov/?page_id=30331) for an archaeological records search. The records search will determine:
 - a. If part or all of the APE has been previously surveyed for cultural resources.
 - b. If any known cultural resources have already been recorded on or adjacent to the APE.
 - c. If the probability is low, moderate, or high that cultural resources are located in the APE.
 - d. If a survey is required to determine whether previously unrecorded cultural resources are present.
2. If an archaeological inventory survey is required, the final stage is the preparation of a professional report detailing the findings and recommendations of the records search and field survey.

- a.** The final report containing site forms, site significance, and mitigation measures should be submitted immediately to the planning department. All information regarding site locations, Native American human remains, and associated funerary objects should be in a separate confidential addendum and not be made available for public disclosure.
- b.** The final written report should be submitted within 3 months after work has been completed to the appropriate regional CHRIS center.

3. Contact the NAHC for:

- a.** A Sacred Lands File search. Remember that tribes do not always record their sacred sites in the Sacred Lands File, nor are they required to do so. A Sacred Lands File search is not a substitute for consultation with tribes that are traditionally and culturally affiliated with the geographic area of the project's APE.
- b.** A Native American Tribal Consultation List of appropriate tribes for consultation concerning the project site and to assist in planning for avoidance, preservation in place, or, failing both, mitigation measures.

4. Remember that the lack of surface evidence of archaeological resources (including tribal cultural resources) does not preclude their subsurface existence.

- a.** Lead agencies should include in their mitigation and monitoring reporting program plan provisions for the identification and evaluation of inadvertently discovered archaeological resources per Cal. Code Regs., tit. 14, § 15064.5(f) (CEQA Guidelines § 15064.5(f)). In areas of identified archaeological sensitivity, a certified archaeologist and a culturally affiliated Native American with knowledge of cultural resources should monitor all ground-disturbing activities.
- b.** Lead agencies should include in their mitigation and monitoring reporting program plans provisions for the disposition of recovered cultural items that are not burial associated in consultation with culturally affiliated Native Americans.
- c.** Lead agencies should include in their mitigation and monitoring reporting program plans provisions for the treatment and disposition of inadvertently discovered Native American human remains. Health and Safety Code § 7050.5, Public Resources Code § 5097.98, and Cal. Code Regs., tit. 14, § 15064.5, subdivisions (d) and (e) (CEQA Guidelines § 15064.5, subds. (d) and (e)) address the processes to be followed in the event of an inadvertent discovery of any Native American human remains and associated grave goods in a location other than a dedicated cemetery.

If you have any questions or need additional information, please contact me at my email address: Pricilla.Torres-Fuentes@NAHC.ca.gov.

Sincerely,

Pricilla Torres-Fuentes

Pricilla Torres-Fuentes
Cultural Resources Analyst

cc: State Clearinghouse



State of California – Natural Resources Agency
DEPARTMENT OF FISH AND WILDLIFE
North Central Region
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Rancho Cordova, CA 95670-4599
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GAVIN NEWSOM, Governor
CHARLTON H. BONHAM, Director



February 26, 2025

Clint Holtzen
Sacramento Area Council of Governments (SACOG)
1415 L Street, Suite 300
Sacramento, CA 95814
eircomments@sacog.org

Subject: 2025 METROPOLITAN TRANSPORTATION PLAN/SUSTAINABLE
COMMUNITIES STRATEGY FOR THE SACRAMENTO REGION
DRAFT ENVIRONMENTAL IMPACT REPORT (DEIR)
SCH No. 2025020168

Dear Clint Holtzen:

The California Department of Fish and Wildlife (CDFW) received and reviewed the Notice of Preparation of an Environmental Impact Report (EIR) from Sacramento Area Council of Governments (SACOG) for the 2025 Metropolitan Transportation Plan/Sustainable Communities Strategy For The Sacramento Region (Project) (2025 MTP/SCS) in Yolo, Sutter, Yuba, El Dorado (portion), Placer (portion), and Sacramento Counties, pursuant the California Environmental Quality Act (CEQA) statute and guidelines.¹

Thank you for the opportunity to provide comments and recommendations regarding those activities involved in the Project that may affect California fish, wildlife, plants and their habitats. Likewise, CDFW appreciates the opportunity to provide comments regarding those aspects of the Project that it, by law, may need to exercise its own regulatory authority under the Fish and Game Code (Fish & G. Code).

CDFW ROLE

CDFW is California's Trustee Agency for fish and wildlife resources and holds those resources in trust by statute for all the people of the State (Fish & G. Code, §§ 711.7, subd. (a) & 1802; Pub. Resources Code, § 21070; CEQA Guidelines § 15386, subd. (a).). CDFW, in its trustee capacity, has jurisdiction over the conservation, protection, and management of fish, wildlife, native plants, and habitat necessary for biologically sustainable populations of those species (Fish & G. Code, § 1802.). Similarly, for purposes of CEQA, CDFW provides, as available, biological expertise during public agency

¹ CEQA is codified in the California Public Resources Code in section 21000 et seq. The "CEQA Guidelines" are found in Title 14 of the California Code of Regulations, commencing with section 15000.

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environmental review efforts, focusing specifically on projects and related activities that have the potential to adversely affect fish and wildlife resources.

CDFW may also act as a Responsible Agency under CEQA. (Pub. Resources Code, § 21069; CEQA Guidelines, § 15381.) CDFW expects that it may need to exercise regulatory authority as provided by the Fish and Game Code. As proposed, for example, the Project may be subject to CDFW's lake and streambed alteration regulatory authority. (Fish & G. Code, § 1600 et seq.) Likewise, to the extent implementation of the Project as proposed may result in "take" as defined by State law of any species protected under the California Endangered Species Act (CESA) (Fish & G. Code, § 2050 et seq.), the project proponent may seek related take authorization as provided by the Fish and Game Code.

PROJECT DESCRIPTION SUMMARY

The Project's plan area encompasses approximately 6,000 square miles and includes Sacramento, Sutter, Yolo, Yuba, and portions of El Dorado and Placer counties, exclusive of the Tahoe Basin. The bulk of the plan area is located in the Sacramento Valley. Urban uses in the 2025 MTP/SCS plan area are primarily concentrated in an urban core in northern and central Sacramento County, eastern Yolo County, southwestern Placer County, and western El Dorado County, with smaller urban areas separated from this core and each other by rural lands.

The Project consists of a long-range (at least 20-year) comprehensive plan for the region's multi-modal transportation system that is required for the region to qualify for some federal and state transportation funding for public transit, streets/roads, and bicycle and pedestrian improvements. SACOG's last adopted MTP/SCS was published in 2020 and has a 2040 planning horizon, which is updated every 4 years in collaboration with local governments. The plan identifies targeted transportation investments, including new capital improvements (e.g., highways, roads, bridges, and light rail), policies such as roadway pricing strategies (e.g., tolling and mileage fees), and multimodal benefits aimed at connecting housing to jobs, managing congestion, and addressing forecasted travel volumes.

COMMENTS AND RECOMMENDATIONS

CDFW offers the comments and recommendations presented below to assist SACOG in adequately identifying and/or mitigating the Project's significant, or potentially significant, impacts on biological resources. The comments and recommendations are also offered to enable CDFW to adequately review and comment on the proposed Project with respect to impacts on biological resources. CDFW recommends that the forthcoming EIR address the following:

Project Description

The Project description should include the whole action as defined in the CEQA Guidelines § 15378 and should include appropriate detailed exhibits disclosing the

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Project area including temporary impacted areas such as equipment stage area, spoils areas, adjacent infrastructure development, staging areas and access and haul roads if applicable.

As required by § 15126.6 of the CEQA Guidelines, the EIR should include an appropriate range of reasonable and feasible alternatives that would attain most of the basic Project objectives and avoid or minimize significant impacts to resources under CDFW's jurisdiction.

Assessment of Biological Resources

Section 15125(c) of the CEQA Guidelines states that knowledge of the regional setting of a project is critical to the assessment of environmental impacts and that special emphasis should be placed on environmental resources that are rare or unique to the region. To enable CDFW staff to adequately review and comment on the Project, the EIR should include a complete assessment of the flora and fauna within and adjacent to the Project footprint, with emphasis on identifying rare, threatened, endangered, and other sensitive species and their associated habitats. CDFW recommends the EIR specifically include:

1. An assessment of all habitat types located within the Project footprint, and a map that identifies the location of each habitat type. CDFW recommends that floristic, alliance- and/or association-based mapping and assessment be completed following, *The Manual of California Vegetation*, second edition (Sawyer 2009). Adjoining habitat areas should also be included in this assessment where site activities could lead to direct or indirect impacts offsite. Habitat mapping at the alliance level will help establish baseline vegetation conditions.
2. A general biological inventory of the fish, amphibian, reptile, bird, and mammal species that are present or have the potential to be present within each habitat type onsite and within adjacent areas that could be affected by the Project. CDFW recommends that the California Natural Diversity Database (CNDDDB), as well as previous studies performed in the area, be consulted to assess the potential presence of sensitive species and habitats. A nine United States Geologic Survey 7.5-minute quadrangle search is recommended to determine what may occur in the region, larger if the Project area extends past one quad (see *Data Use Guidelines* on the CDFW webpage www.wildlife.ca.gov/Data/CNDDDB/Maps-and-Data). Please review the webpage for information on how to access the database to obtain current information on any previously reported sensitive species and habitat, including Significant Natural Areas identified under Chapter 12 of the Fish and Game Code, in the vicinity of the Project. CDFW recommends that CNDDDB Field Survey Forms be completed and submitted to CNDDDB to document survey results. Online forms can be obtained and submitted at: <https://www.wildlife.ca.gov/Data/CNDDDB/Submitting-Data>.

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Please note that CDFW's CNDDDB is not exhaustive in terms of the data it houses, nor is it an absence database. CDFW recommends that it be used as a starting point in gathering information about the *potential presence* of species within the general area of the Project site. Other sources for identification of species and habitats near or adjacent to the Project area should include, but may not be limited to, State and federal resource agency lists, California Wildlife Habitat Relationship System, California Native Plant Society Inventory, agency contacts, environmental documents for other projects in the vicinity, academics, and professional or scientific organizations.

3. A complete and recent inventory of rare, threatened, endangered, and other sensitive species located within the Project footprint and within offsite areas with the potential to be affected, including California Species of Special Concern and California Fully Protected Species (Fish & G. Code § § 3511, 4700, 5050, and 5515). Species to be addressed should include all those which meet the CEQA definition (CEQA Guidelines § 15380). The inventory should address seasonal variations in use of the Project area and should not be limited to resident species. The EIR should include the results of focused species-specific surveys, completed by a qualified biologist and conducted at the appropriate time of year and time of day when the sensitive species are active or otherwise identifiable. Species-specific surveys should be conducted in order to ascertain the presence of species with the potential to be directly, indirectly, on or within a reasonable distance of the Project activities. CDFW recommends SACOG rely on survey and monitoring protocols and guidelines available at: www.wildlife.ca.gov/Conservation/Survey-Protocols. Alternative survey protocols may be warranted; justification should be provided to substantiate why an alternative protocol is necessary. Acceptable species-specific survey procedures should be developed in consultation with CDFW and the U.S. Fish and Wildlife Service, where necessary. Some aspects of the Project may warrant periodic updated surveys for certain sensitive taxa, particularly if the Project is proposed to occur over a protracted time frame, or in phases, or if surveys are completed during periods of drought or deluge.
4. A thorough, recent (within the last two years), floristic-based assessment of special-status plants and natural communities, following CDFW's *Protocols for Surveying and Evaluating Impacts to Special Status Native Plant Populations and Natural Communities* (see www.wildlife.ca.gov/Conservation/Plants).
5. Information on the regional setting that is critical to an assessment of environmental impacts, with special emphasis on resources that are rare or unique to the region (CEQA Guidelines § 15125[c]).

Analysis of Direct, Indirect, and Cumulative Impacts to Biological Resources

The EIR should provide a thorough discussion of the Project's potential direct, indirect, and cumulative impacts on biological resources. To ensure that Project impacts on

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biological resources are fully analyzed, the following information should be included in the EIR:

1. The EIR should define the threshold of significance for each impact and describe the criteria used to determine whether the impacts are significant (CEQA Guidelines, § 15064, subd. (f)). The EIR must demonstrate that the significant environmental impacts of the Project were adequately investigated and discussed, and it must permit the significant effects of the Project to be considered in the full environmental context.
2. A discussion of potential impacts from lighting, noise, human activity, and wildlife-human interactions created by Project activities especially those adjacent to natural areas, exotic and/or invasive species occurrences, and drainages. The EIR should address Project-related changes to drainage patterns and water quality within, upstream, and downstream of the Project site, including volume, velocity, and frequency of existing and post-Project surface flows; polluted runoff; soil erosion and/or sedimentation in streams and water bodies; and post-Project fate of runoff from the Project site.
3. A discussion of potential indirect Project impacts on biological resources, including resources in areas adjacent to the Project footprint, such as nearby public lands (e.g., National Forests, State Parks, etc.), open space, adjacent natural habitats, riparian ecosystems, wildlife corridors, and any designated and/or proposed reserve or mitigation lands (e.g., preserved lands associated with a Conservation or Recovery Plan, or other conserved lands).
4. A cumulative effects analysis developed as described under CEQA Guidelines section 15130. The EIR should discuss the Project's cumulative impacts to natural resources and determine if that contribution would result in a significant impact. The EIR should include a list of present, past, and probable future projects producing related impacts to biological resources or shall include a summary of the projections contained in an adopted local, regional, or statewide plan, that consider conditions contributing to a cumulative effect. The cumulative analysis shall include impact analysis of vegetation and habitat reductions within the area and their potential cumulative effects. Please include all potential direct and indirect Project-related impacts to riparian areas, wetlands, wildlife corridors or wildlife movement areas, aquatic habitats, sensitive species and/or special-status species, open space, and adjacent natural habitats in the cumulative effects analysis.

Mitigation Measures for Project Impacts to Biological Resources

The EIR should include appropriate and adequate avoidance, minimization, and/or mitigation measures for all direct, indirect, and cumulative impacts that are expected to occur as a result of the construction and long-term operation and maintenance of the Project. CDFW also recommends the environmental documentation provide

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scientifically supported discussion regarding adequate avoidance, minimization, and/or mitigation measures to address the Project's significant impacts upon fish and wildlife and their habitat. For individual projects, mitigation must be roughly proportional to the level of impacts, including cumulative impacts, in accordance with the provisions of CEQA (Guidelines § § 15126.4(a)(4)(B), 15064, 15065, and 16355). In order for mitigation measures to be effective, they must be specific, enforceable, and feasible actions that will improve environmental conditions. When proposing measures to avoid, minimize, or mitigate impacts, CDFW recommends consideration of the following:

1. *Fully Protected Species*: Several Fully Protected Species (Fish & G. Code § 3511) have the potential to occur within or adjacent to the Project area, including, but not limited to: white-tailed kite (*Elanus leucurus*), bald eagle (*Haliaeetus leucocephalus*), California black rail (*Laterallus jamaicensis coturniculus*), and greater sandhill crane (*Antigone canadensis tabida*). Project activities described in the EIR should be designed to completely avoid any fully protected species that have the potential to be present within or adjacent to the Project area. If fully protected species cannot be completely avoided, the Project should obtain incidental take coverage for all species that have the potential to be present within or adjacent to the Project Area². CDFW also recommends the EIR fully analyze potential adverse impacts to fully protected species due to habitat modification, loss of foraging habitat, and/or interruption of migratory and breeding behaviors. CDFW recommends that SACOG include in the analysis how appropriate avoidance, minimization and mitigation measures will reduce indirect impacts to fully protected species.
2. *Species of Special Concern*: Several Species of Special Concern (SSC) have the potential to occur within or adjacent to the Project area, including, but not limited to: western spadefoot (*Spea hammondi*), northwestern pond turtle (*Actinemys marmorata*), two-striped gartersnake (*Thamnophis hammondi*), northern harrier (*Circus hudsonius*), western red bat (*Lasiurus frantzii*), Marysville California kangaroo rat (*Dipodomys californicus eximius*), and American badger (*Taxidea taxus*). Project activities described in the EIR should be designed to avoid any SSC that has the potential to be present within or adjacent to the Project area. CDFW also recommends that the EIR fully analyze potential adverse impacts to SSC due to habitat modification, loss of foraging habitat, and/or interruption of migratory and breeding behaviors. CDFW recommends SACOG include in the analysis how appropriate avoidance, minimization and mitigation measures will reduce impacts to SSC.
3. *Sensitive Plant Communities*: CDFW considers sensitive plant communities to be imperiled habitats having both local and regional significance. Plant communities, alliances, and associations with a statewide ranking of S-1, S-2, S-3, and S-4

² CDFW may only issue incidental take permits for specified projects if certain conditions are satisfied per SB 147.

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should be considered sensitive and declining at the local and regional level. These ranks can be obtained by querying the CNDDDB and are included in *The Manual of California Vegetation* (Sawyer 2009). The EIR should include measures to fully avoid and otherwise protect sensitive plant communities from Project-related direct and indirect impacts.

4. *Native Wildlife Nursery Sites*: CDFW recommends the EIR fully analyze potential adverse impacts to native wildlife nursery sites, including but not limited to bat maternity roosts. Based on review of Project materials, aerial photography, and observation of the site from public roadways, the Project site contains potential nursery site habitat for structure and tree roosting bats and is near potential foraging habitat. Bats are considered non-game mammals and are afforded protection by state law from take and/or harassment, (Fish & G. Code, § 4150; Cal. Code of Regs, § 251.1). CDFW recommends that the EIR fully identify the Project's potential impacts to native wildlife nursery sites, and include appropriate avoidance, minimization and mitigation measures to reduce impacts or mitigate any potential significant impacts to bat nursery sites.
5. *Mitigation*: CDFW considers adverse Project-related impacts to sensitive species and habitats to be significant to both local and regional ecosystems, and the EIR should include mitigation measures for adverse Project-related impacts to these resources. Mitigation measures should emphasize avoidance and reduction of Project impacts. For unavoidable impacts, onsite habitat restoration, enhancement, or permanent protection should be evaluated and discussed in detail. If onsite mitigation is not feasible or would not be biologically viable and therefore not adequately mitigate the loss of biological functions and values, offsite mitigation through habitat creation and/or acquisition and preservation in perpetuity should be addressed.

The EIR should include measures to perpetually protect the targeted habitat values within mitigation areas from direct and indirect adverse impacts in order to meet mitigation objectives to offset Project-induced qualitative and quantitative losses of biological values. Specific issues that should be addressed include restrictions on access, proposed land dedications, long-term monitoring and management programs, control of illegal dumping, water pollution, increased human intrusion, etc.

6. *Habitat Revegetation/Restoration Plans*: Plans for restoration and revegetation should be prepared by persons with expertise in the regional ecosystems and native plant restoration techniques. Plans should identify the assumptions used to develop the proposed restoration strategy. Each plan should include, at a minimum: (a) the location of restoration sites and assessment of appropriate reference sites; (b) the plant species to be used, sources of local propagules, container sizes, and seeding rates; (c) a schematic depicting the mitigation area; (d) a local seed and cuttings and planting schedule; (e) a description of the irrigation methodology; (f) measures to control exotic vegetation on site; (g)

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specific success criteria; (h) a detailed monitoring program; (i) contingency measures should the success criteria not be met; and (j) identification of the party responsible for meeting the success criteria and providing for conservation of the mitigation site in perpetuity. Monitoring of restoration areas should extend across a sufficient time frame to ensure that the new habitat is established, self-sustaining, and capable of surviving drought.

CDFW recommends that local onsite propagules from the Project area and nearby vicinity be collected and used for restoration purposes. Onsite seed collection should be appropriately timed to ensure the viability of the seeds when planted. Onsite vegetation mapping at the alliance and/or association level should be used to develop appropriate restoration goals and local plant palettes. Reference areas should be identified to help guide restoration efforts. Specific restoration plans should be developed for various Project components as appropriate. Restoration objectives should include protecting special habitat elements or re-creating them in areas affected by the Project. Examples may include retention of woody material, logs, snags, rocks, and brush piles. Fish and Game Code sections 1002, 1002.5 and 1003 authorize CDFW to issue permits for the take or possession of plants and wildlife for scientific, educational, and propagation purposes. Please see our website for more information on Scientific Collecting Permits [at www.wildlife.ca.gov/Licensing/Scientific-Collecting#53949678-regulations](http://www.wildlife.ca.gov/Licensing/Scientific-Collecting#53949678-regulations).

7. *Nesting Birds*: Please note that it is the Project proponent's responsibility to comply with all applicable laws related to nesting birds and birds of prey. Migratory non-game native bird species are protected by international treaty under the federal Migratory Bird Treaty Act (MBTA) of 1918, as amended (16 U.S.C. 703 *et seq.*). CDFW implemented the MBTA by adopting the Fish and Game Code section 3513. Fish and Game Code sections 3503, 3503.5 and 3800 provide additional protection to nongame birds, birds of prey, their nests and eggs. Sections 3503, 3503.5, and 3513 of the Fish and Game Code afford protective measures as follows: section 3503 states that it is unlawful to take, possess, or needlessly destroy the nest or eggs of any bird, except as otherwise provided by the Fish and Game Code or any regulation made pursuant thereto; section 3503.5 states that it is unlawful to take, possess, or destroy any birds in the orders Falconiformes or Strigiformes (birds-of-prey) or to take, possess, or destroy the nest or eggs of any such bird except as otherwise provided by the Fish and Game Code or any regulation adopted pursuant thereto; and section 3513 states that it is unlawful to take or possess any migratory nongame bird as designated in the MBTA or any part of such migratory nongame bird except as provided by rules and regulations adopted by the Secretary of the Interior under provisions of the MBTA.

Potential habitat for nesting birds and birds of prey is present within the Project area. The Project should disclose all potential activities that may incur a direct or indirect take to nongame nesting birds within the Project footprint and its vicinity.

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Appropriate avoidance, minimization, and/or mitigation measures to avoid take must be included in the EIR.

CDFW recommends the EIR include specific avoidance and minimization measures to ensure that impacts to nesting birds or their nests do not occur. Project-specific avoidance and minimization measures may include, but not be limited to: Project phasing and timing, monitoring of Project-related noise (where applicable), sound walls, and buffers, where appropriate. The EIR should also include specific avoidance and minimization measures that will be implemented should a nest be located within the Project site. In addition to larger, protocol level survey efforts (e.g., Swainson's hawk surveys) and scientific assessments, CDFW recommends a final preconstruction survey be required no more than three (3) days prior to vegetation clearing or ground disturbance activities, as instances of nesting could be missed if surveys are conducted earlier.

8. *Moving out of Harm's Way*: The Project is anticipated to result in the clearing of natural habitats that support native species. To avoid direct mortality, SACOG should state in the EIR a requirement for a qualified biologist with the proper handling permits, which will be retained to be onsite prior to and during all ground- and habitat-disturbing activities. Furthermore, the EIR should describe that the qualified biologist with the proper permits may move out of harm's way special-status species or other wildlife of low or limited mobility that would otherwise be injured or killed from Project-related activities, as needed. The EIR should also describe qualified biologist qualifications and authorities to stop work to prevent direct mortality of special-status species. CDFW recommends fish and wildlife species be allowed to move out of harm's way on their own volition, if possible, and to assist their relocation as a last resort. It should be noted that the temporary relocation of onsite wildlife does not constitute effective mitigation for habitat loss.
9. *Translocation of Species*: CDFW generally does not support the use of relocation, salvage, and/or transplantation as the sole mitigation for impacts to rare, threatened, or endangered species as these efforts are generally experimental in nature and largely unsuccessful. Therefore, the EIR should describe additional mitigation measures utilizing habitat restoration, conservation, and/or preservation, in addition to avoidance and minimization measures, if it is determined that there may be impacts to rare, threatened, or endangered species.

The EIR should incorporate mitigation performance standards that would ensure that impacts are reduced to a less-than-significant level. Mitigation measures proposed in the EIR should be made a condition of approval of the Project. Please note that obtaining a permit from CDFW by itself with no other mitigation proposal may constitute mitigation deferral. CEQA Guidelines section 15126.4, subdivision (a)(1)(B) states that formulation of mitigation measures should not be deferred until some future time. To avoid deferring mitigation in this way, the EIR should describe avoidance, minimization and mitigation measures that would be implemented should the impact occur.

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California Endangered Species Act

CDFW is responsible for ensuring appropriate conservation of fish and wildlife resources including threatened, endangered, and/or candidate plant and animal species, pursuant to CESA. CDFW recommends that a CESA Incidental Take Permit (ITP) be obtained if the Project has the potential to result in “take” (Fish & G. Code § 86 defines “take” as “hunt, pursue, catch, capture, or kill, or attempt to hunt, pursue, catch, capture, or kill”) of State-listed CESA species, either through construction or over the life of the Project.

State-listed species with the potential to occur in the area include but are not limited to: California tiger salamander (*Ambystoma californiense*), foothill yellow-legged frog - north Sierra DPS (*Rana boylei* pop. 3), giant gartersnake (*Thamnophis gigas*), Swainson’s hawk (*Buteo swainsoni*), bank swallow (*Riparia riparia*), tricolored blackbird (*Agelaius tricolor*), Crotch’s bumble bee (*Bombus crotchii*), and Sierra Nevada red fox - Sierra Nevada DPS (*Vulpes vulpes necator* pop. 2).

The EIR should disclose the potential of the Project to take State-listed species and how the impacts will be avoided, minimized, and mitigated. Please note that mitigation measures that are adequate to reduce impacts to a less-than significant level to meet CEQA requirements may not be enough for the issuance of an ITP. To facilitate the issuance of an ITP, if applicable, CDFW recommends the EIR include measures to minimize and fully mitigate the impacts to any State-listed species the Project has potential to take. CDFW encourages early consultation with staff to determine appropriate measures to facilitate future permitting processes and to engage with the U.S. Fish and Wildlife Service and/or National Marine Fisheries Service to coordinate specific measures if both State and federally listed species may be present within the Project vicinity.

Native Plant Protection Act

The Native Plant Protection Act (Fish & G. Code §1900 *et seq.*) prohibits the take or possession of State-listed rare and endangered plants, including any part or product thereof, unless authorized by CDFW or in certain limited circumstances. Take of State-listed rare and/or endangered plants due to Project activities may only be permitted through an ITP or other authorization issued by CDFW pursuant to California Code of Regulations, Title 14, section 786.9 subdivision (b).

Lake and Streambed Alteration Program

The EIR should identify all perennial, intermittent, and ephemeral rivers, streams, lakes, other hydrologically connected aquatic features, and any associated biological resources/habitats present within the entire Project footprint (including utilities, access and staging areas). The environmental document should analyze all potential temporary, permanent, direct, indirect and/or cumulative impacts to the above-mentioned features and associated biological resources/habitats that may occur because of the Project. If it is determined the Project will result in significant impacts to these resources the EIR shall propose appropriate avoidance, minimization and/or

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mitigation measures to reduce impacts to a less-than-significant level.

Section 1602 of the Fish and Game Code requires an entity to notify CDFW prior to commencing any activity that may do one or more of the following:

1. Substantially divert or obstruct the natural flow of any river, stream or lake;
2. Substantially change or use any material from the bed, channel or bank of any river, stream, or lake; or
3. Deposit debris, waste or other materials where it may pass into any river, stream or lake.

Please note that "any river, stream or lake" includes those that are episodic (i.e., those that are dry for periods of time) as well as those that are perennial (i.e., those that flow year-round). This includes ephemeral streams and watercourses with a subsurface flow. It may also apply to work undertaken within the flood plain of a body of water.

If upon review of an entity's notification, CDFW determines that the Project activities may substantially adversely affect an existing fish or wildlife resource, a Lake and Streambed Alteration (LSA) Agreement will be issued which will include reasonable measures necessary to protect the resource. CDFW's issuance of an LSA Agreement is a "project" subject to CEQA (see Pub. Resources Code 21065). To facilitate issuance of an LSA Agreement, if one is necessary, the EIR should fully identify the potential impacts to the lake, stream, or riparian resources, and provide adequate avoidance, mitigation, and monitoring and reporting commitments. Early consultation with CDFW is recommended, since modification of the Project may avoid or reduce impacts to fish and wildlife resources. All LSA Notification types must be submitted online through CDFW's Environmental Permit Information Management System (EPIMS). For more information about EPIMS, please visit <https://wildlife.ca.gov/Conservation/Environmental-Review/EPIMS>. More information about LSA Notifications, paper forms and fees may be found at <https://www.wildlife.ca.gov/Conservation/Environmental-Review/LSA>.

Please note that other agencies may use specific methods and definitions to determine impacts to areas subject to their authorities. These methods and definitions often do not include all needed information for CDFW to determine the extent of fish and wildlife resources affected by activities subject to Notification under Fish and Game Code section 1602. Therefore, CDFW does not recommend relying solely on methods developed specifically for delineating areas subject to other agencies' jurisdiction (such as United States Army Corps of Engineers) when mapping lakes, streams, wetlands, floodplains, riparian areas, etc. in preparation for submitting a Notification of an LSA.

CDFW relies on the lead agency environmental document analysis when acting as a responsible agency issuing an LSA Agreement. CDFW recommends lead agencies coordinate with us as early as possible, since potential modification of the proposed

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Project may avoid or reduce impacts to fish and wildlife resources and expedite the Project approval process.

The following information will be required for the processing of an LSA Notification and CDFW recommends incorporating this information into any forthcoming CEQA document(s) to avoid subsequent documentation and Project delays:

1. Mapping and quantification of lakes, streams, and associated fish and wildlife habitat (e.g., riparian habitat, freshwater wetlands, etc.) that will be temporarily and/or permanently impacted by the Project, including impacts from access and staging areas. Please include an estimate of impact to each habitat type.
2. Discussion of specific avoidance, minimization, and mitigation measures to reduce Project impacts to fish and wildlife resources to a less-than-significant level. Please refer to section 15370 of the CEQA Guidelines.

Based on review of Project materials, aerial photography and observation of the site from public roadways, the Project site supports multiple major watercourses and its associated riparian habitat. CDFW recommends the EIR fully identify the Project's potential impacts to the stream and/or its associated vegetation and wetlands.

ENVIRONMENTAL DATA

CEQA requires that information developed in environmental impact reports and negative declarations be incorporated into a database, which may be used to make subsequent or supplemental environmental determinations (Pub. Resources Code, § 21003, subd. (e)). Accordingly, please report any special-status species and natural communities detected during Project surveys to CNDDDB. The CNDDDB field survey form can be found at the following link: <https://www.wildlife.ca.gov/Data/CNDDDB/Submitting-Data>. The completed form can be submitted online or mailed electronically to CNDDDB at the following email address: CNDDDB@wildlife.ca.gov.

FILING FEES

The Project, as proposed, would have an effect on fish and wildlife, and assessment of filing fees is necessary. Fees are payable upon filing of the Notice of Determination by SACOG and serve to help defray the cost of environmental review by CDFW. Payment of the fee is required in order for the underlying project approval to be operative, vested, and final. (Cal. Code Regs, tit. 14, § 753.5; Fish & G. Code § 711.4; Pub. Resources Code, § 21089.)

CONCLUSION

Pursuant to Public Resources Code sections 21092 and 21092.2, CDFW requests written notification of proposed actions and pending decisions regarding the Project. Written notifications shall be directed to: California Department of Fish and Wildlife

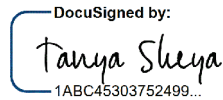
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North Central Region, 1701 Nimbus Road, Rancho Cordova, CA 95670 or emailed to
R2CEQA@wildlife.ca.gov.

CDFW appreciates the opportunity to comment on the Notice of Preparation of the
EIR for the 2025 Metropolitan Transportation Plan/Sustainable Communities
Strategy for The Sacramento Region and recommends that SACOG address
CDFW's comments and concerns in the forthcoming EIR. CDFW personnel are
available for consultation regarding biological resources and strategies to minimize
impacts.

If you have any questions regarding the comments provided in this letter or wish to
schedule a meeting and/or site visit, please contact Alexander Funk, Environmental
Scientist at (916) 817-0434 or alexander.funk@wildlife.ca.gov.

Sincerely,

DocuSigned by:

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Tanya Sheya
Environmental Program Manager

ec: Ian Boyd, Senior Environmental Scientist (Supervisory)
Alexander Funk, Environmental Scientist
Department of Fish and Wildlife

Office of Planning and Research, State Clearinghouse, Sacramento

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REFERENCES

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Vegetation, 2nd ed. California Native Plant Society Press, Sacramento, California.
<http://vegetation.cnps.org/>

From: Jackie Whitelam <jackiewhitelam@gmail.com>
To: EIR Comments eircomments@sacog.org
Date: Wed 2/26/2025 1:38 PM
Subject: further info regarding my 2/26/25 chat comments offered on blueprint eir scoping meeting

EXTERNAL EMAIL: If unknown sender, do not click links/attachments.

Attached are three SPUR publications that elaborate on the need for a change in the method of delivery for housing. Hopefully they will come through.

Lessons From Vienna's Social Housing Model



GLOBAL POLICY
LEADERSHIP ACADEMY

SPUR Jan 10, 2023

Helmi A. Hissrich
Director of Global Housing Solutions
Helmi@gpla.co
<https://gpla.co>

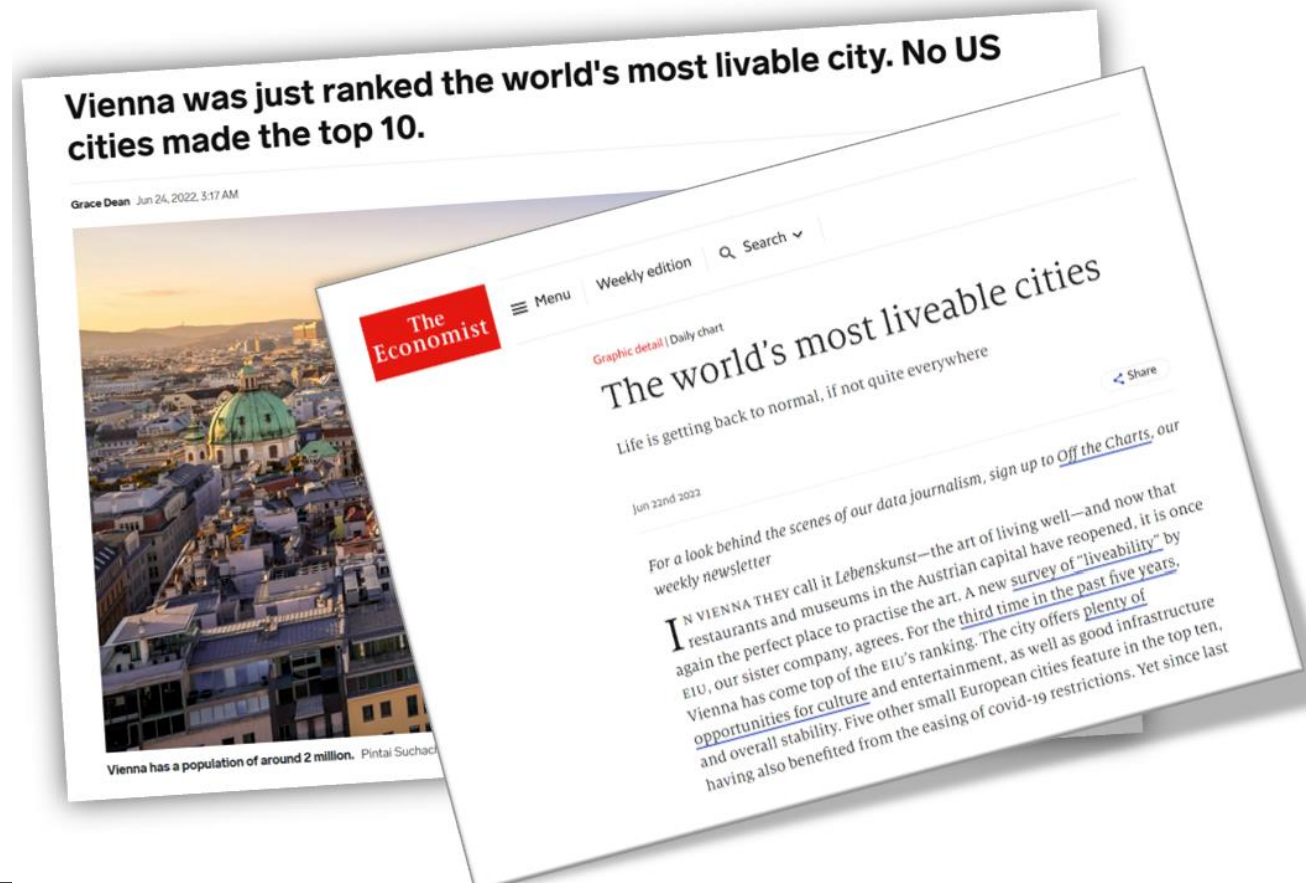
Vienna solved their housing crisis

1918: 30,000 Homeless



© State Hall of the Austrian National Library. Photographer, Albert Hilscher.

2022: Most Livable City

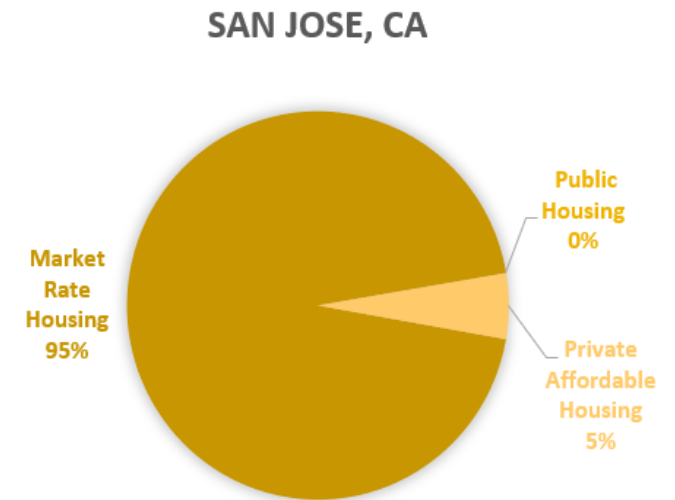
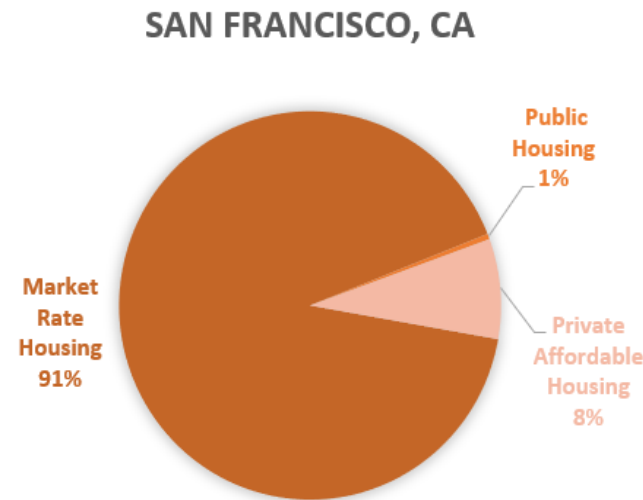
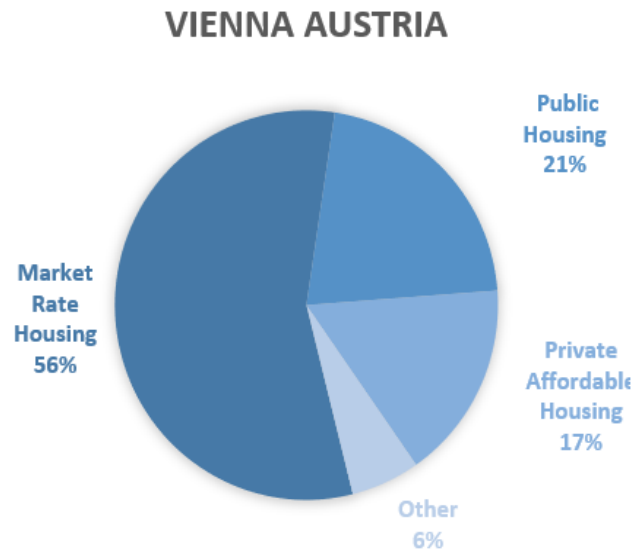


Vienna's Approach to Housing

- Housing for All
- Sufficient Housing Capital
- Pro Active Public Land Strategy
- Cost Based Financing (LPHA)
- Innovation & Sustainability



City Comparisons



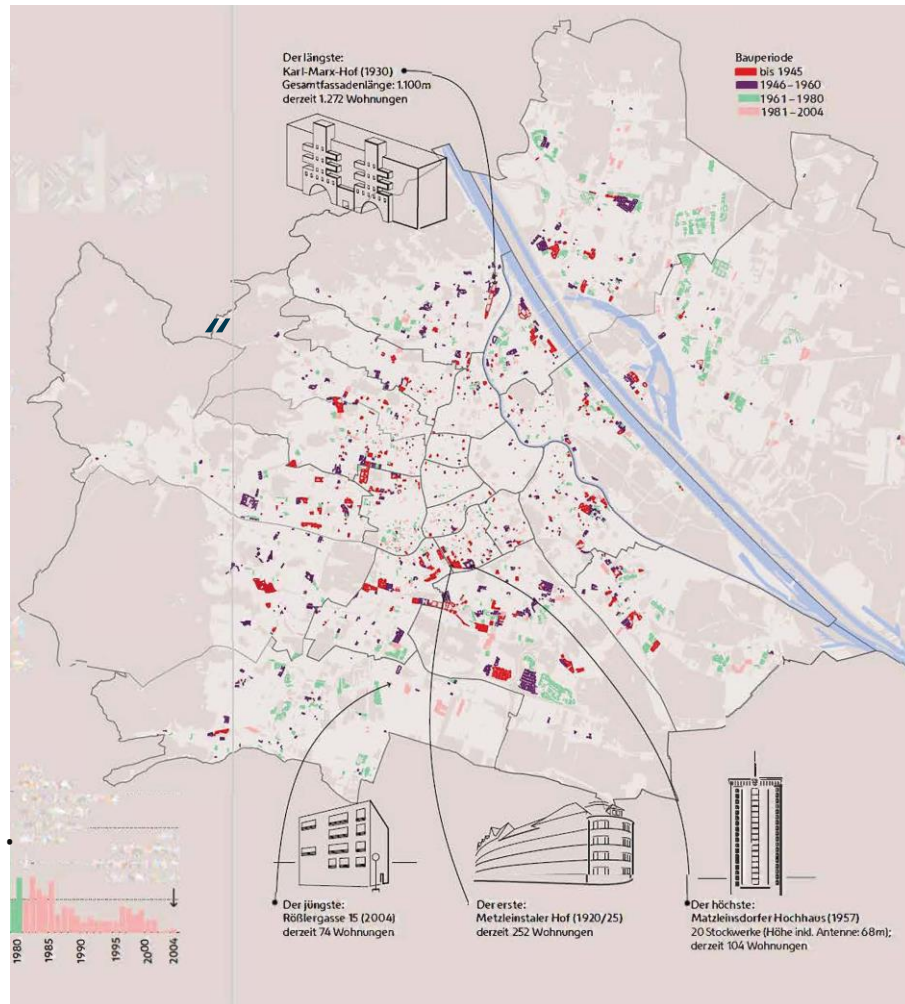
Total Population	1,960,023	887,711	1,021,786
Total Housing Units	1,050,000	340,140	322,881
Total Affordable Housing	442,000	29,890	17,598
Homelessness	2,200	7,754	6,650

Housing for All



- 80 % of Vienna's residents qualify
- Housing set asides for Low-income and vulnerable groups
- Focus on Community Building
- Comprehensive tenant services
- Displacement prevention

Social Mixing Policy



You can't tell a person's income by their address"

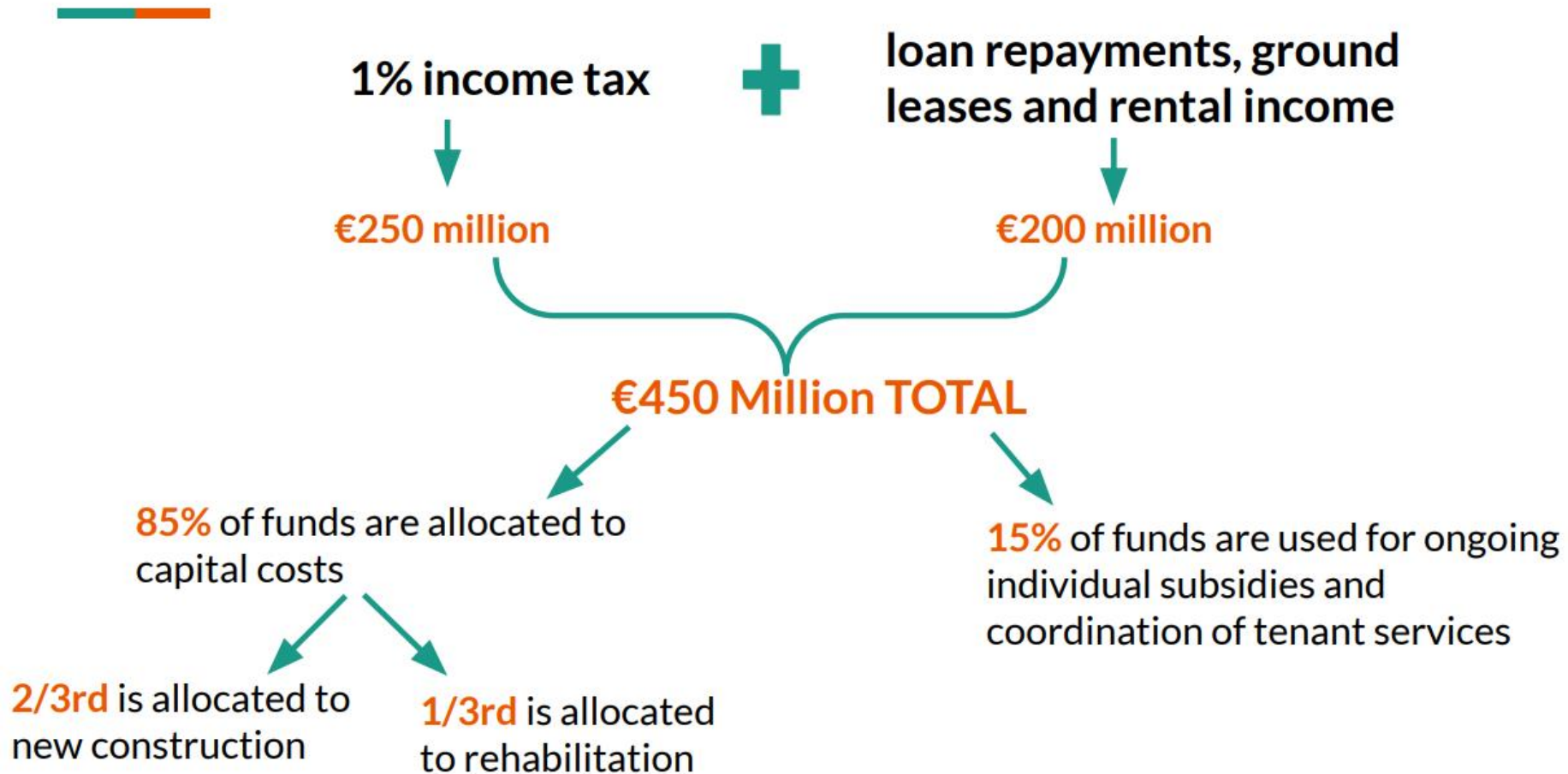
Michael Ludwig, Mayor of Vienna



Mölker Bastei (Wien 1)

Photo: Gerd Götzenbrucker

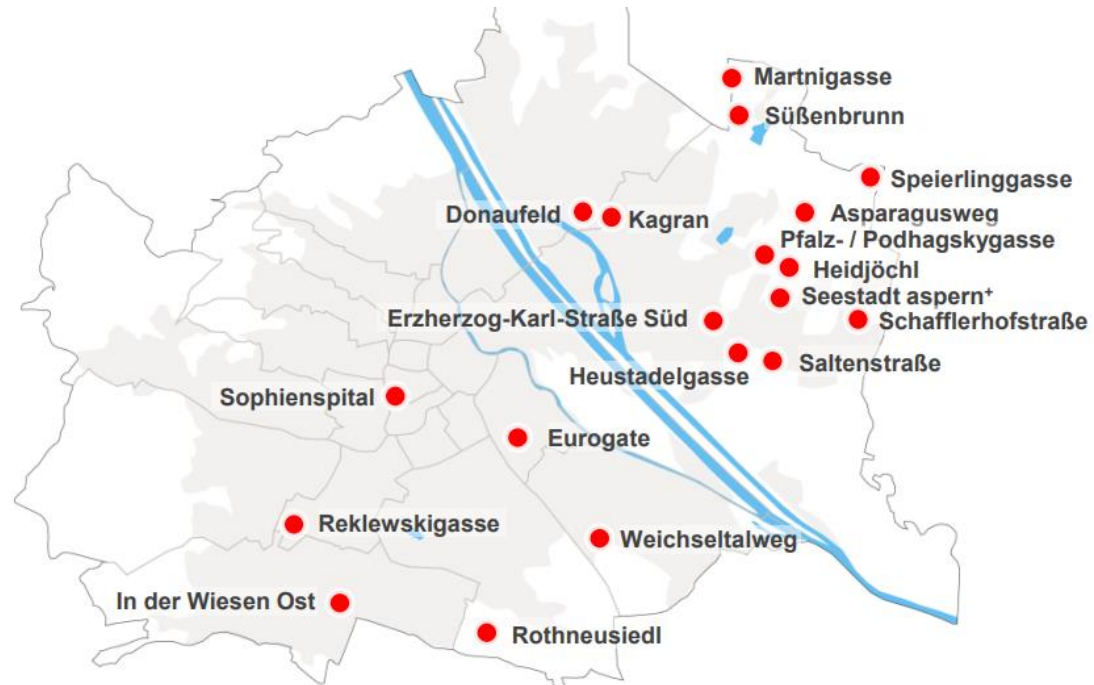
Vienna's Housing Capital



Public Land Strategy

Total land holdings
3.2 million m²
Including leasehold

- Recent major > new housing developments



wohnfonds_wien



fonds für wohnbau
und stadterneuerung

Large Scale Urban Development

- Mixed Income Zoning
- Infrastructure Investment
- Developer Competitions
 - Social Sustainability
 - Design
 - Environmental Sustainability
 - Financial Feasibility



Open Space & Public Transit

- 75 Acres
- 17 Acre Park
- 5,500 Units
- Central Rail Station
 - 100 Shops
 - EV Car Sharing Svc
 - 600 Parking Stalls
 - 1,100 Bicycle Stalls



Sonnenwendviertel

A Variety of Housing Types



Municipal
Housing



Limited
Profit
Housing
Association



SMART
Apartments



Owner
Cooperatives



Gentle
Density



Temporary
Emergency
Housing

Cost Based Financing

Limited Profit Housing Associations (LPHA)



- 100 Year History
- 60 Active LPHAs
- LPHA Model
 - Mixed income housing
 - Limit on land price
 - Limitation of financing
(max. 3.5% return on equity capital)
 - Low cost loans (1% 40 year amort)
 - Cost-limited rents
 - “Smart Units” micro units
 - Tenants Contribute 1% of Costs
 - Right to Purchase

Sustainability & Innovation

- Low Carbon Construction
- Car free living
- Electrification of Utilities
- Smart technology

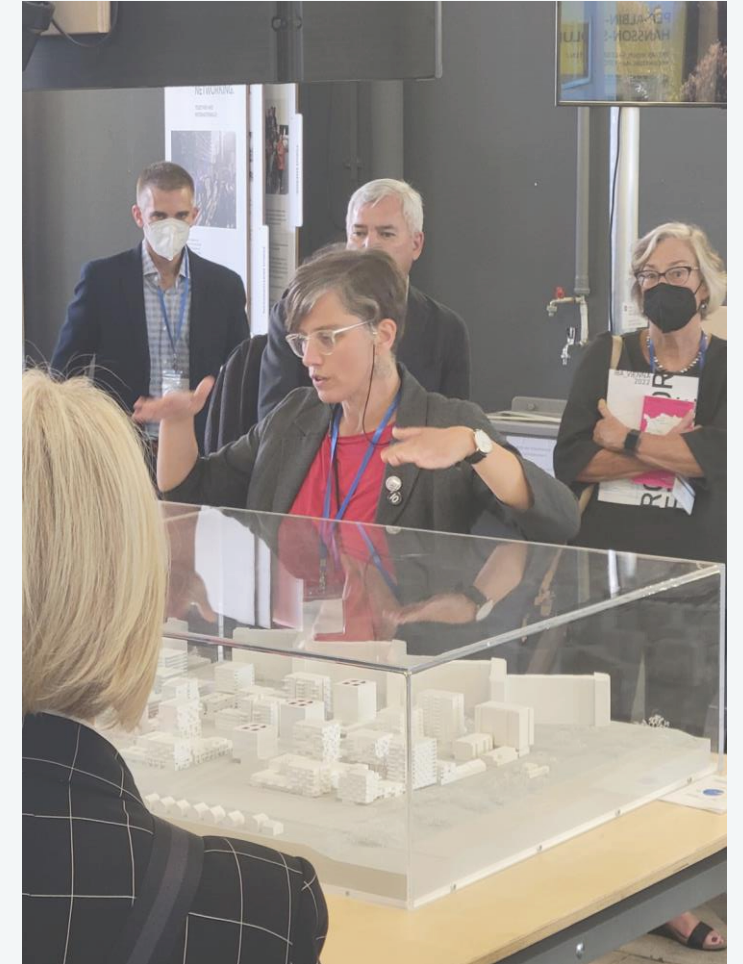


Join a future delegation!



To learn more about the Vienna Social Housing Field Study, visit

<https://GPLA.co>





SPUR REPORT
HOUSING

 SPUR
REGIONAL
STRATEGY

Housing as Infrastructure

Creating a Bay Area housing
delivery system that works
for everyone

APRIL 2021



**This report is a component of the SPUR Regional Strategy,
a vision for the future of the San Francisco Bay Area**
spur.org/regionalstrategy

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Housing the Region Task Force

We thank the following task force
members for sharing their time and
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or peer review, please see the
appendix on page 40.

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Introduction

SPUR believes that it is essential that every person have a place to live, just as it is essential to have food to eat, clean water to drink and power to provide heat in the winter. In the United States, housing is viewed as a financial asset — something to be bought, rented and sold. In other countries, housing is a human right, something that is necessary for the health and well-being of every person. Many places outside of the United States treat housing as both a right and a financial asset. In these places, housing is accessible and affordable to a broad swath of the population, and homelessness is less prevalent.

In a world where the premise is that everyone deserves a safe, decent and affordable place to live, government has a large role to play in supporting the production of housing at all income levels. Housing is treated as public infrastructure, much like water or electricity. The government is much more active in owning, funding and financing housing. It also plays a stronger hand in regulating the housing market. Instead of using regulations to limit housing production to the types of housing that are politically acceptable to neighbors, as is the case in the United States, governments determine what public lands will be made available for development and, in many instances, to regulate prices.

Treating housing as infrastructure is not an unachievable fantasy. Other countries have done it, and we can learn from them. What these countries have in common are, first, a belief that housing is a human right and, second, national governments that play a strong role in ensuring that housing is provided at affordable levels to those who need it. While this report focuses on the actions that can be taken at the state and regional — rather than federal — levels, we can learn important lessons from other countries.

Denmark: In Copenhagen, 15% of the housing stock is “social housing” — publicly financed housing that serves low- and middle-income households. Denmark’s national policy is to provide “affordable housing for all,” and housing programs are organized to achieve that goal. Everyone who needs a rental subsidy in Denmark gets one.¹ The National Building Fund for Social Housing provides resources to create social housing as well as to maintain existing social housing. And a public corporation, known as the Copenhagen City and Port Development Corporation, can fund infrastructure and further developments that support the public good.²

Austria: In Vienna, 48% of housing is either social housing or housing that’s owned by nonprofits. A federal tax on both employers and employees is specifically designated to support housing. The city itself owns 220,000 units of housing. And private developers must share profits with a public revolving fund dedicated to producing more housing.³

Japan: In Tokyo, renters make up 46% of the population. Housing is rebuilt every 20 to 30 years; at the end of that period, the older housing has almost no value and is not seen as a mechanism to transfer wealth. The federal government makes most land use decisions, development is streamlined and new

¹ OECD, *The OECD Tax Benefit Model for Denmark: Description of Policy Rules for 2018*, page 11, <http://www.oecd.org/els/soc/TaxBEN-Denmark-2018.pdf>

² Cristian Bevington, Paul Peninger and Sarah Karlinsky, *From Copenhagen to Tokyo: Learning From International Delivery Systems*, SPUR and AECOM, August 6, 2020, pages 3-12, <https://www.spur.org/publications/white-paper/2020-08-06/copenhagen-tokyo>

³ Ibid., pages 20-25.

housing supply outstrips demand, keeping costs low. The government also offers discounts on publicly financed housing to households that locate near their older family members, as well as to families with children, in order to encourage mixed-age communities.⁴

Hulgård Plads housing in Copenhagen, Denmark, provides publicly financed social housing to residents.



Treating housing as a human right is not a completely new idea in the United States. In 1944, during his State of the Union address, President Franklin Delano Roosevelt called for a “Second Bill of Rights” that included the right of every family to “a decent home.”⁵ And in 1948, the United States signed the Universal Declaration of Human Rights, which includes the right to housing but does not have the binding power of law. Despite these initial steps, the promise of housing as a right in this country has never been fulfilled.

⁴ Ibid., pages 32–37.

⁵ Eric Tars, “Housing as a Human Right,” 2016 Advocates’ Guide, National Low Income Housing Coalition, 2016, https://nlihc.org/sites/default/files/2016AG_Chapter_1-6.pdf

A Brief History of New Deal Housing Programs in the United States: Homeownership, Public Housing and Systemic Racism

As part of the New Deal in the 1930s, the United States created the Federal Housing Administration (FHA) to regulate mortgage interest and offer low-cost long-term debt to buyers. Since its creation, the FHA has insured more than 46 million mortgages.⁶ After World War II, FHA-backed loans accounted for a massive housing boom, allowing millions of largely white families to access homeownership for the first time. At the same time, this program institutionalized racism. The FHA developed “redlining” maps that showed where loans could and couldn’t be made. FHA-backed mortgages were not permitted in communities primarily made up of Black people and other people of color, thereby denying homeownership to people of color and reinforcing the wealth gap.⁷

The Federal Housing Act of 1937 created public housing (housing owned and funded by the government) in the United States. Under this program, 1.4 million units of housing were built and made affordable to low-income people.⁸ While the original impetus of the legislation was to create safe and decent housing for the working class, public housing policies also enshrined racial segregation in many communities.⁹ Over the years, chronic defunding of public housing operations contributed to the physical deterioration of the buildings and turned public housing into housing of last resort.

What our history tells us is that this country is capable of treating housing as infrastructure. It is also capable of enacting and reinforcing racism in its housing policies. It is SPUR’s hope that the Bay Area can use the tools of government to create a housing system that is racially equitable and that enables housing to be treated as a human right.

6 U.S. Department of Housing and Urban Development, “The Federal Housing Administration (FHA),” https://www.hud.gov/program_offices/housing/fhahistory

7 Richard Rothstein, *The Color of Law: A Forgotten History of How Our Government Segregated America*, Liveright Publishing / W.W. Norton, 2017, <https://wwwnorton.com/books/The-Color-of-Law/>

8 National Housing Law Project, “Public Housing,” <https://www.nhlp.org/resource-center/public-housing/>

9 National Low Income Housing Coalition, “Public Housing History,” October 17, 2019, <https://nlihc.org/resource/public-housing-history>

This report is part of SPUR's Regional Strategy, a 50-year vision for the future of the Bay Area. Focusing on a five-decade time horizon enables us to think about solutions to entrenched problems at the scale that's required to meet the challenge, allowing us to consider the question: "What interventions would actually be sufficient to turn the tide on the housing crisis?" Reconceiving of housing as infrastructure could fundamentally transform the region's housing landscape and empower state, regional and local governments to undertake changes on a large scale.

If we begin to treat housing as infrastructure, what might the results look like in the Bay Area? In the future, affordable housing would be sufficiently funded to the point where the region produced enough affordable housing for those who needed it. Governmental institutions would be actively looking to acquire new land and buildings and would use existing public land to create more affordable homes. The cost of producing new housing would decrease because modular housing would be the norm and not the exception and because regulatory efforts would not be geared toward stopping new housing from being built, but rather toward encouraging the creation of the housing the region needs. There would be a strong pipeline of construction workers being trained for well-paying jobs building innovative, factory-built housing. These jobs would not be subject to boom-and-bust real estate market cycles because the government would intervene to ensure that housing was built during market downturns. Most middle-income housing would be built by the private market because it would be faster and cheaper to build new housing, and the supply of housing would be large enough that people weren't outbidding each other for scarce units. And our state property tax system would encourage cities to support the construction of new housing.

We have the ability to achieve this vision. But we must create a housing delivery system that works for everyone, not just those who can afford to outcompete everyone else for a new housing unit.

This report makes a series of recommendations to change our housing delivery system. Taken collectively, they move us toward a future where housing is available to all who need it. Some of these ideas require a significant change from our current political reality, but if we want housing to be treated as a human right, these are changes well worth making.

Housing the Region:

A 50-Year Vision to Solve the Bay Area's Affordability Crisis

SPUR's vision for the Bay Area is one where all communities can thrive. Housing is the bedrock of a healthy region. By 2070, we want to create a Bay Area where everyone has a safe, decent, affordable place to live.

How does the region achieve this vision? In order to answer this question, SPUR has developed four reports on housing as part of our Regional Strategy initiative. There is no one silver bullet to address the housing crisis. Instead, a sustained, multifaceted approach is needed.



What It Will Really Take to Create an Affordable Bay Area

How much housing does the region need to build to keep income inequality from getting worse?

This report describes the factors that have led to the housing crisis, changes in income and wealth that stem in part from the housing shortage and the impacts these changes have had on the region. It quantifies the housing shortage of the past 20 years and the amount of housing the region will need to build over the next 50 years to prevent income inequality from getting worse: approximately 2.2 million homes, or roughly 45,000 homes a year for 50 years.



Housing as Infrastructure

Creating a Bay Area housing delivery system that works for everyone

SPUR believes that housing is a human right. If we treat housing as essential for humans to thrive, then the government must play a more critical role in providing it. For example, the public sector does not wait for the open market to provide water to homes and businesses: In most communities, it actively intervenes to ensure that this happens.

This report describes how the role of government must change in order to produce enough housing at all income levels, including changes in funding, the roles and responsibilities of different institutions, reforms in property taxation and mechanisms to support the industrialization of housing construction.



Meeting the Need

The path to 2.2 million new homes in the Bay Area by 2070

The region needs to produce 2.2 million new homes at all income levels over the next 50 years. This report details where these homes should go: in areas that are well served by transit, in commercial corridors and historic downtowns, in areas with great schools, jobs and amenities, and in the region's existing suburbs. The report also outlines how the rules governing the planning and permitting of housing will need to change. This includes both requirements and incentives for local governments to change their zoning codes to allow for much more housing.



Rooted and Growing

SPUR's anti-displacement agenda for the Bay Area

To create an equitable, sustainable and prosperous Bay Area of 2070, we need to radically change not only how much housing we build but also how we build it and where we built it. We must also ensure that the benefits of new infill development are shared by low-income communities and communities of color, who have historically been left out of the region's growing economy.

This report focuses on the steps needed to support both people and neighborhoods. Local jurisdictions will need to actively plan to reduce or eliminate displacement impacts. Local, regional and state government should align tax policies and incentives to reduce speculation in the housing market. Cities across the region must strengthen tenant protections. And government at all levels should foster the creation of places where people of different races, incomes and life experiences all feel like they belong.

The ideas in these reports are interdependent. It is not sufficient just to build enough housing; we must also protect tenants from displacement and eviction. It is not enough to reduce speculation in the market; we must also make tax structures fairer and support affordable housing production. It is not enough to fund affordable housing; we must also make it faster and less expensive to build housing. SPUR views the ideas in these reports as mutually reinforcing and invites readers to engage with each report. A summary of the entire project — Housing the Region: A 50-Year Vision to Address the Bay Area's Housing Crisis — can be found at spur.org/housingtheregion.

Recommendations

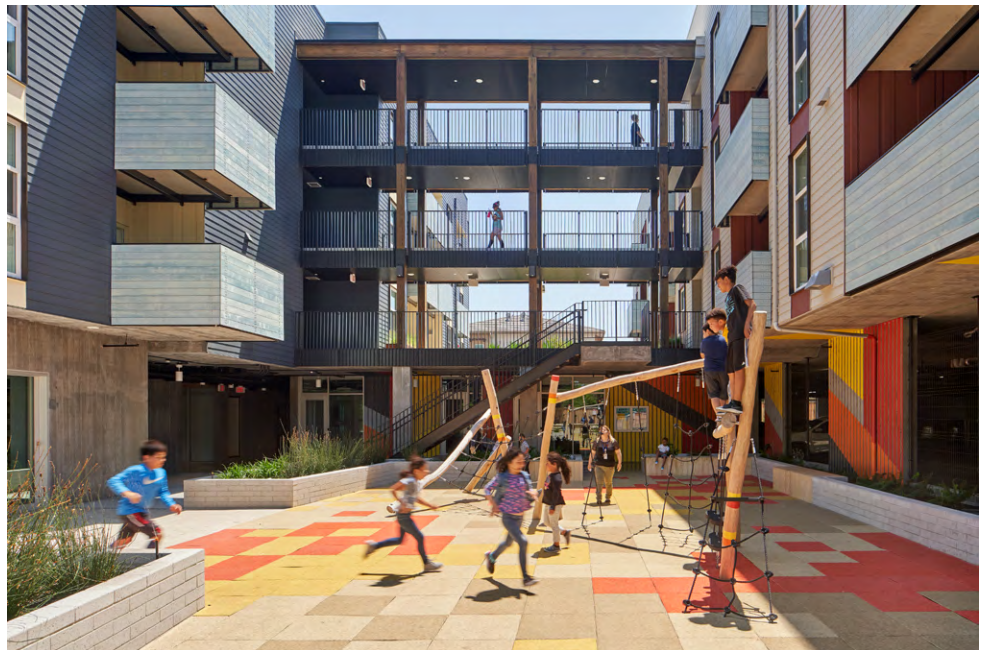
The following recommendations describe how housing policy would need to change in order to produce enough housing at all income levels. These changes include dramatically increasing the level of funding available for affordable housing, making existing housing permanently affordable, building a sufficient amount of middle-income housing, building housing throughout the market cycle including during downturns, industrializing housing production and changing California's tax structure to be fairer and to encourage housing production.

Recommendation 1

Expand affordable housing funding and production.

In order to produce a sufficient amount of affordable housing, state, regional and local governments will need to create significant new funding resources. Affordable housing is funded through a variety of different mechanisms, including federal resources in the form of the Low-Income Housing Tax Credit (LIHTC), the HOME Investment Partnerships Program and the Community Development Block Grant Program. The State of California also provides financing through multiple funding programs administered by the Department of Housing and Community Development and tax-exempt bond debt (which is debt that needs to be repaid, but at a lower interest rate). There are also regional, county and local programs that provide funds for affordable housing, usually funded with bonds that are passed by voters.

Affordable homes, such as these apartments developed by MidPen Housing in Sunnyvale, help create communities where families can thrive.



In order to address the need for affordable housing at scale, however, the amount of funding needs to increase and the cost of delivering affordable housing needs to fall. (For a discussion about reducing costs, see Recommendation 5.) On the funding side, the amount of increase needed is substantial. A recent study



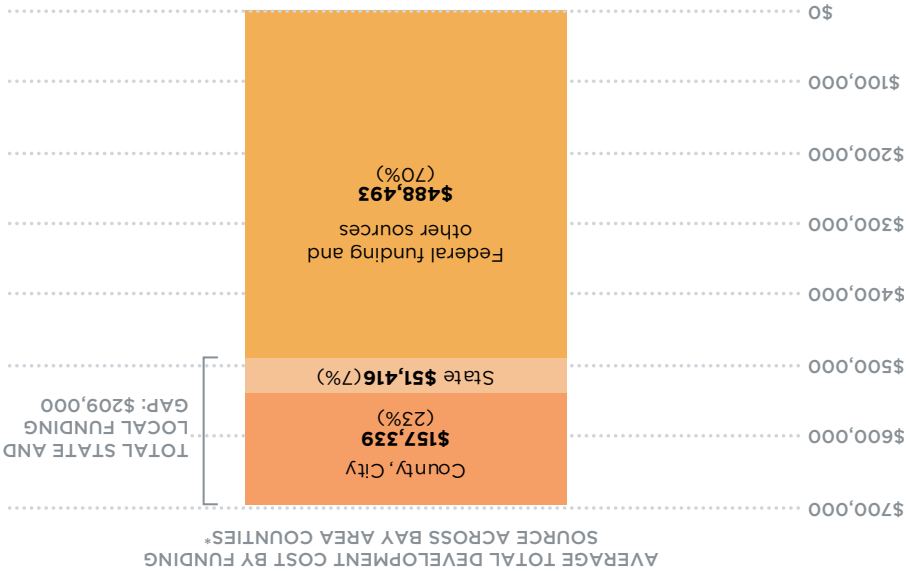
conducted for SPUR by Strategic Economics found that the combined local and state subsidy needed to create a unit of housing for a low-income family (i.e., the gap between what the unit costs to build and what the federal government, the developer and the family collectively pay) is \$209,000. For a moderate-income household, that gap is \$240,000.¹⁰ The total cost to produce a housing unit is roughly \$700,000.

FIGURE 1

How Much Does Low-Income Housing Cost State and Local Governments?

The overall cost per unit to develop a new unit of affordable housing is \$700,000. The state and local funding gap is more than \$200,000 per unit¹¹ — the amount needed to build a new unit after federal funding and other sources are taken into account.

*Average of Alameda, Contra Costa, San Francisco, San Mateo and Santa Clara counties.



The moderate-income household gap is larger than the low-income household gap because there are almost no forms of subsidy for such households at the federal level, and therefore the entire funding gap must be borne by the local government.

Of course, if the cost of producing housing could be lowered, then the amount of subsidy needed would

be reduced. SPUR's hope is that the gap to produce permanently affordable housing will shrink as the cost of producing housing falls thanks to construction improvements and a simplified process for housing entitlements, all of which are discussed in Recommendation 5 (see page 26), as well as in SPUR's companion report *Meeting the Need: The Path to 2.2 Million Homes in the Bay Area by 2070*.¹²

At the same time, some actions that state, regional and local governments can take to support the creation of moderate-income housing would require more minimal subsidies or potentially no subsidy at all for certain smaller building types, such as accessory dwelling units.

If we apply the identified funding gap to the number of units that must be built to accommodate the future population growth of low- and moderate-income households, the total need for affordable housing subsidy in the Bay Area is at least \$3.5 billion annually in the early years, before construction and process improvements can be realized.

10 Sujata Srivastava, Evelyn St-Louis and Heather Bromfield, "Funding Gap for Low- and Moderate-Income Housing in the Bay Area," Strategic Economics for SPUR, July 8, 2020, https://www.spur.org/sites/default/files/Low-Income_and_Moderate_Income_Funding_Gap_Memo.pdf.

11 Ibid.

12 Sarah Karlinsky and Kristy Wang, *Meeting the Need: The Path to 2.2 Million Homes in the Bay Area by 2070*, SPUR, April 2020, <https://www.spur.org/meetingtheneed>.

FIGURE 2

State and Local Government Must Subsidize \$3.5 Billion of Housing Annually to Meet Future Demand

According to current projections, the region will require \$3.5 billion in affordable housing subsidies annually, but this amount could decrease if building costs can be reduced and if the market can produce more units that moderate-income households can afford.

LOCAL AND STATE SUBSIDY NEEDED TO ACCOMMODATE FUTURE HOUSING DEMAND FOR LOW- AND MODERATE-INCOME HOUSEHOLDS (2020–2070)

Area Median Income (AMI) Category	Total Households (over 50 years)	Average Annual Production Needed	Amount of Annual Subsidy Needed
Less than 50% AMI (very low-income)	368,000	7,360 units	\$1.5 billion
50% to 80% AMI (low-income)	203,500	4,070 units	\$850 million
80% to 100% AMI (moderate-income)	139,500	2,780 units	\$670 million
100% to 120% AMI (moderate-income)	103,500	2,070 units	\$500 million
Total	814,500	16,290 units	\$3.5 billion

In order to address the subsidy gap, SPUR recommends the following:

A Create new sources of affordable housing funding at the state, regional and local levels.

In order to address the gap in resources for affordable housing, the region will need to develop new sources of funding. These could include a set of large regional bond measures that could then be distributed by the Bay Area Housing Finance Authority, or BAHFA (see sidebar on page 13). Other potential sources include parcel taxes, sales taxes, transfer taxes, commercial linkage fees (impact fees for commercial development), gross receipts taxes, vacant homes taxes and document recording fees. These sources could also be collected and distributed by BAHFA.

At the same time, the state will also need to develop more stable funding for affordable housing. Reform of Proposition 13 — a 1978 constitutional amendment that caps each property's tax rate and assessed value — should be pursued, as discussed in Recommendation 6 of this report (see page 36).

The Bay Area Housing Finance Authority: What a Regional Housing Agency Could Deliver

SPUR believes that a regional housing entity called the Bay Area Housing Finance Authority (BAHFA), newly enabled in 2019, has the potential to have greater impact on housing outcomes in the Bay Area if its mission is broadened and its resources bolstered.

In many ways, the best place to address Bay Area housing challenges is at the regional level. The Bay Area has a regional jobs and housing market, but land use and housing powers are situated within local governments. And yet housing affordability and a regional housing shortage cannot be solved within an individual jurisdiction. The actions of the 101 cities and nine counties of the Bay Area collectively can lead to the creation of enough housing for all or to the dire shortage and price spikes we see today. On the other hand, California, home to 40 million people, is massive and has a wide range of residents' needs and local conditions. The state government's ability to monitor and intervene to support good land use planning is limited by the sheer size and complexity of the state itself. All of these things considered, the power to address certain types of housing challenges may be better suited to regional government.

Situated between the state and local scale, the region currently has somewhat limited tools with which to fight the housing crises that face the Bay Area. The Association of Bay Area Governments (ABAG) and the Metropolitan Transportation Commission (MTC) provide many important planning, research, coordination and financing functions to the region, including Plan Bay Area, the regional plan and Sustainable Communities Strategy.

In 2019, the State Legislature passed AB 1487, creating the Bay Area Housing Finance Authority thanks to the leadership of State Assemblymember David Chiu, Enterprise Community Partners and the Non-Profit Housing Association of Northern California. AB 1487 now allows a new entity, BAHFA, to raise, administer and allocate money for affordable housing and provide technical assistance in order to strengthen tenant protections, preserve affordable housing and produce new affordable housing. While it is a separate legal entity from MTC, BAHFA will have the same governing board as MTC and be guided by MTC and ABAG's executive board.

BAHFA has important powers, and these should be built upon to make the agency even more effective. Specifically, there are several activities that BAHFA should be tasked with overseeing in the near term, most of which are already permitted. SPUR recommends that BAHFA:

- Collect and distribute funding for investment in affordable housing production and preservation.
BAHFA could receive billions of dollars through federal and state appropriations as well as drive regional ballot measures to fund the production and preservation of affordable housing.
- Coordinate housing and anti-displacement policies and facilitate information-sharing across jurisdictions.
- Provide best practices, technical assistance and financial assistance to localities to implement housing and anti-displacement policies.
- Develop a regional land banking strategy and then acquire, manage, hold and dispose of land and buildings for affordable housing. If needed, the state should amend AB 1487 to ensure BAHFA has these powers.
- Collect and synthesize data on the planning, production and preservation of housing (with ABAG).

- Manage Doorway (known today as DAHLIA in San Francisco), a consolidated regional affordable housing platform to connect residents to housing opportunities. Doorway can also provide a tremendous amount of valuable data for future policy-making and program development.
- Develop and manage a regionwide right-to-purchase program for tenants and nonprofits.
- Manage a regionwide right-to-counsel program and network for tenants facing eviction.
- Increase coordination of homelessness prevention efforts (including services and rental assistance) across the region.
- Promote and support alternative models of affordable, shared equity ownership (shared equity ownership is discussed further in the companion report *Rooted and Growing: SPUR's Anti-Displacement Agenda for the Bay Area*¹³).

In the future, this agency could do even more. For instance, AB 1487 expressly prohibits BAHFA from regulating or enforcing local land use decisions. But because of its focus on the larger region, BAHFA might be in the best position to serve as an arbiter of local disputes. With the powers it has today, BAHFA can immediately contribute to solving the Bay Area's housing problems, but over the next 50 years, it could be positioned to take on an even larger role in future land use issues.

The Bay Area's housing market is regional, and we need regional tools to address our needs. A regional housing agency has the potential not only to address the region's housing crisis but also to strengthen the Bay Area's ability to function as a region on multiple fronts.

B | Ensure that new sources are available to support affordable housing production during downturns.

Any new funding sources that are created should enable the construction of affordable housing during a downturn (see Recommendation 4 below). This can be accomplished in a variety of ways. Bond issuances and other funding sources passed by voters (typically during an upcycle, when voters are more likely to pass additional funding measures) could require that a percentage of proceeds be placed in a rainy-day fund to be used when the market moves toward a downturn. Other funding sources could be established as revolving loan funds whose proceeds from loan payments are reinvested in future projects.

C | Advocate for a stronger role for the federal government in funding affordable housing.

While new state and local sources will be critical in funding affordable housing, it will be equally important for the federal government to increase funding for affordable housing production. Yet federal subsidies for affordable housing have declined over the past few decades. Between 2003 and 2015, HOME and Community Development Block Grant funds in California decreased by 50% to 60%.¹⁴

Increased federal funding for affordable housing would reduce the resources needed at the state and local

¹³ Kristy Wang, *Rooted and Growing: SPUR's Anti-Displacement Agenda for the Bay Area*, SPUR, April 2020, <https://www.spur.org/rootedandgrowing>.

¹⁴ Strategic Economics, "Funding Affordable Housing Near Transit in the Bay Area Region," prepared for the Great Communities Collaborative, pages 10 and 12, https://www.greatcommunities.org/wp-content/uploads/Report_Final_Updated_20170803.pdf

levels. The largest federal housing program in the United States is the mortgage income tax deduction, which costs between \$30 billion and \$34 billion annually.¹⁵ It supports homeowners rather than renters, which results in a disproportionate benefit for people with higher incomes.¹⁶ The 2017 Tax Cut and Jobs Act shrank the mortgage interest deduction in a few ways, first by limiting the deduction to the first \$750,000 of a mortgage that originated after December 16, 2017 (or the first \$1 million for mortgages prior to that date). Because that law also increased the standard deduction, it effectively eliminated the mortgage interest deduction for lower-income households. The funds created from this change were used to pay for tax cuts, but a future tax bill could set aside those funds instead for affordable housing. Additionally, future tax reform that reestablishes higher corporate tax rates could be used to fund a variety of social programs that help low-income families, including affordable housing.

As mentioned earlier, other countries that sufficiently fund affordable and social housing rely on the national government and national housing policies to ensure that all residents are housed. The importance of federal housing policy to support housing affordability cannot be overstated. State and local leaders should continue to advocate for significant funding for affordable housing.

Can the Bay Area End Homelessness by 2070?

Homelessness is an enormous challenge in the Bay Area today. According to the 2019 count, more than 28,000 residents of the Bay Area were experiencing homelessness, and two-thirds of the homeless population was unsheltered (meaning that they lacked access to even temporary, emergency shelters), the second-highest percentage in the United States after Los Angeles.¹⁷ These statistics don't even show the thousands of Bay Area residents who are living on the edge of homelessness — whether they're doubling up with relatives, moving between short-term living situations or devoting an extreme proportion of income to rent. More than 50% of households in the Bay Area pay over 30% of their income toward housing costs — and more than 26% of households spend over half of their income on housing.¹⁸ And this is happening in a place with a strong economy and high rates of employment, one of the highest concentrations of billionaires in the world and voters who have tended to support a strong safety net. Homelessness is an abject failure of policy — housing policy, economic policy and more — as much as it is a collective moral failure.

Many reasons — both structural conditions and individual circumstances — underlie the region's large and growing number of people without homes.¹⁹ Some of the key drivers include high housing costs (particularly for extremely low-income households), rising income and wealth inequality, and a limited social safety net. Structural racism plays a major role; in the Bay Area, people who identify as Black or African

¹⁵ For the \$34 billion estimate from the Joint Committee on Taxation, see: Andrew Aurand, "The Mortgage Interest Deduction," 2019 Advocates' Guide, National Low Income Housing Coalition, 2019, https://nlihc.org/sites/default/files/AG-2019/06-09_Mortgage-Interest-Deduction.pdf; for the \$30 billion estimate, see: William G. Gale, "Chipping Away at the Mortgage Deduction," The Brookings Institution, May 13, 2019, <https://www.brookings.edu/opinions/chipping-away-at-the-mortgage-deduction/>

¹⁶ IRS, "Publication 936, Home Mortgage Interest Deduction," <https://www.irs.gov/publications/p936>

¹⁷ Bay Area Council Economic Institute, Bay Area Homelessness: A Regional View of a Regional Crisis, April 2019, page 7, http://www.bayareaeconomy.org/files/pdf/Homelessness_Report_2019_web.pdf

¹⁸ Bay Area Equity Atlas, "Housing Burden," <https://bayareaequityatlas.org/indicators/housing-burden#/?houseburd01=2>

¹⁹ Ibid, page 6.

American comprise only 6% of the overall population but 29% of those experiencing homelessness.²⁰

SPUR believes that the Bay Area should eradicate homelessness by 2070. This is a place known for its economic opportunities and social justice values, but we also struggle with great financial and racial disparities. SPUR wants to see the region make transformative changes across policy areas to embody our values and ensure that all residents of the Bay Area have a roof over their heads by 2070.

Specifically, SPUR's housing vision will help ameliorate homelessness by:

- Seeking to provide a sufficient amount of affordable housing at all levels, especially for extremely low-income households
- Reducing the costs and delays associated with creating affordable housing
- Protecting renters so they don't lose their homes
- Recommending rental enhancements such as vouchers
- Helping secure homeownership opportunities for low- and moderate-income buyers so they are not at risk of displacement

(For detailed recommendations related to this vision, see *Rooted and Growing: SPUR's Anti-Displacement Strategy for the Bay Area*.)

Having a home is the foundation of a safe, secure and dignified life. Many Bay Area organizations, including All Home and Destination Home, are focused on the hard work of making homelessness rare, brief and non-recurring. SPUR will continue to work with these and other partner organizations to realize the vision of a Bay Area where everyone has a home.

Homelessness impacts residents throughout the Bay Area, forcing families and individuals to find shelter in public spaces such as Guadalupe River Park in San José.



20 Ibid, page 9.

Recommendation 2

Place land and buildings in public or nonprofit ownership.

Placing land and buildings in nonprofit or public ownership is one of the most important things the public sector can do to encourage long-term housing affordability and reduce speculation. Many of the successes that cities in Europe or Asia have been able to accomplish through their social housing systems have come about because of access to large swaths of public land. While public land ownership in the Bay Area may be limited today, the region can build toward those goals by better using existing public land and moving more land and housing from private ownership to public or not-for-profit ownership and management, which can lead to more stable communities.

After purchasing Garland Plaza in 2007, Nonprofit MidPen Housing rehabilitated the units and converted them to permanently affordable housing.



Unrestricted affordable housing is particularly important to preserve. Roughly 282,000 low-income families in the Bay Area live in housing that is affordable to them but is currently at risk of cost escalation because those units are not subsidized or price-restricted.²¹

²¹ Analysis completed by the California Housing Partnership and Enterprise Community Partners. This number represents an estimate of the total number of unrestricted units offered at rents affordable to low-income (< 80% Area Median Income [AMI]) households and occupied by either an extremely low-income (< 30% AMI), very low-income (< 50% AMI) or low-income (< 80% AMI) household. While this number accounts for most deed-restricted affordable housing, due to data limitations the methodology does not incorporate public housing or locally restricted housing, such as units made affordable through inclusionary zoning. It also excludes housing occupied by tenants using a Housing Choice Voucher, since the units themselves are technically still subject to changes in the market and landlord participation is voluntary.

The best time to purchase these properties is during a recession, when the price of apartment buildings and land tends to fall. Without capital or a coordinated plan that allows for quick action, public entities and nonprofits cannot compete with private investors for these assets. The result is a missed opportunity to create long-term affordable housing with a lower level of public investment than it would take to purchase those same buildings or land at the height of the market. California's Project Homekey is a good step in that direction, providing \$600 million to purchase buildings and turn them into permanent affordable housing for formerly homeless individuals.

Creating a funding stream for these kinds of acquisitions is one obvious hurdle, but other challenges loom with regard to nonprofit capacity and the efficiency of operating models over the long term. The region's existing housing nonprofits are structured to develop, manage and operate larger low-income housing developments, not small, scattered sites with four, six or even a dozen units each. Small-project transactions often require as much staff work as large ones. More nonprofits will need to grow or be created in order to scale this effort across the region. BAHFA and local governments should invest in capacity-building to help in this effort (see Recommendation 2F below).

During the current downturn, the public sector should waste no time in taking the following actions. These will also set up the Bay Area to respond more effectively during future downturns.

A | Empower BAHFA to acquire, hold and manage land and property.

As discussed in Recommendation 1, BAHFA is a new regional entity with powers to raise and allocate new revenue for affordable housing, to collect data on housing production and to provide technical assistance to local governments seeking to develop and preserve affordable housing. While BAHFA does have the authority to spend funds to purchase land and property in order to preserve or create affordable housing, it is not yet clear whether BAHFA itself can purchase and hold that property. BAHFA should be empowered to receive, purchase and hold land for the purposes of creating affordable housing and to make that land available for these purposes. This should include allowing BAHFA to hold tax-delinquent land, clear the title and make the property available for affordable housing or other public uses.

BAHFA could also partner with nonprofit entities to secure property. The San Francisco Housing Accelerator Fund, created in 2017 after being incubated in the Mayor's Office, helps creatively facilitate the preservation and production of affordable housing in San Francisco. As a public-private partnership, the fund is able to move more quickly and facilitate different kinds of loans/investments to housing nonprofits than the city of San Francisco can. This kind of partnership could be utilized in more places throughout the Bay Area at the local level.

B | Develop a regional land banking strategy.

BAHFA should be charged with developing a regional land banking strategy. This should include maintaining an inventory of publicly owned land suitable for affordable housing development, which would contain data about zoning, how the land is currently being used and who owns it. BAHFA should provide technical support for local public entities that do not have expertise in disposing of land or redeveloping it as affordable housing and should help them pursue legislation needed to support land banking efforts.²²

²² For more information on steps needed to support regional land banking in the Bay Area, please see: Heather Hood and Geeta Rao, *The Elephant in the Region*, Enterprise Community Partners, January 2018, pages 21-22, <https://www.enterprisecommunity.org/download?fid=8728&nid=6072>

C | Retain public land over the long term.

Once government agencies own property, they should strive to lease the land to a developer and allow the developer to build on that land, rather than sell public land in most cases. Not only does retaining public ownership of land allow for more opportunities to prioritize affordable housing, but it also gives public agencies more leverage and more flexibility about how to meet future needs — whether housing-related or otherwise. SPUR believes that public agencies should be able to exercise some flexibility on this front since site conditions, site locations, city needs and agency needs vary widely. Using long-term leases, however, should be the primary and predominant approach.

D | Develop public and philanthropic resources that can be used during a downcycle to acquire existing property that can be converted to permanently affordable housing.

Recommendation 1 discussed the public funding needed to create new affordable housing. Significant sources of funding will also be needed to purchase unregulated housing that is affordable to low-income people with the goal of converting it to long-term affordable housing. A recent analysis by Enterprise Community Partners estimates that the gap to acquire and rehabilitate a unit of housing for permanent affordability is between \$117,000 and \$330,000 per unit.²³ In addition, funding will be needed to purchase land and “soft sites” (such as underutilized commercial property) that could be developed as affordable housing in the future. Philanthropic agencies could be working on developing funds during an upcycle that would be deployed rapidly in a downcycle for the purposes of acquiring property for affordable housing use.

E | Create incentives for property owners to sell existing housing to nonprofit housing organizations.

Currently, property owners who sell their properties for below-market prices can receive tax benefits for their donation, but this approach relies upon the largesse of property owners and is not a scalable incentive. But incentives related to capital gains taxes could make the sale of property to nonprofit organizations more attractive. The state could create an exemption from capital gains taxes for sales to a nonprofit housing organization. Alternatively, the government could offer a longer 1031 (“like-kind”) exchange period (under current rules, if an owner sells an investment property to a nonprofit housing organization and purchases a similar one within 180 days, then the owner can defer paying capital gains until after the purchase). Cities also could consider transfer tax exemptions for property sales to nonprofit housing organizations. San Francisco currently offers partial transfer tax relief for transactions involving the Community Opportunity to Purchase Act (see Recommendation 3 in *Rooted and Growing: SPUR’s Anti-Displacement Agenda for the Bay Area*).

Cities could also use their zoning powers to create and share value through a transfer of development rights (TDR) program for the air rights above existing housing that is sold to a nonprofit (“air rights” are the right to develop the vertical space above a property, up to the height that zoning rules permit). If a property owner sells a residential building to a nonprofit that intends to retain the existing building and not redevelop the property, the seller would be able to retain the air rights — say, for example, the existing housing is a two-story building, but zoning allows up to five stories. The seller could later sell the development rights to those undeveloped three stories to buyers who would use them to develop a larger building elsewhere. When the seller sells those

²³ “Bay Area Affordable Housing Pipeline,” presentation by Enterprise Community Partners, December 17, 2020.

air rights through the TDR program, 50% of the value would go to the seller and 50% would go into the city's housing coffers. But cities might want to carve out the ability to retain the air rights in the event that they and their nonprofit partners foresee a future redevelopment of the property.

F | **Form a regional nonprofit entity that can collectively own and asset-manage small properties for smaller nonprofits.**

As mentioned earlier, most affordable housing organizations today are scaled to efficiently operate larger buildings, with several dozen if not hundreds of units. To meet the scale of need in the Bay Area and to viably operate smaller existing buildings (that are likely to be acquired as part of the region's preservation efforts), the region needs a different kind of operating model.

In New York, several community development corporations have come together and formed JOE NYC, a joint-ownership entity that owns and asset-manages affordable housing contributed by its members.²⁴ With a larger collective portfolio, this entity has greater ability to operate at scale, both from an operations perspective and from a financing perspective. With a stronger balance sheet, it can serve as a guarantor for its member organizations and enable refinancing of affordable housing properties. This is a model that the Bay Area could follow in order to support smaller nonprofits in the efficient operation and financial management of smaller properties.

Recommendation 3 **Make it possible to build middle-income housing.**

SPUR estimates we need to build a minimum of 408,500 homes for households at 80% to 150% of Area Median Income (AMI). Households in these "middle incomes" typically do not qualify for housing subsidies, but they are also unable to afford market-rate housing in many parts of the Bay Area market. Failing to plan for and build middle-income housing puts pressure on the more affordable parts of the housing market, leading to gentrification and displacement. It also leads to sprawl as middle-income families look for affordable housing at the fringe of the region and beyond, which exacerbates climate change and wildfire risk.

The most important step we can take to build middle-income housing is to produce significantly more housing, particularly smaller multifamily housing developments that can be built more cheaply. Well-functioning housing markets do not have extreme housing shortages that drive up housing prices to levels that middle-income people cannot afford. We discuss many ways to increase housing production in our report *Meeting the Need: The Path to 2.2 Million New Homes in the Bay Area*.

²⁴ See more at <http://www.joenyc.org/>

Small four- to six-unit apartment buildings, such as this one in Portland, Oregon, help create more middle-income housing options.



This recommendation focuses on some near- and medium-term actions that could create more middle-income housing as we continue to work to address the housing shortage:

A | Encourage the market to produce more modest housing types.

Much work at the state level has made it possible to build more modest housing types such as accessory dwelling units (ADUs), but more work needs to be done to make it easier to finance and inexpensively construct new ADUs. ADUs are a critical part of the housing market, creating affordable rental units and offering homeowners flexibility throughout different cycles of life — an ADU can be a space for an aging parent to live or for the owners themselves to live in retirement while renting out their principal home.

Enabling the production of duplexes, triplexes and four- to six-unit buildings in lower-density communities would also help enormously to address the housing crisis. These smaller types of buildings can foster more affordable homeownership opportunities while creating their own market ecosystem of smaller contractors and builders.

Reducing development impact fees or inclusionary requirements (requirements that developers build a certain percentage of low-income housing) for buildings that serve the middle-income population would also help. Encouraging the creation of units with more modest finishes that come without a parking space could serve this market as well.

B | Provide modest subsidies to support the creation of middle-income housing in expensive Bay Area housing markets.

There are many parts of California where market-rate housing is affordable to middle-income households. But in the expensive, densely built parts of the inner Bay Area, some additional subsidy is needed. This doesn't need

to come in the form of direct subsidy. For example, the Bay Area could learn from the Mitchell Lama program in New York State.

Signed into law in 1955, the Mitchell Lama program created 269 housing developments with more than 105,000 units of rental and cooperative housing affordable to low- and moderate-income households. Mitchell Lama offered a package of incentives (including low-interest mortgages, low-cost or free land and property tax exemptions) that private developers utilized to build the units and maintain strictly regulated rents over time. The Bay Area might build on this model (with changes to ensure permanent affordability) in order to incentivize the creation of moderate-income housing without direct subsidy.

The state could also encourage local jurisdictions to waive development fees for moderate-income units. Another powerful step would be to expand the welfare property tax exemption for households earning up to 120% of AMI. Currently, the California Constitution allows for a welfare property tax exemption for households earning up to 80% of AMI, meaning that owners of qualifying properties do not have to pay property taxes for units occupied by households earning 80% of AMI or less. Most permanently affordable housing developments make use of this welfare property tax exemption. Expanding the exemption for units serving moderate-income households in high-cost regions such as the Bay Area could help finance the construction of moderate-income housing. It is important, however, that this exemption only be provided to properties whose rents are 20% or more below market rate so that the state does not end up subsidizing market-rate housing.

In another option, the state could greatly expand the pool of tax-exempt bond debt, first to support affordable housing for those at 80% of AMI or below. Once the pool is large enough to support all projects for households at 80% of AMI or below that require financing, the pool could be expanded further to include projects for households earning between 80% and 120% of AMI.

Any project receiving these incentives would be required to price its units to be affordable for households at 120% of AMI or below.

C | **Encourage the creation of a new type of development entity focused on middle-income housing.**

Market-rate developers work in exchange for a percentage of the profit from funds they invest in their projects and tend to be profit-motivated. Affordable housing developers rely on sources of subsidy to make units permanently affordable. It would be helpful to have a third type of development entity in the marketplace — for-profit fee-developer entities (i.e., developers that build for a set fee, rather than a percentage of return). These developers would have limited profit and focus on the middle-income housing niche, increasing production capacity for middle-income housing.

Recommendation 4

Develop financial and public policy tools that can be deployed to encourage private housing construction during a downturn.

During a downturn, the construction of market-rate housing usually slows to a trickle, since market-rate housing relies on rising rents or sales prices to cover the cost of development — including land, construction, financing, developer profit and soft costs such as architecture, engineering and legal fees. In some parts of the Bay Area, the cost of building a unit of housing is more expensive than anywhere else in the country due to the lack of sufficient land zoned for multifamily housing construction, significant regulatory barriers and the need for more construction workers.

What can be done to encourage the construction of market-rate housing during a downturn so that the region's housing shortage can be addressed? Part of the answer will be to drive down the cost of producing housing by finding ways to produce that housing more cheaply, a topic explored in Recommendation 5 below. Another answer will lie in financial and public policy tools that can boost the financial feasibility of market-rate housing during a downturn.

During a downturn, market-rate housing production slows to a trickle, causing prices to spike when the economy revives and more workers arrive in the region looking for housing.



Recent analysis by the Emerald Fund for SPUR conducted at the start of the current downturn²⁵ indicates that the gap between what projects require financially to move forward and what current rents provide is significant. Costs to build housing include land, construction, architectural and engineering charges, and permits and fees, as well as the cost of financing. When the total costs (shown in Figure 3 in the “Total Development

²⁵ Analysis completed by Brynn McKiernan of the Emerald Fund in summer of 2020. Pro forma analysis conducted for sample multifamily projects in San Francisco, San Jose and Oakland. See: https://www.spur.org/sites/default/files/Residential_Pro_Formas_in_San_Francisco_San_Jose_and_Oakland.pdf

Cost” column) to build a project are larger than the profit that comes from rent or sales, this creates a shortfall in financing. Recent estimates show that this gap can range from \$30 million to \$60 million for a 180-unit wood-frame-over-concrete-podium project in different parts of the Bay Area. The annual operating gap (the difference between what it costs to operate the building and what is collected in rent) is between \$1.5 million and \$3 million, as shown below.

FIGURE 3
**New Housing Construction Falls Short of Funding
During Latest Economic Downturn**

For multifamily housing projects throughout the region, the gap in total development costs ranges from \$32 million to \$62 million. It will require a significant drop in construction costs, increases in rents and/or public-sector intervention to get multifamily housing development built under these market conditions.

FINANCIAL GAPS IN MARKET-RATE HOUSING PRODUCTION DURING THE 2020 DOWNTURN²⁶

Building Type	Location	Total Development Cost	Total Gap ²⁷	Annual Net Operating Income Gap
180-unit Type III building (wood frame over podium)	San Francisco	\$130 million	\$37 million	\$2.3 million
	Oakland	\$125 million	\$32 million	\$1.5 million
	San Jose	\$145 million	\$62 million	\$3.1 million

In some cases, even a 25% drop in construction costs coupled with an elimination of inclusionary housing requirements does not erase the gap,²⁸ although such reductions certainly help with project feasibility. For market-rate housing to move forward during a downturn, public intervention will be needed. Some options include the following:

A | **Create public- or philanthropic-sector loan guarantees to reduce risk.**

One of the biggest challenges for market-rate developers securing capital during a downturn is managing the risk, or perception of risk, for investors. During a downturn, investors may require developers to create reserve funds to prove that funding will be available over a certain number of months, which only adds to development costs during a financially challenging time. If the public (or even philanthropic) sector could provide guarantees that investments would be repaid, the cost of capital would be lower. The public or philanthropic sector could explore the concept of risk-sharing — where the public or philanthropic entity takes on more risk during a downturn in exchange for a share of the gains during an up market. In other words, the public or philanthropic sector could guarantee or even lend some portion of funds (as subordinate debt), which could be repaid in future years when the market is on an upswing.

²⁶ Ibid.

²⁷ Development cost gap is based on net operating income (NOI) using 5% return on cost (ROC), less total development costs.

²⁸ See note 26.

B | Subsidize net operating income for a period of time.

Instead of providing long-term funding for market-rate housing, the public sector could instead subsidize the first few years of losses during a downturn, until rents return. This subsidy could come in the form of rental vouchers provided by municipalities or the state. The public sector could then require rent caps on a certain number of units during an upturn in exchange for the public investment during the early years. While this program would cover market-rate developments, SPUR also recommends rental vouchers for low-income households in our report *Rooted and Growing: SPUR's Anti-Displacement Agenda for the Bay Area*.

C | Create an infrastructure bank to serve as a co-investor in property development.

An infrastructure bank is a publicly funded entity that can loan money for projects that serve a public purpose. The bank can then be repaid over time and relend the money after it is repaid (i.e., a revolving loan fund). The bank can loan money at cheaper rates and/or take on more risk than a conventional bank. In the Bay Area, such an infrastructure bank could serve as a co-investor (equity partner) in a particular development, taking a subordinate equity position and sharing both the risk and the upside of development. In addition to market-rate housing, moderate-income and affordable housing could benefit from the creation of an infrastructure bank. Access to the infrastructure bank could be conditioned on certain types of community-related investments, similar to what's been suggested for Opportunity Zone financing.²⁹

D | Make zoning changes that enhance feasibility.

Some zoning changes could make development more feasible while also supporting sustainability goals. These changes might include eliminating parking requirements (building parking structures can cost between \$50,000 and \$60,000 per space³⁰) and passing zoning regulations that allow more multifamily housing, which has the potential to drive down the cost of land (see SPUR's report *Meeting the Need: The Path to 2.2 Million New Homes in the Bay Area*). Additionally, cities should consider removing requirements for ground-floor retail in some locations and allowing the ground floor to serve as housing. In many places, ground-floor retail does not add to the feasibility of projects and is very sensitive to downturns. In certain locations where ground-floor retail is unlikely to be successful, it should be replaced with other active uses (such as housing or live/work space). Such zoning changes could also help support the feasibility of affordable and moderate-income housing.

29 Kofi Bonner et al., *Growing Wealth in Opportunity Zones: A Proposal for Community Equity Trusts*, <https://drexel.edu/nowak-lab/publications/reports/Growing%20Wealth%20in%20Opportunity%20Zones%20A%20Proposal%20for%20Community%20Equity%20Trusts/>

30 Michelle Huttenhoff, Michael Lane and Amanda Ryan, "Sheltering in Place Reminds Us How Much Parking Dominates Our Cities — and Lives," SPUR, April 27, 2020, <https://www.spur.org/news/2020-04-27/sheltering-place-reveals-how-much-parking-dominates-our-cities-and-lives>

Recommendation 5

Industrialize housing production.

One of the biggest barriers to creating the 2.2 million new homes we need by 2070 is the high cost of construction in the Bay Area. According to a 2020 study published by the Turner Center, after adjusting for inflation, hard costs (materials and labor) in California increased by 25% between 2009 and 2018 and have continued to rise since then.³¹ In addition, construction costs are far higher in the Bay Area due to a confluence of factors, including the high cost of living, tighter site conditions, higher wages, workforce rules and more restrictive regulations, permitting and approvals.

Why is the high cost of construction a problem? With market-rate housing, if development costs, including developer and investor returns, exceed the rent or sale price that prospective residents are willing to pay, then new housing won't get built. As a result, today many housing proposals are not feasible to build, and those that are feasible are likely at the higher end of the market. With affordable housing, when development costs continue to increase, the public gets fewer housing units for the same amount of public investment, and the public becomes increasingly wary of making future investments in housing.

To produce housing at the scale needed, it is therefore critical to examine all the cost components of development: land prices, financing, construction, building permits, planning and building code requirements, taxes and fees. The time it takes to construct a building and the materials and labor costs associated with construction are both challenges that need to be addressed. Construction is one of the few industries that has not benefited from changes in technology and reductions in production costs that have characterized many other industries. SPUR believes that the industrialization of the housing production process (see “What Is Industrialized Housing?” on page TK) would enable housing to be produced faster and for less money. How do we move toward this goal?

A | Embrace building innovations.

The public and private sector must both embrace building innovations. An oft-quoted report from McKinsey & Company notes that productivity in the global construction sector significantly trails that of other sectors, particularly in the United States, where agriculture and manufacturing productivity have increased by 10 to 15 times since the 1950s, while construction remains at the same level.³² While the report notes the challenge of comparing productivity across industries, nonetheless the extreme discrepancy suggests there is room for improvement. Some of those areas include digitization, supply chains and procurement, contractual reforms, robotization and new building technologies.

1. Shift the mentality of regulators to support innovation.

Regulatory agencies traditionally see themselves as enforcers of rules and often assume the worst of those applying for permits. As regulators, cities and the state must be concerned with the risks for people living in buildings or buying units, so they may be conservative or slow when it comes to approving the use of new building technologies or assigning liability for construction defects.

31 Hayley Raetz et al., *The Hard Costs of Construction: Recent Trends in Labor and Materials Costs in Apartment Buildings in California*, Turner Center, March 2020, http://turnercenter.berkeley.edu/uploads/Hard_Construction_Costs_March_2020.pdf

32 Filipe Barbosa et al., *Reinventing Construction Through a Productivity Revolution*, McKinsey & Company, February 27, 2017, <https://www.mckinsey.com/industries/capital-projects-and-infrastructure/our-insights/reinventing-construction-through-a-productivity-revolution>

Nevertheless, high housing costs and homelessness are also critical public challenges that need to be addressed. Therefore, the public sector has a moral imperative to support the development of new building innovations that might bring down the cost of housing construction.

SPUR thinks regulatory agencies could follow global examples and reframe their role to embrace innovation and the shared pursuit of certain outcomes — such as more housing or better public spaces — sought by both the public and private sector.

For example, Amsterdam has designated certain areas as “Living Labs,” where public and private parties collaborate as a team to pilot new ways of doing urban development to meet climate targets and other goals.³³ In some places, the existing zoning regulations have been waived in order to experiment with different approaches, and city staff and project sponsors are teamed up to identify solutions together.

Closer to home, Mayor London Breed’s executive order on ADUs radically slashed permitting timelines in San Francisco for new ADUs and eliminated a longstanding permit backlog. Among other things, the order required the creation of interdepartmental teams to facilitate the review and approval of ADU applications within a certain period of time.³⁴

Regulatory agencies should see themselves as part of a team seeking better ways to build housing for all. They could do this by embracing partnerships across agencies and partnerships with the private sector and by working with those partners to actively support the adoption of construction innovations such as factory-built housing.

2. Create an arm of the state’s housing department that approves the use of new building technologies, means and methods on a pilot basis.

One of the challenges of adopting new building innovations is getting local building departments to consider and approve an approach not explicitly contemplated by the building code. Even if a sponsor is interested in trying a new material or method, the effort to educate and get approvals in only one jurisdiction might not be worthwhile.

California’s Housing and Community Development Department (HCD) currently has jurisdiction over permitting for modular and manufactured components of housing. While there are current challenges around how this HCD team interacts with local building departments, which also have a permitting and inspection role, the team’s mission could be broadened to include permitting for other pilot-worthy building technologies, materials, means and methods. These innovations could include the prefabrication of units or building components, newer materials like cross-laminated timber (also known as mass timber), 3D printing, robotic processes and the more widespread use of building information modeling and other design technologies.

This arm of HCD could review and issue permits for pilot projects statewide, perhaps with regional teams that understand place- and market-specific trends. As a result, every single local building department would not need to get comfortable for something new to reach scale, and experience would accumulate within one agency that could be applied to projects in multiple jurisdictions. This HCD team

33 Amsterdam Institute for Advanced Metropolitan Solutions, “Urban Living Labs,” <https://www.ams-institute.org/how-we-work/living-labs/>; Circular Buiksloterham, “Amsterdam Launches Living Lab for Circular Urban Development,” April 22, 2015, <https://buiksloterham.nl/message/2229/amsterdam-launches-living-lab-for-circular-urban-development>; Letty Reimerink, “Amsterdam Transforms Polluted Industrial Site Into Its Most Interesting Neighborhood,” *CitiScope*, March 23, 2016, <https://www.govtech.com/fs/Amsterdam-Transforms-Polluted-Industrial-Site-into-its-Most-Interesting-Neighborhood.html>

34 San Francisco Office of the Mayor, Executive Directive 18-01, August 30, 2018, https://sfplanning.org/sites/default/files/resources/2018-08/ADU_ExecutiveDirective18_01_FINAL.pdf

lies within the same part of the department that reviews and approves changes to the state building code, so proven innovations should also get adopted statewide more quickly. HCD could first pilot this function in the Bay Area.

3. Create pre-approved or pre-reviewed plan sets for certain types of buildings.

Cities in California and elsewhere are starting to pre-approve specific plans for ADUs in order to make it easy for homeowners to add freestanding ADUs to their properties.^{35 36} This model could be expanded to larger, more complex properties in locations outside of the tightest urban infill conditions (along El Camino Real on the Peninsula, for instance). Where infill conditions make it difficult to pre-approve these types of buildings, there are still many components (standard unit plans, bathroom plans and other building details) that could receive a streamlined review and approval process. Architects, designers and contractors already have many unit plans and building details that have been used and reused over the years; these should not have to be repeatedly reviewed and reapproved (with different responses from one permit reviewer to the next). At HCD and at the city level, standard streamlined processes could be developed that allow pre-reviewed building plans to be combined with reviews of site-specific plans and conditions to help speed up the approval process.

Further, the state could explore amendments to construction defect liability laws for pre-approved plans (whether modular or otherwise) that would reduce long-term designer liability. This would further reduce project costs if architects and designers could reduce the scope of their insurance coverage.

4. Expand the use of technology during the design, permitting and approvals processes.

Both the public and private sectors should pilot and utilize new technologies that enable more efficient, yet still effective, design, review and inspections. This could include such basics as electronic plan submission and plan review, or it could include more radical innovations like blockchain, a type of database that makes it easier to store and track data and has the potential to transform project management logistics.³⁷ While much of the conversation today around construction innovation is focused on materials and building methods, the design and construction industries should also look hard at new ways of doing site logistics and planning, procurement and contracts in order to make project management more efficient and less costly. They should also consider adopting technologies that enable automated permitting for simple projects or remote building inspections, which have become more common during the COVID-19 pandemic.³⁸

35 Doug Trumm, "City Launches 'ADUniverse' Website for Pre-approved Backyard Cottage Designs," *The Urbanist*, September 15, 2020, <https://www.theurbanist.org/2020/09/15/city-launches-aduniverse-website-for-pre-approved-backyard-cottage-designs/>

36 Carolina A. Miranda, "How Los Angeles is bringing high design to the granny flat — while saving time and money," *Los Angeles Times*, March 5, 2020, <https://www.latimes.com/entertainment-arts/story/2021-03-05/new-city-program-brings-high-design-concepts-to-granny-flat>
For more information about the program, see <https://ladbs.org/adu/standard-plan-program/approved-standard-plans>

37 Don Tapscott and Ricardo Viana Vargas, "How Blockchain Will Change Construction," *Harvard Business Review*, July 26, 2019, <https://hbr.org/2019/07/how-blockchain-will-change-construction>

38 Kim Slowey, "Building Officials Turn to Video Inspections to Mitigate COVID-19 Risk," *Construction Dive*, April 15, 2020, <https://www.constructiondive.com/news/covid-19-forces-building-officials-to-explore-remote-video-inspections/576072/>

Factory built housing, such as Tahanan Supportive Housing, currently under construction in San Francisco, can create significant cost savings, making it possible to deliver more affordable housing using less public funding.



B | Make industrialized construction of housing the norm, not the exception.

To build housing faster and more economically, we must create a mutually beneficial ecosystem that allows for the robust production of cost-efficient factory-built housing that protects good jobs for construction workers.

What Is Industrialized Housing?

Industrialized housing — otherwise known as modular, prefabricated (“prefab”) housing, factory-built housing, manufactured housing and offsite construction — means that unit building components or full units have been constructed offsite in a factory.³⁹ Industrialized housing has captured the design industry’s imagination for several decades, and yet it has not fully caught on in the United States. In countries like Sweden, the Netherlands and Japan, it’s been more fully adopted by the industry and is used in up to 20% to 30% of multifamily projects.⁴⁰ To truly reach efficiencies of scale and establish a solid industry, California should aim to meet and exceed this adoption rate.

The benefits of industrialized housing include cost savings due to manufacturing efficiencies in the factory, time savings (and resulting cost savings) since units can be fabricated at the same time that sitework and foundations are being done, and improved construction quality and worker safety

39 Many approaches are included under the broad umbrella of “modular construction,” from full unit modules, bathroom modules and pre-finished wall panels to structural components. See: Nick Bertram et al., “Modular Construction: From Projects to Products,” McKinsey & Company, June 18, 2019, <https://www.mckinsey.com/industries/capital-projects-and-infrastructure/our-insights/modular-construction-from-projects-to-products>

40 Rod Sweet, “Why Sweden Beats the World Hands Down on Prefab Housing,” *Global Construction Review*, May 28, 2015, <https://www.globalconstructionreview.com/trends/why-sweden-beats-world-h8an0ds-4d2own0-6p4r2e0f8ab/>; “Housing in Sweden: An Overview,” Turner Center, October 16, 2017, http://turnercenter.berkeley.edu/uploads/Swedish_Housing_System_Memo.pdf

because work is completed indoors in less dangerous conditions.⁴¹ Industrialized construction offers ancillary benefits for neighbors, who endure a shorter construction timeline, and for some workers, who can plan their lives around a consistent daily commute. This benefit, while seemingly small, can make a construction job more attractive to women, who are underrepresented in the construction industry and often bear the responsibility for child care, elder care and other household obligations.

Despite the clear benefits of industrialized housing, the adoption rate in the United States remains low. Some of the challenges are to be expected as an industry evolves and adapts: How do project sponsors and their teams adjust entitlements, design, financing and marketing timelines to accommodate a different construction timeline? How do the industries that support real estate, such as insurance, and consultants adjust their evaluation of projects and their risks? Financing has proven to be a challenge, given the large upfront cost (and associated risk) of materials needed at the factory compared to a site-built construction project. Regulations still need to be updated in many localities. Awkward site configurations or limited space for construction staging can present barriers. And there are few existing factories, so those that are up and running have little additional capacity, and the start-up costs for a new factory are prohibitively high. Factories need to have a steady pipeline, while the housing industry is known for its boom-and-bust cycles.⁴² Lastly, while some unions have embraced this new model, others remain resistant, adding significant political challenges in certain jurisdictions.

These conditions mean that each new modular project is a one-off pilot that cannot recognize all of the potential benefits that a fully functioning industrialized housing system could deliver. This is a collective action problem, and one that is hard to solve in the competitive and highly fractured market we have today.

There are some reasons to believe that the latest efforts around industrialized construction may stick. Older players like Guerdon in Idaho are being joined by newer ones like Factory_OS, Blokable, Kasita, Social Construct and Katerra, resulting in more energy and growing experience around multifamily modular construction. Developers in the Bay Area are going beyond their first foray into modular. Factory_OS is opening a second facility. As ADUs gain traction among homeowners, the modular industry is capturing some of that market. And a growing segment of the housing industry (contractors, consultants and engineers as well as developers) is becoming familiar with the modular process and product.

Nonetheless, proactive — and difficult — decisions must be made if the industry is to build on the current momentum in a way that it has failed to do in the past. All sectors must focus on a long-term view and collectively take steps to invest in and build the infrastructure for a new way of delivering housing. Each sector has a role to play in scaling the industry to create a strong competitive market.

41 Carol Galante, Sara Draper-Zivetz and Allie Stein, *Building Affordability by Building Affordably*, Turner Center, March 2017, http://turnercenter.berkeley.edu/uploads/offsite_construction.pdf

42 Ibid.

Factory building techniques, such as those used at Factory OS in Vallejo, should be widely adopted in order to address California's housing crisis.



1. Adopt a Million Modular Homes initiative and use the public sector's regulatory, financing and standard-setting authority to build the industry.

The state could adopt a Million Modular Homes initiative that's modeled on the Million Solar Roofs initiative.⁴³ Launched in 2006, the solar roofs program achieved its goals of growing the state's clean energy production and creating new jobs, and it also brought solar technology to scale. A similar Million Modular Homes program could help truly launch the modular industry and create the homes that the region and state need in order to house everyone.

As part of such a program, the state would have the capacity to create financing mechanisms that would support the growth of the industrialized construction industry. State government could create a risk pool or provide insurance, low-cost loans and guarantees to make investments in the construction of new housing factories more appealing than other investments. The state might offer tax incentives to companies to expand or scale up if they can prove that their model reduces the per-unit construction cost by a certain amount. To go even further, the state could co-invest in factories as a public-private joint venture, in order to boost the industry now and reap financial benefits for the public later.

Public funding sources should consider both incentivizing the use of innovative construction methods (including factory-built housing) for affordable housing development and requiring the payment of prevailing wages in the factory as well as onsite. For example, Los Angeles awarded 10% of its 2016 Measure HHH bond dollars to affordable housing projects that competed on the basis of innovative development practices.⁴⁴ In addition, the state's affordable housing agencies — HCD, the California Housing Finance Agency, the California Tax Credit Allocation Committee and the California Debt Allocation Committee — could assign competitive points to projects that utilize industrialized

⁴³ The Vote Solar Initiative, "The California Million Solar Roofs Initiative," SB 1 Factsheet, https://www.sccgov.org/sites/rwr/rwrc/Documents/902794SB_1_Fact_Sheet.pdf

⁴⁴ Doug Smith, "LA Approves \$120 Million to Encourage Building Faster, Cheaper Homeless Housing," *Los Angeles Times*, January 29, 2019, <https://www.latimes.com/local/lanow/la-me-ln-council-approves-hhh-pilot-20190129-story.html>

construction, in the same way that they have used policy to reward projects that make sustainable environmental choices, are located in certain places or provide certain social services and amenities. Over time, as the industry solidifies, these incentives could be phased out.

2. Strive for standardization and interoperability.

The state could encourage the wider adoption of industrialized construction by establishing construction and financing standards for the industry. If HCD (the permitting agency for modular housing in California) were to release a set of standard unit plans with expedited approval timelines, that would create an incentive for factories to build to a standard set of dimensions. Standardization would allow project sponsors and developers to commit to an industrialized product on a given project without worrying about whether their builder/factory were going to go out of business; if that happened, they would be able to take their plans to another factory. Today, if a factory closes, a project has to be almost completely redesigned in order for another builder to complete it.

The factories, module/component builders and designers should participate in an effort to standardize the model — whether for whole units or building components — and strive for interoperability. One challenge in the industrialized construction world is the entrepreneurial impulse to create the “next new thing.”⁴⁵ As a result, we have dozens of concepts and start-up housing companies, each with its own design and construction method, making it hard to scale. While HCD could play the lead role in incentivizing standardization by offering streamlined approval and permitting timelines for projects that adopt HCD’s standard designs (whether unit plans or building components), the private sector would have to decide whether to play along.

Another barrier to industrialized housing construction today is project financing. The funding timing for factory-built housing is very different from the timing for site-built housing — industrial manufacturers need a significant amount of capital in advance of production to purchase materials and supplies, and many lenders and investors are not yet comfortable with providing those funds without having a part of the already-constructed building as collateral. It is incumbent upon the financial industry to understand and underwrite the risks associated with modular, which includes acknowledging a new timeline of cost expenditures during development.

3. Develop and implement a just workforce transition plan for the construction industry.

While the Northern California Carpenters Regional Council has recently forged partnerships with modular factories like Factory_OS, the other building and construction trades have largely staked out a position against modular construction, expressing concerns about building quality and safety and work rules for construction workers.

Unions represent and gain their power today from their current workers, many of whom are well along in their careers and trained in specific trades — not from future workers, who could easily be trained to work in factories as well as onsite. The unions might also fear that adopting modular construction could reduce their political leverage to enact project labor agreements and other tools to increase wages. Lastly, local and subregional union units present a barrier to creating a new system that works for the regional or mega-regional economy.

SPUR envisions a future regional system that coherently balances and meets the needs of the

⁴⁵ Nate Berg, “Prefab Was Supposed to Fix the Construction Industry’s Problems: Why Isn’t It Everywhere?,” Fast Company, October 8, 2020, <https://www.fastcompany.com/90561322/prefab-was-supposed-to-fix-the-construction-industrys-biggest-problems-why-isnt-it-everywhere>

public, the housing industry and labor. There is no inherent or structural reason that the relationship of organized labor to industrialized housing construction must be any different from its relationship with site-built construction today. In partnership with the public sector and private partners, labor unions could plan ahead for a transition to a building industry that includes more industrialization and factory-built components. The public and private sectors should commit to providing or funding retraining programs for existing construction workers and preserving job opportunities for them.

4. Prohibit localities from discriminating against modular construction.

As a regulator, the state could flat-out prohibit localities from discriminating against the use of modular construction or other innovations in technology, means or methods.

It is important to mention that SPUR does not envision that all construction will be provided by an industrialized construction system — only that modular and industrialized approaches become viable and ubiquitous options in a healthy housing construction market. As mentioned above, even in countries where modular construction is more common, it is used in a minority of multifamily housing developments. In the Bay Area, industrialized construction could go further, supplementing the existing housing delivery system to address both the housing backlog and future demand for housing.

A strong and robust industrialized construction system would possess these characteristics:

- High production capacity
- Lower costs to produce housing
- Partnership with organized labor
- Abundant middle-wage jobs with good wages, worker protections and safe work conditions
- Strong training programs that are accessible to historically underserved workers

Furthermore, an industrialized construction system that produces both market-rate and affordable housing would have the ability to stabilize the pipeline during shifts in the economy so that housing is less of a boom-and-bust industry.

Financial, political and logistical challenges stand in the way of making this transformation possible, but the region also has people and organizations that are up to the task of navigating the transition.

C | Expand and develop the construction labor force.

If our region is to build significantly more housing for a sustained period of time *and* for lower cost, we need to grow our construction workforce and strengthen the resilience of the construction industry overall. This moment can also serve as an opportunity to support equitable workforce development by providing more people of color, who have not always had access to unionized construction jobs, a pathway to construction careers with good wages.

What's Driving the Construction Labor Shortage?

Some believe that we suffer from an overall construction labor shortage, which drives up contractors' and subcontractors' competition for labor. Others say that we don't have a construction labor shortage in general, but a shortage of well-paid construction jobs. Either way, a larger workforce would give contractors and subcontractors greater capacity to meet the region's existing and future housing needs.

Today, the insufficient size of the construction workforce limits the number of jobs that contractors or subcontractors can take on and diminishes their need to compete on price, which can be costly for their customers. Nationally, the construction industry has never really recovered from the Great Recession.⁴⁶ The recession forced many construction businesses to fold and many construction workers to retire early or make permanent career changes. Further, longer-term shifts have had an impact, including reductions in Mexico's birth rate and Mexico's strengthened economy, which affect potential construction workers' immigration rates to the United States. Lastly, in today's cyclical market, unions are incentivized to limit their workforce pipeline even in a strong market in order to protect their workers in downturns.

As a result of these dynamics, we face a national construction labor shortage, which is one driver of increasing construction costs. In the Bay Area, the construction workforce did reach and then exceed pre-recession levels in 2016.⁴⁷ But demand for housing has continued to grow, and the industry has not been able to grow with it. A 2019 survey showed that more than 60% of responding general contractors were having trouble filling both salaried and hourly craft positions.⁴⁸ The 2020 survey showed that a majority of contractors continued to have trouble attracting workers, even during the pandemic. Growth in the Bay Area construction workforce likely came in the very busy and higher-paid commercial construction sector at the expense of the lower-paid residential construction workforce, in line with accounts from local contractors and growth trends in the commercial development pipeline.⁴⁹

In addition, the region is seeing a shortage of experienced construction supervisors, again due to retirements or career shifts during the Great Recession, a shrinking pipeline of young people entering the construction workforce⁵⁰ and an overall shortage in general contractors and subcontractors.⁵¹ Because of our existing housing shortage, the construction workforce increasingly lives farther from the inner core of the Bay Area — with unattractively long commutes — in spite of relatively good wages in the construction industry. While these wages may be higher than minimum wage or wages for gig working, they may not be keeping up with other, more labor-competitive industries. Lastly, larger forces also play a role in limiting the construction workforce, including job alternatives that are physically safer or recession-proof, as well as a cultural bias in the United States toward college education as the only path forward for success.

46 Issi Romem, "The Scar From Which the Construction Workforce Has Yet to Recover," BuildZoom blog, <https://www.buildzoom.com/blog/scar-from-which-the-construction-workforce-has-yet-to-recover>

47 Federal Reserve Bank of St. Louis, <https://fred.stlouisfed.org/graph/?q=IXW5>

48 AGC and Autodesk, "2019 Workforce Survey Results," https://www.agc.org/sites/default/files/WorkforceDevelopment_2019_California_0.pdf

49 "Housing on the High Road: Rebuilding California's Housing Production Workforce," prepared for the State Building & Construction Trades Council, February 2019, page 20.

50 2018 Construction Industry Institute, "Improving the U.S. Workforce Development System," https://www.construction-institute.org/CII/media/Publications/publications/fr-335_ac18.pdf

51 "Housing on the High Road: Rebuilding California's Housing Production Workforce," prepared for the State Building & Construction Trades Council, February 2019, pages 24–26.

One important way to expand the construction labor force is to strengthen avenues to construction training programs, apprenticeships and jobs, particularly for people of color, women, veterans and others who have been historically underrepresented in the construction workforce. While many labor unions sponsor robust training programs, and public and private organizations help connect individuals with training, Bay Area programs have seen shrinking enrollment in recent years for the reasons explored in the sidebar “What’s Driving the Construction Labor Shortage?” In California, school districts and community colleges have not played as significant a role in creating pathways to construction jobs as they could. The public school system should do more to promote, support and provide introductions to these types of careers.

Some industry experts suggest that American culture currently places too much focus on college for all, at the expense of good middle-income careers that don’t require a college degree.⁵² A middle path might be to incentivize more people to go into construction careers by pairing construction training with opportunities to pursue a bachelor’s or associate’s degree. This would provide entry-level workers the opportunity to start a career in construction without forgoing future opportunities that a college degree might enable.

Germany’s education system could serve as a model for the region or state to follow. Germany’s system normalizes vocational pathways, which include both classroom learning and field training, but also does not preclude individuals from shifting toward higher education if they are so inclined.⁵³ Germany’s system includes training funded by private companies, which recognize that this investment benefits their recruitment, hiring and retention efforts as well as ultimately their bottom line.⁵⁴

Lastly, providing construction training and jobs for people exiting incarceration could meet multiple societal needs, both expanding the construction workforce and providing economic opportunity to people who have a difficult time re-entering the workforce. Groups such as One Treasure Island have had good success training and supporting people leaving prison and jail. Upon graduation from the program, participants have not only trained in a variety of construction trades and soft skills, but they also are matched with union interviews and provided with boots, tools and paid union initiation fees and two months of union dues.

The public sector and the design and construction industry have an opportunity today to transform the way that we design, build and approve homes. Embracing innovation in all sorts of ways — new technology, more pilot programs, new collaborative processes, a shift in mindset — could help change the industry to enable the more efficient and less costly creation of high-quality homes for all.

52 2018 Construction Industry Institute, “Improving the U.S. Workforce Development System,” <https://www.construction-institute.org/CII/media/Publications/publications/fr-335-ac18.pdf>

53 “Education System and VET System in Germany,” Apprenticeship Toolbox, <https://www.apprenticeship-toolbox.eu/germany/education-system-and-vet-system-in-germany/142-education-system-and-vet-system-in-germany>

54 “The German Vocational Training System: An Overview,” German Missions USA, December 19, 2017, <https://www.germany.info/us-en/welcome/wirtschaft/03-Wirtschaft/-/1048296>

Recommendation 6

Change tax and public funding structures to support new housing.

California's tax system does not incentivize cities to create more housing. Instead, it motivates local jurisdictions to pass zoning laws that encourage commercial uses of property, both to generate sales tax revenue and to limit public expenditures. Proposition 13, passed by voters in 1978, caps each property's tax rate and assessed value. Additionally, a complex statutory system distributes the property tax to cities and other public agencies within each county. This system limits how much local jurisdictions can rely on property taxes to fund services.

In their zoning regulations, cities may discourage housing in favor of businesses that generate sales tax because the cities get to retain a certain portion of the sales tax. Similarly, cities may seek to zone for office space because workers do not generate demand for parks or schools, both of which cost cities money. A recent analysis by California Forward and SPUR showed that jurisdictions that rely more heavily on sales tax revenues to support their general funds pass zoning laws that allow for less housing, while those cities that receive a higher property tax allocation (meaning they get more property taxes under the complex statutory system that distributes property taxes to cities and special districts) are more likely to zone for housing.

While the current tax system does not incentivize housing production, it also does not generate sufficient revenue to pay for the services that enable Californians to flourish and that allow the state to grow in an environmentally sound and equitable manner. To make matters worse, the overall tax system is so complicated that it is challenging for policy-makers to understand trade-offs associated with changes to the system. A wholesale overhaul of California's tax system should be considered. The following are recommendations to encourage housing production and to create the resources needed to support that housing.

A | Reform the state tax system in order to increase fairness and revenue.

Currently, property taxes are calculated based on an assessment of the value of a home in the year the property was purchased. If a home was purchased in 1982 for \$80,000, property taxes would be calculated based on that original assessment (plus an increase of up to 2% a year), even if the home is now worth \$1 million. This keeps property taxes artificially low for long-term homeowners.

There are some policy benefits to this system. Having stable property taxes helps keep low- and moderate-income homeowners in their homes even if their property values rise. The low property tax base for these homes can be transferred to children or grandchildren upon death, enabling a family house to remain in the family even in rapidly gentrifying neighborhoods, which helps low- and moderate-income families of color stay in neighborhoods that they helped create and support over decades.

However, there are also many problems with the system. First, there are many higher-income owners that benefit from a low property tax base, enjoying services that they do not contribute to supporting. Second, the system is unfair because it taxes new owners at much higher rates than existing long-term owners solely because they are new owners. Third, the system does not encourage cities to make zoning changes that allow new housing, even new multifamily housing, because if new homeowners stay in their units for a long period of time, eventually the value of the property taxes they pay will be outstripped by the cost of providing services.

An overhaul of the residential side of the property tax system should be considered. The following

recommendations are designed to support housing production, make residential taxation fairer and/or generate revenue that can be used for affordable housing or for infrastructure that supports communities. Some ideas include the following:

1. Assess second homes at market value.

Currently, vacation homes and pied-à-terres enjoy the same property tax rules as primary residences. Instead, these homes should be reassessed at market value periodically.

2. Apply a higher tax rate to homes whose market value exceeds a certain threshold.

A “mansion tax” is a tax on high-value homes. California could create a surcharge on home values above a certain amount (such as \$3 million) and use those funds to pay for affordable housing construction.

3. As homes transfer out of family ownership, remove them from the Prop. 13 cap. Alternatively, revisit the 2% cap on assessment increases.

As mentioned above, Prop. 13 keeps property taxes low based on how long a family has owned their home. While this can help keep low- and moderate-income households in their home, it also unfairly subsidizes high-income long-term homeowners and pushes cities to pass other types of taxes and fees in order to make up for the artificially low property tax yield. Two changes to the system should be considered. First, as homes transfer out of family ownership, they could be permanently removed from Prop. 13 protections, which tax the value of the property only at sale. With this change, once a current owner sold their home, the home would be reassessed annually and taxes calculated on the market value of the home. While this system would exacerbate the inequality between new and long-term owners in the near term, over the long term it would allow all homes to eventually roll out of Prop. 13’s limitations on assessed value.

Another option would be to revisit the 2% cap on assessment increases, which keeps the assessment artificially low relative to property values. Perhaps that 2% cap could be raised to a 5% cap. The actual rate could be lower, depending on the increase in property values in the county.

In either case, low- and moderate-income homeowners, as well as fixed-income owners (with only modest assets outside of their home value) should be protected from extreme increases in property taxes. These owners should be eligible for a reduced rate, a cap on assessed value or the option to defer increased taxes until the home is sold.

4. Assess vacant residentially zoned land at market value.

Assessing vacant land, such as parking lots, in high-value areas at market value makes it more likely that this land will be put into active use as new housing. The idea of a “land value tax” was popularized by progressive political economist Henry George in the late 1800s. George held the belief that the economic value of natural resources should benefit all members of society and that the economic value that comes from individual work should benefit private individuals.⁵⁵

⁵⁵ Philip Bess, “Henry George’s Land Value Tax: An Idea Whose Time Has Come?,” *American Affairs Journal*, Volume II, Number 1, Spring 2018, <https://americanaffairsjournal.org/2018/02/henry-georges-land-value-tax-idea-whose-time-come/>

B | Create a new property tax allocation model that is more sensitive to housing development.⁵⁶

Absent an overhaul of the state's property tax system, reforming the existing property tax allocation system is critical. In order to support the creation of housing, the current system could be amended in a variety of ways.⁵⁷ One idea that has been explored in the past is to swap local sales tax for a greater share of property taxes to decrease cities' reliance on sales tax and increase their reliance on property tax. Other swaps could be considered, including sending more sales tax to the state in exchange for receiving a pro rata share of the state income tax.⁵⁸

Second, property tax revenue allocations could be consolidated, and a new property tax allocation could be created. A new system could assign a property tax allocation factor that takes into account principles of fairness and supports public policy goals such as housing production.

Of course, any of these changes would need to be analyzed to ensure there were no unintended consequences to housing production or other important policy values.

C | Create a regional tax-sharing system that is supportive of housing production.⁵⁹

As mentioned above, local governments and zoning boards seek to generate sales tax revenue. This creates a "race to the bottom" as local governments compete with one another for commercial uses that generate property, sales and business taxes while not incurring the same costs as residential uses (parks, police, etc). This current system should be replaced by one in which sales tax is collected regionally and reapportioned based on a more equitable formula, such as by population.

D | Encourage denser development in transit-oriented locations by applying a Vehicle Miles Traveled (VMT) tax to both housing and commercial development.

One way to support more growth in the places we want it to go (such as on commercial corridors, near transit and in already urbanized areas) is to levy a fee on any new growth that relies too much on driving. This fee could be applied at a moderate rate in places outside of transit-oriented locations, commercial corridors and walkable downtowns and at a more significant rate in areas with very high rates of VMTs.

E | Reduce the voter threshold for new funding measures.

In order for housing measures to be successful, the threshold for passing measures should be changed. Currently, local bond measures and new taxes for a dedicated purpose require a two-thirds vote to pass. This threshold should be reduced to a simple majority or 55% vote. Doing so will enable more housing funding measures that are supported by the majority of voters to pass.

⁵⁶ SPUR and California Forward, "Does State Tax Policy Discourage Housing Production?," September 2020, <https://www.spur.org/publications/white-paper/2020-09-23/does-state-tax-policy-discourage-housing-production>

⁵⁷ J. Fred Silva, Local Finance Reform from a Regional Perspective, Public Policy Institute of California, April 12, 2001, https://www.ppic.org/content/pubs/op/OP_401FSOP.pdf

⁵⁸ Elizabeth G. Hill, *Allocating Local Sales Taxes*, Legislative Analyst's Office, January 2007, https://lao.ca.gov/2007/sales_tax/sales_tax_012407.pdf

⁵⁹ See note 57.

Conclusion

The Bay Area has a choice to make. We can continue down a path where our broken housing delivery system delivers too few homes, particularly to those with lower incomes. Or we can work to make significant changes at the local, regional and state level. Treating housing as infrastructure, rather than as a wealth-building mechanism, has the potential to dramatically transform the Bay Area housing picture by giving government a larger and more critical role in providing housing. With that change, a cascade of other improvements becomes possible: expanded public funding for affordable housing, a more equitable property tax system, a commitment to public ownership of land, permanently affordable housing for low-income families, more housing for middle-income households and new, innovative housing construction that takes less time and costs less money but still delivers on quality.

The region has some work to do to catch up with other cities around the world in elevating housing to the status of a fundamental human right. But taking up this challenge would put us on track to achieve SPUR's vision of housing every Bay Area resident by 2070. SPUR discusses the other actions needed to achieve this goal in two additional reports in this series, *Meeting the Need: The Path to 2.2 Million New Homes in the Bay Area by 2070* and *Rooted and Growing: SPUR's Anti-Displacement Agenda for the Bay Area*. All reports in the series can be found at spur.org/housingtheregion.

Appendix

We thank the following people for graciously sharing their time and expertise with us as participants in convenings, in individual interviews or as reviewers of this report. The findings and recommendations in this report are SPUR's and do not necessarily reflect the views of those listed below. Any errors are the authors' alone.

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Losing Ground

**What the Bay Area's housing crisis
means for middle-income households
and racial inequality**

Acknowledgments

Sarah Karlinsky, Author

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Executive Summary

What does it mean to be a middle-income resident of the Bay Area? How have the region's housing affordability challenges changed who can live here? What is happening to people who can't afford housing in the Bay Area? And what can policymakers do to create housing options affordable for middle-income people who want to call the Bay Area home?

To answer these questions, SPUR partnered with The Concord Group, a real estate economics firm, to provide the data analysis that informed the majority of this report's findings. We also utilized data from a 2022 report by the Turner Center for Housing Innovation, *The Landscape of Middle-Income Affordability in California*.

For the purposes of this report, we define middle-income households as those households earning between 80% and 120% of median income, or the midpoint at which half of households earn more income and half earn less in a given geography. In 2020, the median income for the average-sized Bay Area household was roughly \$108,000.

Findings

The data analysis yielded eight findings.

1 | Household incomes have risen across the Bay Area over the past two decades, particularly for higher-income wage earners.

The Bay Area, the wealthiest region in California, has seen some of the greatest growth in household incomes over the past 20 years, especially for higher-income households from 2010 to 2020. Bay Area incomes started higher and grew more than those of other California metros owing to selective migration and wage growth that particularly benefited upper-income households. When high-income households represent a significantly large proportion of all households, the income distribution of households shifts upward, increasing median income.

2 | Despite income increases, median incomes for Black and Latinx households remain well below median incomes for white and Asian households.

Although incomes have risen for all racial and ethnic groups in the Bay Area, the increases have not erased racial disparities among income groups. Even though incomes for Black and Latinx households have increased over the last decade, the median incomes for both groups remain below 80% of area median income (AMI).

3 | Rising incomes in the Bay Area have resulted in many formerly middle-income occupations becoming relatively low-income occupations.

Many formerly middle-income occupations (such as teaching, postal work, and construction) are now considered low-income occupations, earning between 60% and 80% of AMI or even less due to relatively flat wage growth compared with wage growth for higher-income professions. Households

relying on these formerly middle-income occupations must still find housing in a region increasingly made up of relatively wealthy households that have made greater wage gains.

4 | The Bay Area's chronic housing shortage makes it hard for low- and middle-income households to compete with high-income households for housing.

As SPUR documented in *What It Will Really Take to Create an Affordable Bay Area* (2021), the Bay Area failed to produce 700,000 units of needed housing over the past 20 years. During the last economic boom, the region's housing growth was insufficient to keep up with housing demand. This lack of housing availability allows wealthy people to outcompete those of more modest means for scarce housing resources, which then leads to an exodus of low- and middle-income households. SPUR found that, since 1999, the Bay Area has seen a decrease of 300,000 households making less than \$100,000 and an increase of 625,000 households making more than \$100,000. Many low-income households have grown their income since 2000, but many others have left the region in search of more affordable housing options, have moved into overcrowded dwellings, or have fallen into homelessness. At the same time, the region has generated a substantial increase in high-income jobs, which have attracted many high-income earners.

5 | Rents have increased significantly in the past 20 years, but median incomes have risen even faster, meaning that median-income households are more able to afford median-income rents than they were 10 years ago.

The ability of a median-income household to rent an average-priced unit in the Bay Area has risen over the past 20 years. This fact may seem counterintuitive; the reality is that the shifting composition of income groups living in the Bay Area, along with income gains in the upper end of the income distribution, has allowed many households to keep pace with rising rents, even as many others find housing costs increasingly out of reach.

6 | Black and Latinx households, with median incomes below 80% of AMI, are disproportionately burdened by high housing costs.

Because Black and Latinx households have lower median incomes than the population as a whole, they are less likely to be able to afford either the median-priced rental unit or a home purchase. According to data from the National Equity Atlas for the San Francisco metro area, Black and Latinx households are more likely to be cost-burdened than their white or Asian counterparts: 60% of Black households were rent-burdened, compared with 39% of white households, in 2019.

7 | Homeownership is out of reach for all but the wealthiest households.

For-sale housing was too expensive for the median-income household in 2000, and it has become substantially more so over the last 20 years. The gap between what a median-income household can afford to pay and the cost of an average-priced home was \$196,000 in 2000. By 2010, it was \$206,000, and by 2020, it was almost \$360,000. Without a non-wage source of wealth (such as family money), homeownership is out of reach for middle-income families in the region.

8 | To afford housing in the Bay Area, some households are squeezing many people into their residences, paying an increasingly greater share of their income on rent, or commuting farther and farther.

One of the most significant trends between 2010 and 2019 is that of overcrowding. During that decade, the percentage of units with 1.5 or more people per room in a home (the definition of “severe overcrowding”) increased across all geographic areas in the region. Moreover, many households, especially low-income households, are paying more than 30% of their income for housing. Lastly, the incidence of super-commuting (commuting 25 or more miles one way to work) rose.

Policy Imperatives

These findings suggest at least four areas of focus for policymakers, particularly those working in the Bay Area, where the extreme increases in median income make the region unique in California. SPUR will be exploring these ideas further in a future policy report.

1 | Build more housing of all types and at all price points to address the challenge of housing scarcity and to ensure income diversity in our region.

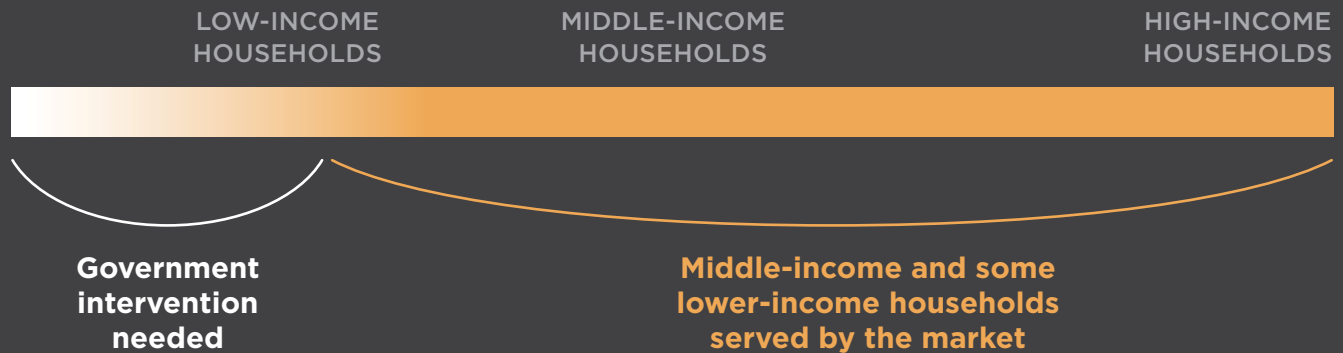
Building housing of all types and at all price points as quickly as possible will help address the underlying challenge of housing scarcity. The dwellings least likely to create more affordable choices are large single-family homes. Expanding production of multifamily housing, condominiums, accessory dwelling units, and other smaller homes is critical.

Regions with healthy housing markets — those where a significant amount of housing is produced relative to population growth — provide enough housing overall so that market-rate housing is affordable to those at middle-income and even some lower-income levels. By contrast, regions with constricted housing markets such as the Bay Area need government intervention to create housing for middle-income households. Notably, higher-income homeowners are the recipients of the largest federal governmental housing subsidy program — the mortgage interest tax deduction.

2 | Develop policies to support not just those households at 80% to 120% of AMI but also those earning between 60% and 80% of AMI.

Those in what we think of as middle-income professions — teaching, postal work, and construction — may no longer earn middle-income wages. Additionally, the median incomes for Black and Latinx households fall below 80% of AMI. For these reasons, policymakers should focus attention on households earning between 60% and 80% of AMI, in addition to those earning between 80% and 120% of AMI.

Healthy Housing Market



Housing Shortage

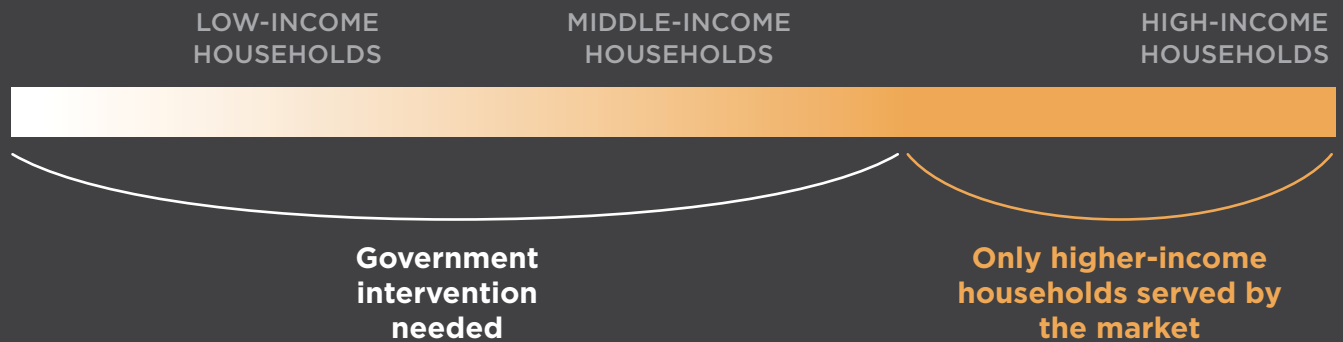


EXHIBIT 1

Healthy Housing Markets vs. Housing Shortage Markets

Healthy housing markets provide housing for households lower down the income ladder without government intervention, whereas constricted housing markets require government intervention to create housing for middle-income households.

3 | Expand policy tools to increase affordable homeownership opportunities, and ensure that those tools reach Black and Latinx households.

Homeownership plays a critical role in creating economic wealth in the United States.

Homeownership not only stabilizes housing costs for homeowners but also gives them an asset against which to borrow for costs like college tuition, large unexpected medical expenditures, or retirement. Systemic racism in the United States barred Black families from owning homes through practices such as restrictive racial covenants and redlining. Affordable homeownership policies should focus on Black and Latinx households, as well as create homeownership opportunities for all households bringing in 80% or less of AMI.

4 | Learn from places that have done a good job of creating middle-income housing.

Countries with strong social housing models build significantly more middle-income housing than the Bay Area. California can deploy some aspects of those models. To increase construction of middle-income housing, the state could provide flexible and inexpensive capital sources and loan guarantees for that purpose. Additionally, the state could explore use of joint powers authorities to build more middle-income housing at scale. It also could allocate some state-owned land to middle-income or mixed-income housing.

Introduction

The region's housing crisis has severely hampered the ability of all but the wealthiest to purchase homes and has made rents unaffordable to many people in formerly middle-income professions such as teaching and construction. A big part of the problem is that home building has lagged housing demand for decades. The resulting housing shortage has made it increasingly difficult for those of modest means to afford housing in the region. Wage data reveal another aspect of the problem: While the wealthiest households are enjoying explosive income growth, other households are seeing their relative economic position decline, which changes what it means to be a middle-income resident of the Bay Area.

Twenty years ago, Bay Area housing was already more expensive than in most regions of the country. In the years since, housing affordability has changed dramatically for middle-income households, defined here as those earning between 80% and 120% of the area median income (AMI), the midpoint at which half of households earn more income and half earn less. In 2020, the median income for the average-sized Bay Area household was roughly \$108,000.

In 2000, median rents were just out of reach and home purchases were already far too expensive for median-income families. The Great Recession of 2007 to 2009 tamped down increases in rents and home prices, but as the economy recovered, both began rising sharply. Between 2010 and 2020, the homeownership gap became a yawning hole for those households earning between 80% and 120% of AMI.

The 2010 to 2020 period saw rapidly rising incomes and rents. Median incomes rose in part because of the continuing influx of wealthy households into the region and in part because of skyrocketing wages for many higher-income professions. Consequently, households earning 100% to 120% of AMI — and, in some counties, households earning 80% to 100% AMI — were (and generally still are) able to manage Bay Area rents. But households relying on what were considered middle-income professions back in 2000 saw their relative incomes and rental power decline. The reason? Their wages stagnated or even declined relative to the wages of high earners.

Rental affordability is not the same across the Bay Area. And it varies not just by location and profession but also by racial or ethnic group. This aspect of the Bay Area's housing crisis is particularly troubling. Black and Latinx households started lower on the income ladder than their white counterparts because of systemic racism. Although median incomes for these groups increased, they failed to make substantial gains relative to the median incomes of white households. The median income for Black and Latinx households is just 60% to 80% of the overall AMI, making rents unaffordable for many of these households in numerous parts of the Bay Area.

When it comes to homeownership, Black and Latinx households are again disadvantaged. Their median incomes further exacerbate exclusionary practices that have barred these households, particularly Black households, from homeownership for decades.

If income inequality and housing scarcity continue, the Bay Area's economic sustainability becomes questionable. The lack of housing options makes it harder for low- and middle-income households to call this region home, undermining our cultural and economic diversity.

This report uses a data analysis performed by real estate economics firm The Concord Group as well as information from a 2022 report by the Turner Center for Housing Innovation, *The Landscape of Middle-Income Affordability in California*, to examine what it means to be a middle-income resident of the Bay Area and to delve into variations in median incomes across the region's racial and ethnic groups. It then explores housing affordability for middle-income households in four Bay Area counties: Alameda, San Francisco, Santa Clara, and Solano. It looks at how households are grappling with the region's high housing costs. Finally, it describes four policy actions that could halt, and perhaps begin to reverse, the region's growing economic and racial housing divides.

Chapter 1

What Does It Mean to Be a Middle-Income Resident of the Bay Area?

Middle-income households can be defined as those with earnings at or near the median household income, the midpoint that divides the population into two equal groups, half having a higher income and half having a lower income. In the Bay Area, many median-income households are caught in a tough spot, with earnings too great to qualify for housing subsidies but too little to afford market-rate rents or average home prices. In this report, middle-income households are defined as households earning between 80% and 120% of area median income (AMI).¹ This definition aligns with state housing programs' definition of moderate-income households.²

Our research explored how household income shifts affect those who fall within the middle-income range across the region's nine counties and among racial groups.

Income Shifts Within the Region

In 2020, a middle-income family in San Francisco County earned between \$95,000 and \$143,000 annually. A middle-income family in Alameda County earned between \$84,000 and \$126,000 annually, a middle-income family in Santa Clara County earned between \$105,000 and \$157,000 annually, and a middle-income family in Solano County earned between \$68,000 and \$102,000 annually.³ In 2020, the median income for the state of California was nearly \$85,000, significantly lower than the average median household income for the Bay Area, at nearly \$108,000.

Incomes in the Bay Area have risen over the last 20 years, although not evenly throughout the region. The median income of San Francisco County was lower than that of many other counties in 2010, but it grew by a whopping 71% between 2010 and 2021. Among Bay Area counties, Santa Clara County had the second-highest median income in 2010, and the highest in 2021, having grown by 63% between 2010 and 2021. Meanwhile, Solano County had a lower median income relative to all but one other county in 2010. Even though its median income grew by 28% between 2010 and 2021, the county still had the Bay Area's lowest median income in 2021.

¹ For a discussion of the definition of "middle income," see David Garcia, Shazia Manji, Quinn Underriner, and Carolina Reid, *The Landscape of Middle-Income Affordability in California*, Turner Center for Housing Innovation, 2022, <https://turnercenter.berkeley.edu/blog/middle-income-housing-affordability-california/>.

² Garcia, Manji, Underriner, and Reid, *The Landscape of Middle-Income Affordability in California*.

³ These figures reflect U.S. Census data.

EXHIBIT 2

The wages of middle-income households are lower in Solano, Sonoma, and Napa counties than they are elsewhere in the region.

Median Income by County, San Francisco Bay Area, 2020

Source: The Concord Group analysis based on U.S. Census, Census Series Code S1903, S1101.

Note: Figures are not adjusted for inflation.

COUNTY	80% OF AMI	100% OF AMI	120% OF AMI	AVERAGE HOUSEHOLD SIZE (NUMBER OF PEOPLE)
Alameda	\$83,910	\$104,888	\$125,866	2.84
Contra Costa	\$83,198	\$103,997	\$124,796	2.86
Marin	\$97,337	\$121,671	\$146,005	2.41
Napa	\$73,775	\$92,219	\$110,663	2.78
San Francisco	\$95,309	\$119,136	\$142,963	2.36
San Mateo	\$102,473	\$128,091	\$153,709	2.87
Santa Clara	\$104,712	\$130,890	\$157,068	2.97
Solano	\$67,710	\$84,638	\$101,566	2.87
Sonoma	\$68,938	\$86,173	\$103,408	2.58
Average:	\$86,374	\$107,967	\$129,560	2.73

EXHIBIT 3

Incomes vary across the nine-county region and have increased over time, particularly in recent years.

Historical Median Income by County, San Francisco Bay Area, 2010, 2020, and 2021

Source: The Concord Group analysis based on U.S. Census data, Census Series Code S1903.

Note: Figures are not adjusted for inflation. Median incomes for 2010 are U.S. Census one-year estimates; 2021 five-year estimates are not currently available.

COUNTY	YEAR			CHANGE (%)	
	2010	2020	2021	2010 VS. 2021	2020 VS. 2021
Alameda	\$69,384	\$104,888	\$109,729	58%	5%
Contra Costa	\$78,385	\$103,997	\$111,080	42%	7%
Marin	\$89,268	\$121,671	\$118,209	32%	-3%
Napa	\$67,389	\$92,219	\$97,213	44%	5%
San Francisco	\$71,304	\$119,136	\$121,826	71%	2%
San Mateo	\$85,648	\$128,091	\$131,796	54%	3%
Santa Clara	\$86,850	\$130,890	\$141,562	63%	8%
Solano	\$68,409	\$84,638	\$87,770	28%	4%
Sonoma	\$63,274	\$86,173	\$94,295	49%	9%
Average:	\$75,546	\$107,967	\$112,609	49%	4%

Overall, the distribution of incomes across households within the Bay Area has also changed. Twenty years ago, the region had more households with incomes in the middle of the income range than households with incomes lower or higher than that range. Over the past two decades, that

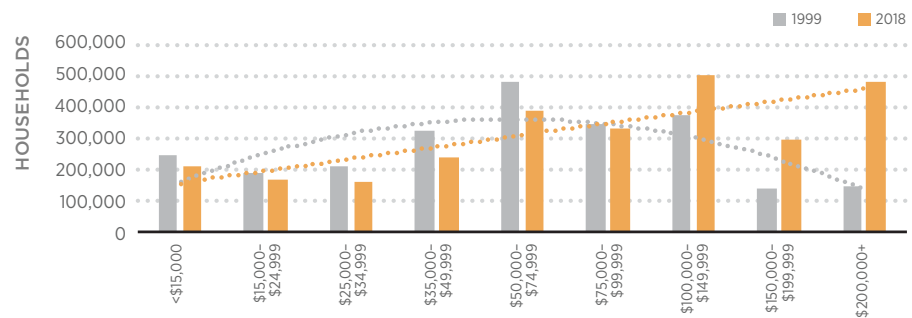
distribution has shifted: High-income households now outnumber middle-income households. Since 1999, the Bay Area has seen a decrease of 300,000 households making less than \$100,000 and an increase of 625,000 households making more than \$100,000.⁴

EXHIBIT 4

Incomes have shifted in the Bay Area, with an increase in the share of wealthy people in the region and a decrease in the share of lower-income people.

Change in Bay Area Household Income Distribution, 1999 to 2018

Source: Sarah Karlinsky and Kristy Wang, *What It Will Really Take to Create an Affordable Bay Area*, SPUR Report, 2021, <https://www.spur.org/publications/research/2021-04-19/what-it-will-really-take-create-affordable-bay-area>.



This shift is due to a variety of factors. Some households are simply earning more and therefore moving into higher-income categories. Additionally, wealthy households have moved into the housing-scarce Bay Area and have outcompeted low-income households for homes. The increased demand for housing, coupled with the lack of housing production, has increased housing prices and reduced housing affordability for lower-income households.

Wages for top earners have substantially increased, while wages for the lowest earners have declined.

When inflation is taken into account, it becomes evident that the lowest-income earners have experienced an erosion of their income, decreasing their ability to afford the cost of housing. From 1970 to 2014, the top 10% of earners in the United States saw their wages rise by 51%. This increase was nowhere more dramatic than in the Bay Area. At the same time, wages for the bottom 10% of earners declined by 12% in the region, slightly more than in the rest of the country, exacerbating income inequality. For all but the lowest 20% of earners, wage growth in the Bay Area outpaced wage growth nationally by a large margin.

⁴ Sarah Karlinsky and Kristy Wang, *What It Will Really Take to Create an Affordable Bay Area*, SPUR Report, 2021, <https://www.spur.org/publications/research/2021-04-19/what-it-will-really-take-create-affordable-bay-area>.

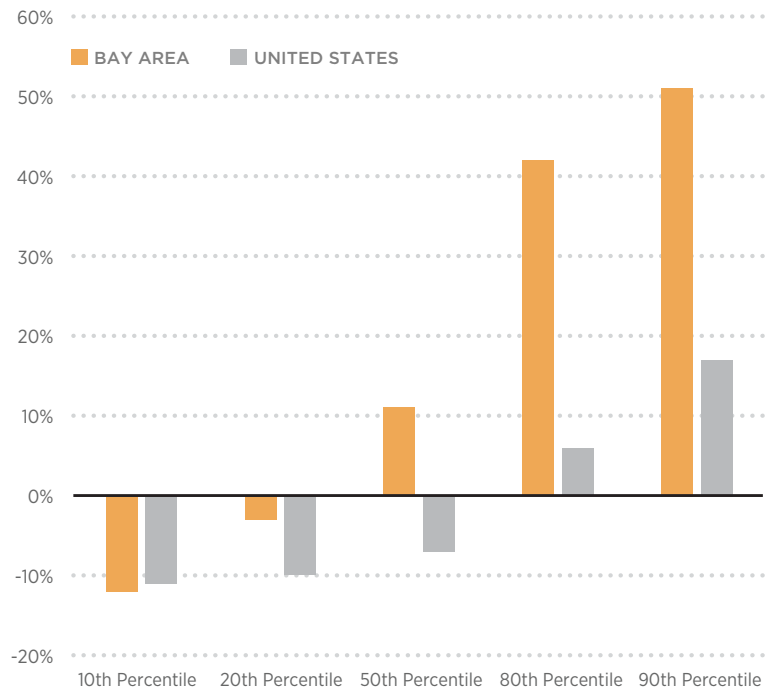
EXHIBIT 5

Over a 45-year period, wages for the highest-income earners in the Bay Area increased by 51%, while wages for the lowest-income earners decreased by 12%.

Wage Growth by Percentiles, San Francisco Bay Area, 1970 to 2014

Source: The Concord Group.

Note: Income growth is based on household incomes adjusted for inflation.



Bay Area incomes started higher and grew more than incomes in other California metro areas.

Some of the greatest income growth has occurred in Bay Area counties, including San Mateo, San Francisco, and Alameda counties.⁵ Many Bay Area counties started the period from 2015 to 2019 with relatively high household incomes, so income growth in these areas reflects an accelerated trend of increasing Bay Area median incomes. Many other regions, such as Fresno, Los Angeles, and San Diego, have experienced flat or decreasing median incomes over the past two decades.

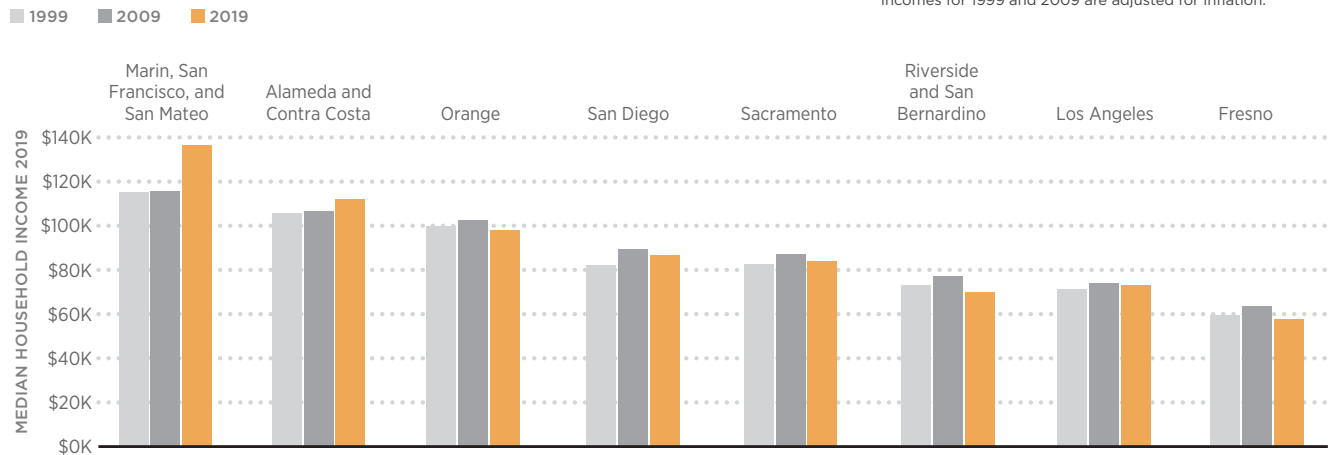
EXHIBIT 6

The Bay Area, one of the wealthiest regions in California, has seen some of the greatest growth in median incomes over the past 20 years.

Differences in Household Median Income, Selected California Counties, 1999 to 2019

Source: David Garcia, Shazia Manji, Quinn Underriner, and Carolina Reid, *The Landscape of Middle-Income Affordability in California*, Turner Center for Housing Innovation, 2022, <https://turnercenter.berkeley.edu/blog/middle-income-housing-affordability-california/>.

Note: Data are from the 2000 Decennial Census and the 2009 and 2019 one-year American Community Survey. Household incomes for 1999 and 2009 are adjusted for inflation.



⁵ The growth is reflected in income data, not adjusted for inflation, from the American Community Survey.

Rising incomes in the Bay Area have turned many formerly middle-income occupations into occupations earning less than the median wage.

The share of higher-income households in the Bay Area has grown over the past 20 years due to an influx of wealthy households and huge increases in income for some professions, both of which have pulled up the AMI. An analysis by The Concord Group (TCG), based on data from the Bureau of Labor Statistics and Federal Reserve Economic Data, revealed that as median incomes continue to rise, some of the middle-income occupations of 20 years ago are no longer middle-income occupations. The median income for accountants in Alameda County went from \$72,000 in 2010 to \$88,000 in 2020, but despite that 23% wage increase, the profession's median income relative to overall AMI fell from 80% in 2010 to 74% in 2020. By contrast, computer programmers in San Francisco saw their median income grow from \$123,000 in 2010 to \$251,000 in 2020, with a wage increase of 103% and a median income shift from 125% of overall AMI in 2010 to 176% in 2020.

The TCG analysis revealed that shifts in incomes by occupation are not monolithic. Some middle- and low-income wage jobs have seen increases relative to the overall median income in certain counties. For example, cooks in Alameda County saw their median income increase by 19%. But by and large those in low- or middle-income categories — cashiers, librarians, housekeepers, secretaries, and others in service jobs — saw either modest increases or declines in their median incomes relative to the overall increase in median income between 2010 and 2020.

Why This Report Does Not Adjust Incomes and House Prices for Inflation

Determining how to treat inflation when comparing incomes and housing prices in the Bay Area is complex. Adjusting incomes and housing prices for inflation introduces complications due to the high cost of housing. Because housing is part of a basket of goods and services that people purchase, it is incorporated into the factors used to calculate the inflation adjustment. On the other hand, not adjusting for inflation potentially overstates differences in incomes and housing prices over time, showing increases in incomes that don't necessarily reflect greater ability to afford the available basket of goods and services. This report does not correct for inflation in order to better show increases in incomes and housing costs over time. Figures display nominal dollars, or dollars unadjusted for inflation, unless otherwise specified.

Falling Down the Median-Income Ladder

Real estate economics firm The Concord Group, which provided much of the data analysis for this report, developed several case studies to illustrate the shrinking ability of three fictional middle-income professionals to afford housing. The studies reflect data from the Bay Area Census and the Bureau of Labor Statistics. Dollar figures are not adjusted for inflation.

Linda MIDDLE-SCHOOL TEACHER, WEST OAKLAND

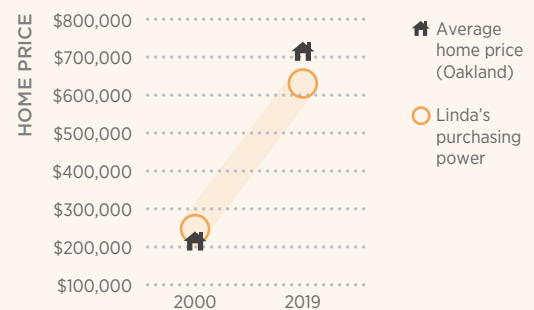
Linda's household made...

101% of HH median income in Oakland in 2000

vs.

90% of HH median income in Oakland in 2019

Affordable vs. Average Housing Costs



Linda works as a teacher at a middle school in West Oakland. In 2000, she was making \$40,000, almost the median income for educators in Oakland at the time (101% of AMI). Over the next 20 years, her pay rose to \$66,000, the median income for educators in 2019. Despite a 64% increase in wages over a 20-year period, Linda went from earning 101% of AMI in 2000 to 90% of AMI in 2019 because, over the same period, the median income of Oaklanders grew even more than Linda's wages, from roughly \$40,000 in 2000 to almost \$74,000 in 2019, an 84% increase.

Linda's ability to purchase a home declined over the decades. In 2000, a median-priced home in Oakland was \$215,000. By 2019, it had increased to \$712,000. Linda's wage increases have been insufficient to keep pace with the rise in housing prices in her area.

Manny CONSTRUCTION WORKER, SAN MATEO

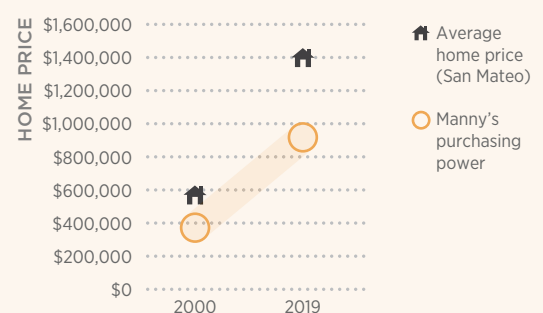
Manny's household made...

93% of HH median income in San Mateo in 2000

vs.

78% of HH median income in San Mateo in 2019

Affordable vs. Average Housing Costs



Manny is a construction worker in San Mateo. He transitioned into construction work by attending trade school after graduating from high school and then working in San Mateo, where he grew up. He quickly picked up skills and continues to climb the ladder at his company. His earnings went from \$61,000 a year in 2000 to \$95,000 a year in 2019, a 58% increase. Despite this wage growth, Manny's relative income fell from 93% of AMI in 2000 to 78% of AMI in 2019. During this period, Manny's ability to purchase a home increased by more than 50%, but so, too, did home prices.


Mick

POSTAL WORKER, DUBLIN

Mick's
household
made...

59%

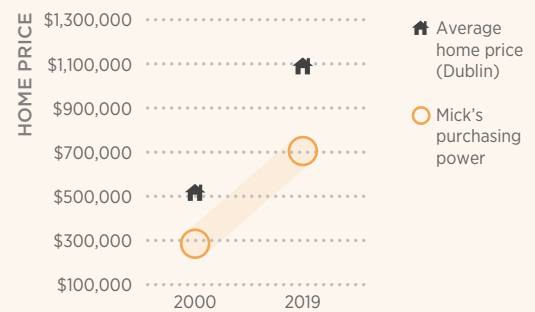
of HH median income
in Dublin
in 2000

vs.

49%

of HH median income
in Dublin
in 2019

Affordable vs. Average Housing Costs



Mick has been with the postal service in the Tri-Valley area for many years. Despite a number of promotions, his wages have remained flat relative to inflation. Mick earned roughly \$45,500 in 2000 and \$74,000 in 2019. His income went from 59% of AMI in 2000 to 49% of AMI in 2019. Although Mick's purchasing power increased by 57% during this period, the median home price in Dublin increased from \$507,000 to \$1,084,000, leaving homeownership far out of reach.

Despite having steady jobs, Linda, Manny, and Mick have seen their relative economic positions decline over the past 20 years. The influx of high-income earners into the Bay Area, coupled with the increase in housing costs, has eroded their home purchasing power and dampened their retirement prospects in the region.

Racial Disparities in Impacts of Household Income Shifts

Shifts in incomes affect racial and ethnic groups differently. These impacts vary across the Bay Area. To understand how changes in household incomes intersect with demographics, we analyzed shifts in incomes by race and ethnicity at the scale of the region and the county.

White and Asian households started with the highest incomes and have experienced some of the greatest income increases. Median incomes for Black and Latinx households are below 80% of AMI.

Income inequality by race persists in the Bay Area. White households had median incomes slightly higher than the average income in 2010. By 2019, their median income was 108% of AMI. The median income of Asian households was more than 120% of AMI by 2019. The population of Asians in the Bay Area grew nearly 27% between 2010 and 2019 (see Appendix A, Exhibit A1).

By contrast, the median income of Black households was slightly below 70% of AMI in 2010. By 2019, Black median income had grown to slightly less than 80%. Meanwhile, the median income of Latinx households increased only 3% relative to AMI.

Median incomes for Black and Latinx households were below 80% of AMI in both 2010 and 2019, despite increasing overall during that time period. Consequently, housing programs that specifically target households earning between 80% and 120% of AMI will miss the many Black and Latinx households with incomes below 80% of AMI.

Incomes of American Indians or Alaska Natives and of Native Hawaiian and Other Pacific Islander households declined relative to AMI between 2010 and 2019.

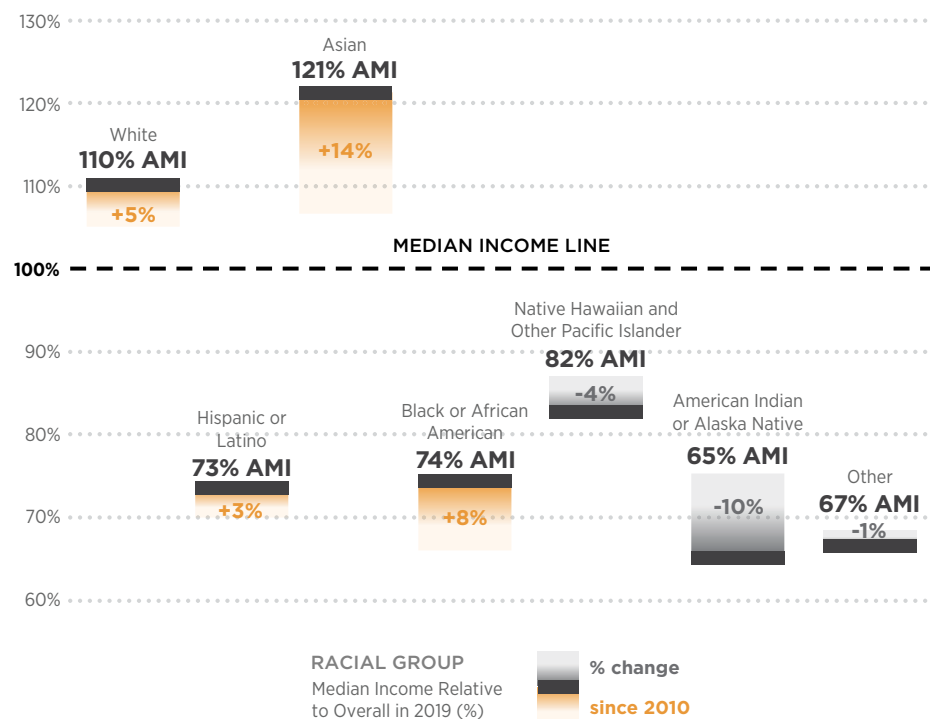
EXHIBIT 7

Median incomes for white, Asian, Black, and Latinx people have gone up in the last decade, while those for Pacific Islanders, Native Americans, and others have gone down. Even though Black and Latinx median incomes have increased, they are still below the overall midpoint, unlike white and Asian incomes.

Changes in Median Incomes by Race Relative to AMI, 2010 to 2019

Source: The Concord Group analysis based on U.S. Census data.

Note: All race and ethnicity designations (including terminology) are U.S. Census designations. Those identifying as “two or more races” are counted in the “other” category. Population counts by race and ethnicity can be found in Appendix A1.



How Data Limitations Blur Racial Categories

This report utilizes demographic data from the U.S. Census Bureau's American Community Survey, which aggregates race and ethnicity into broad categories. The practice of aggregating data can erase the experiences of people from minority ethnicities within the broader category, hiding their experiences within the larger racial or ethnic group. This blurring is particularly true for people in the "Asian" and "Hispanic" data groups, which categorize geographically, culturally, and economically diverse ethnic groups under umbrella terms. Data limitations prevent disaggregation of these broad racial and ethnic group categories.

Disparities in income by race and ethnicity vary throughout the Bay Area.

White and Asian households tend to have higher median incomes in all Bay Area counties, but levels of disparity vary across geographies. This analysis looked at median incomes by race in four Bay Area counties: the three Bay Area counties with the largest cities (San Francisco, Alameda, and Santa Clara) as well as Solano County for comparison. Data for the remaining five Bay Area counties are presented in Appendix B.

In San Francisco County, white households had the highest median income of any racial or ethnic group in 2010. Between 2010 and 2019, the median income of white households grew 64%, a far greater increase than that experienced by any other racial or ethnic group. White households were the only group to have incomes above the median income by 2019. Black households started with the lowest incomes and saw relatively meager income growth. The median income of Black households remained well below 80% of the overall median for the county. Black households were the only racial or ethnic group to experience a population decrease in the city (see Appendix A, Exhibit A2).

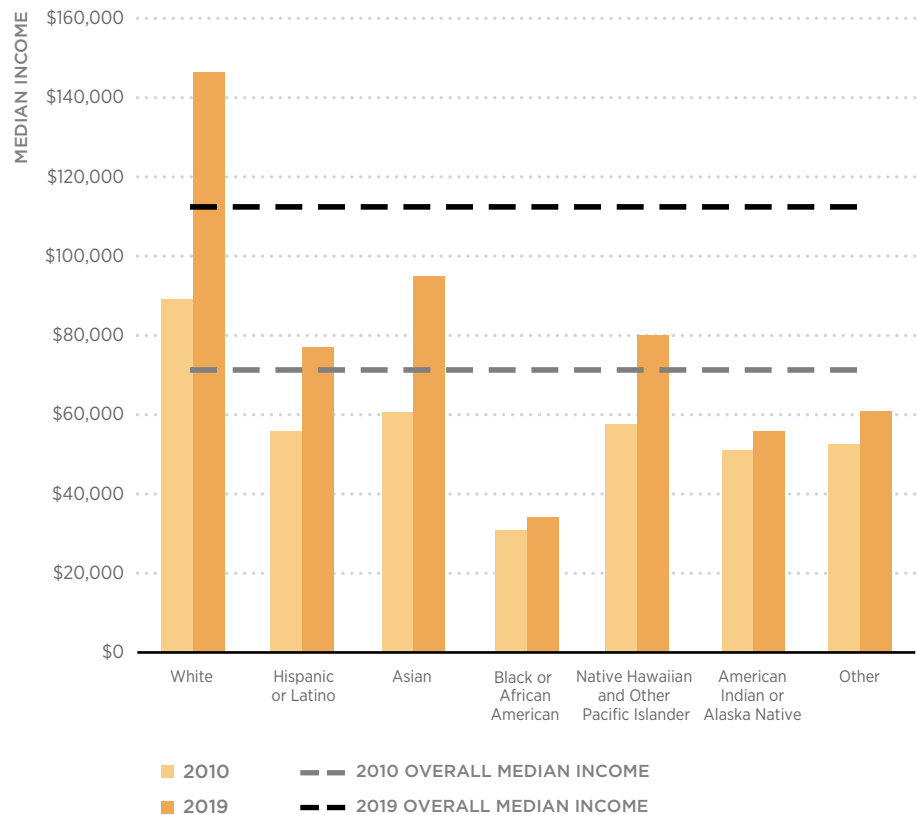
EXHIBIT 8

The median income of white households in San Francisco County rose 64%, the largest increase for any racial or ethnic group in the city.

Changes in Median Household Income by Race and Ethnicity, San Francisco, 2010 to 2019

Source: The Concord Group analysis based on U.S. Census data.

Note: Figures are not adjusted for inflation. The number of San Francisco households in each racial and ethnic category can be found in Appendix A, Exhibit A2.



In Alameda County, all racial groups saw an increase in median incomes. White and Asian households started with the highest median incomes, which continued to grow at a higher percentage between 2010 and 2019. The median income for Black households grew from roughly \$40,000 to \$52,000, or 29%. The median income for Latinx households in Alameda County grew from \$55,600 to \$78,000, or 40%. Despite this growth, the median income for Black and Latinx households was nowhere near the growth in overall median income for all of Alameda County. Black and white households were the only racial or ethnic groups to experience a population decrease in the county (see Appendix A, Exhibit A3).

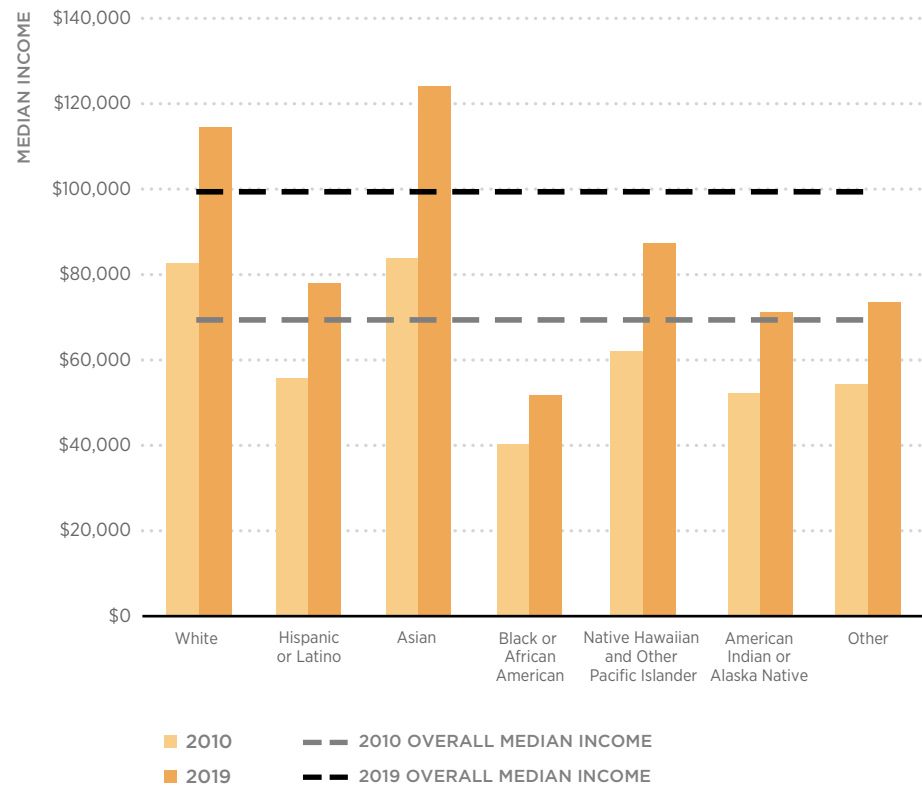
EXHIBIT 9

In Alameda County, the median incomes of white and Asian households increased by 39% and 48%, respectively.

Changes in Median Household Income by Race and Ethnicity, Alameda County, 2010 to 2019

Source: The Concord Group analysis based on U.S. Census data.

Note: Figures are not adjusted for inflation. The number of Alameda County households in each racial and ethnic category can be found in Appendix A, Exhibit A3.



White and Asian households had the highest incomes in the South Bay, both in 2010 and 2019. The median income for Asians in 2010 was \$104,000. By 2019, it had grown to \$149,000, an increase of 43%. White households saw the second-highest increase, from \$95,000 in 2010 to \$133,400 in 2019, an increase of 40%. During this same period, the median income of Latinx households grew 39% but remained far below the overall median income for the county.

In Solano County, whites and Asians are the only racial groups to have median incomes greater than the overall median for the county. The median income for white households was \$73,000 in 2010 and \$88,000 in 2019, an increase of 19%. The median income for Asian households was \$83,000 in 2010 and \$97,500 in 2019, an increase of 21%. Other racial groups saw their median incomes increase, with the exception of American Indians or Alaska Natives, a third of whom left the county between 2010 and 2019 (see Appendix A, Exhibit A5). The median income for Latinx households increased from \$58,000 to \$71,500 in 2019, an increase of 23%. The median income for Black households increased from \$54,000 in 2010 to \$62,000 in 2019, an increase of 14%. Notably, the median income in Solano County was significantly lower in 2019 than the median incomes in Alameda, San Francisco, and Santa Clara counties.

EXHIBIT 10

In Santa Clara County, the median income for Asians grew 43%, while the median income for whites grew 40%. Changes in Median Household Income by Race and Ethnicity, Santa Clara County, 2010 to 2019

Source: The Concord Group analysis based on U.S. Census data.

Note: Figures are not adjusted for inflation. The number of Santa Clara County households in each racial and ethnic category can be found in Appendix A, Exhibit A4.

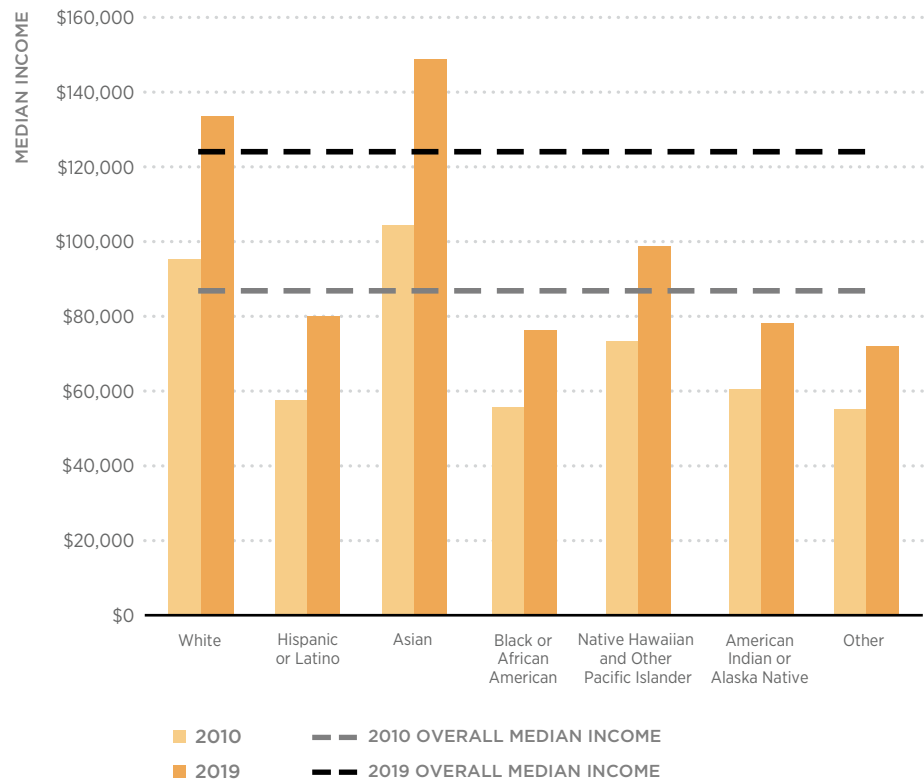


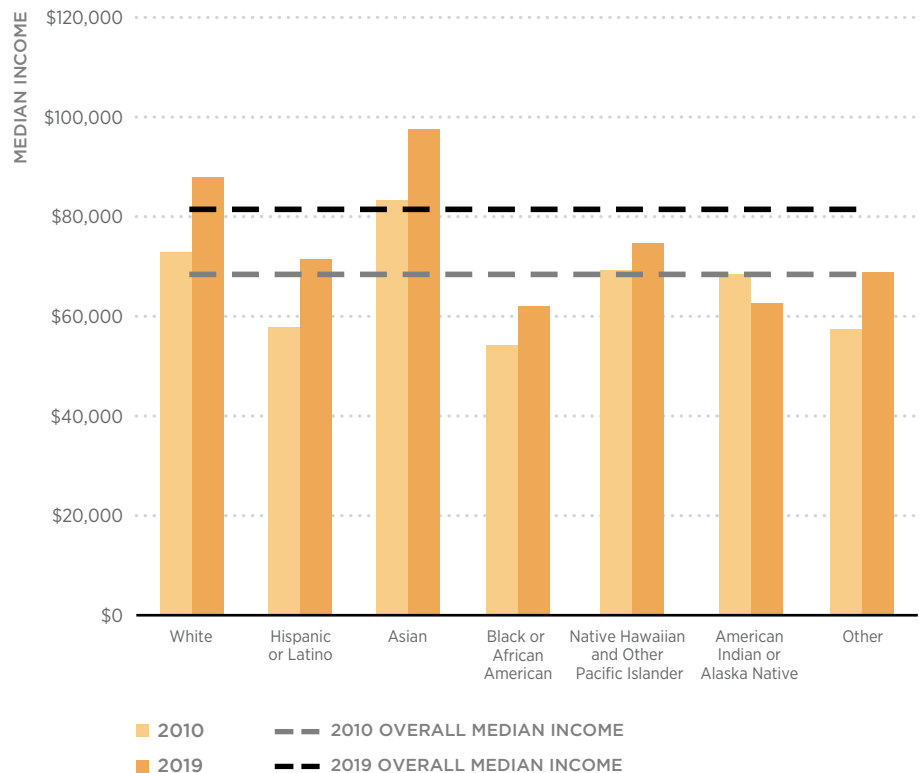
EXHIBIT 11

In Solano County, differences among median incomes for racial and ethnic groups are not as great as in other Bay Area counties.

Changes in Median Household Income by Race and Ethnicity, Solano County, 2010 to 2019

Source: The Concord Group analysis based on U.S. Census data.

Note: Figures are not adjusted for inflation. The number of Solano County households in each racial and ethnic category can be found in Appendix A, Exhibit A5.



The Bay Area Income Story

Median incomes in the Bay Area have shifted significantly since 2010. Bay Area counties, already wealthier than many other regions in California, have also seen median incomes rise more than the California average. Income inequality has continued to expand as wage growth for top wage earners has substantially increased while wage growth for the lowest-income earners has declined, a national trend that the Bay Area has experienced more starkly than the country as a whole.

Although median incomes have risen substantially, workers in previously middle-income professions, such as teaching and construction work, have experienced a significant decline in their income relative to median incomes overall. This decline has moved some of these workers out of the middle-income band (80% to 120% of AMI) and into the low-income band (50% to 80% of AMI). Relative median incomes across Bay Area counties have also changed, with San Francisco having the lowest median income in 1990 but the third highest in 2021.

Different racial groups have continued to experience unequal growth in median incomes. Although median incomes in the Bay Area have grown for Black and Latinx households, they still lag those of white and Asian households. Possibly due to the greater affordability of their housing, some areas outside the inner Bay Area have seen less income disparity among racial categories. The median-priced home in one neighborhood of Vacaville (a city in Solano County) is roughly \$689,000, while the median-priced home in the Inner Sunset District of San Francisco is \$1,788,341.⁶

The median incomes of Black and Latinx households in the Bay Area are below the 80% to 120% of AMI threshold for what is traditionally considered a middle-income household.

⁶ Susie Neilson, "Home Prices in Every Bay Area City and ZIP Code," *The San Francisco Chronicle*, December 20, 2022, <https://www.sfchronicle.com/projects/real-estate/bay-area-home-prices/>. Accessed September 8, 2022, for zip codes 94551 and 94122.

Chapter 2

How Have the Region's Housing Affordability Challenges Changed Who Can Live in the Bay Area?

The relationship between housing and income is tightly linked. High housing prices can keep lower-income people from being able to stay in the Bay Area and can prevent new lower-income people from moving here. Higher-income people compete with each other for scarce housing options, driving up the average cost of housing. When incomes are high and housing supply is low, the region runs the risk of becoming a place where only the wealthiest people can afford to live, undermining racial and economic diversity and straining the economy.

The Bay Area has some of the most expensive housing in the entire country.⁷ It also has many areas with some of the highest incomes in the United States.⁸ The result is that the region's median income is very high, making some housing, particularly rental housing, relatively affordable for median-income households. But while rental housing may be in reach for some middle-income households, for-sale housing is affordable only to the most affluent. This reality has long-term implications for who remains within our region.

Our research examined the reasons that housing in the Bay Area is so expensive and explored the relative affordability of both rental housing and for-sale housing for median-income households in the region and in select counties.

The High Cost of Bay Area Housing

Housing in the Bay Area is expensive for many reasons, but chiefly because there is not enough of it. In SPUR's 2021 report *What It Will Really Take to Create an Affordable Bay Area*, we found that the Bay Area failed to produce the roughly 700,000 units of housing that were needed to keep pace with demand from 2000 to 2018. Of those unbuilt units, 486,000 were needed for households earning less than the median income.

⁷ National Low-Income Housing Coalition, *Out of Reach: The High Cost of Housing*, 2022, <https://nlihc.org/oor>.

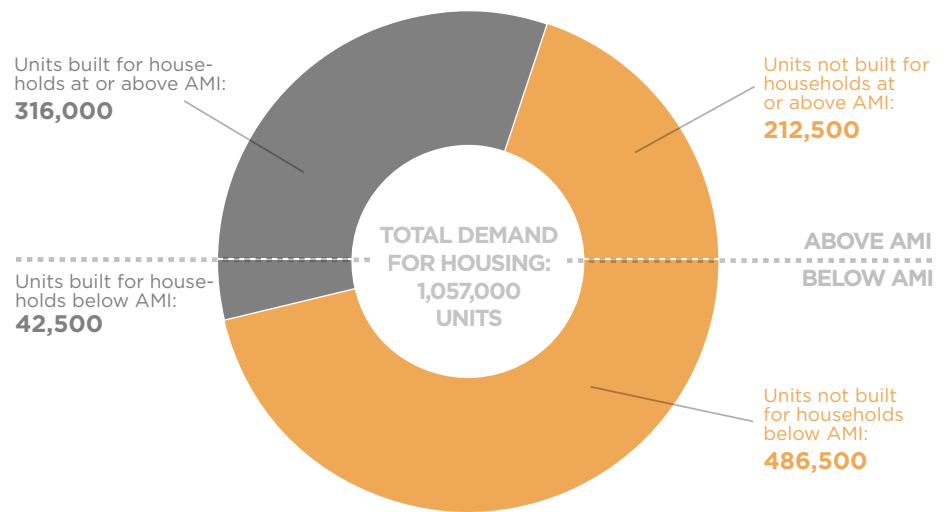
⁸ Andrew DePietro, "Richest Counties in the United States," *Forbes*, December 21, 2021, <https://www.forbes.com/sites/andrewdepietro/2021/12/21/richest-counties-in-the-us/?sh=2e8130202ecd>.

EXHIBIT 12

The Bay Area has failed to produce a sufficient amount of housing, particularly for households with income below the AMI.

Bay Area Housing Demand, 2000 to 2018

Source: Sarah Karlinsky and Kristy Wang, *What It Will Really Take to Create an Affordable Bay Area*, SPUR Report, 2021, <https://www.spur.org/publications/research/2021-04-19/what-it-will-really-take-create-affordable-bay-area>.



The Bay Area has added many more jobs than housing units, according to an analysis by The Concord Group that was based on housing permit data from the U.S. Department of Housing and Urban Development and job data from the U.S. Census Bureau. From 2011 to 2017, the region added 658,000 jobs and 140,000 units, or 4.7 jobs for every housing unit. In some of the region's more expensive counties, such as San Mateo, the imbalance was even more pronounced, with a ratio of 8.14 new jobs to every new housing unit.

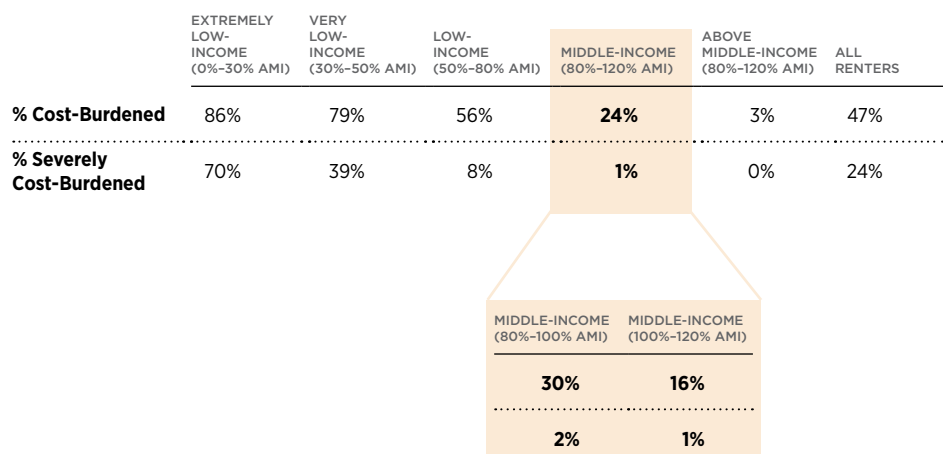
The lack of sufficient housing supply hits low-income households hard. But even middle-income households experience some cost burden due to rent. In 2021, roughly 24% of households earning between 80% and 120% of AMI felt that burden — that is, they paid more than 30% of household income to rent. Unsurprisingly, among cost-burdened middle-income households, those earning 80% to 100% of AMI were more cost burdened than those earning 100% to 120% of AMI.

EXHIBIT 13

In the Bay Area, even middle-income households (earning 80% to 120% of AMI) experience some cost burden from rent.

Renter Cost Burden for Middle-Income Group, Bay Area, 2021

Source: California Housing Partnership analysis of one-year Public Use Microdata Sample (PUMS) data for 2021.



Rental Affordability for Median-Income Households

Over the past 20 years, the ability of a median-income household to rent an average-priced unit in the Bay Area has increased. This rising rental affordability, which may seem counterintuitive, is due to significant growth in median incomes over the past two decades. This growth makes it easier for median-income households to afford housing, but it also leads to increases in median rents (and for-sale prices). Consequently, racial groups with lower median incomes, such as Black households, at 76% of AMI, and Latinx households, at 75% of AMI, are still less likely to be able to afford rent than their white or Asian counterparts. Moreover, in Bay Area counties with the most affordable housing markets, affordability has eroded even as incomes have increased. For example, in Solano County, the average-priced rental unit used to be affordable to households at 80% of AMI. By 2020, the average-priced rental unit was no longer affordable to these households.

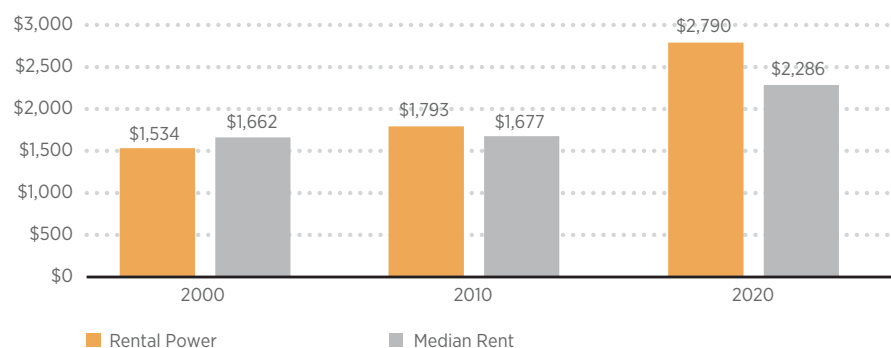
Rents and incomes largely stagnated from 2000 to 2010, due in part to the Great Recession of 2007 to 2009, during which housing prices declined and then slowly began to rebound. Between 2010 and 2020, median rents in the Bay Area grew a whopping 36%. As noted above, because median incomes have grown even more than rents from 2010 to 2020, the ability of a median-income household to afford the median-priced unit has increased. At the same time, the mix of housing constructed over the last few decades has shifted from for-sale to rental housing, making rental housing less scarce than for-sale housing.⁹ The iterative relationship between housing prices and median incomes means that the ability of higher-income individuals to pay for scarce housing options raises the cost of housing. That cost then becomes increasingly too high for lower-income households to afford.

EXHIBIT 14

Although median rents increased by 36% between 2010 and 2020, the ability of median-income households to pay for rent increased by 55% due to rising incomes.
Gap Between Median Rent and Rental Power, Bay Area, 2000 to 2020

Source: The Concord Group analysis based on data from Zillow and Federal Reserve Economic Data (FRED).

Note: Figures are not adjusted for inflation. Rental affordability power assumes that no more than 30% of monthly median income goes to rent payment.



Rental affordability varies significantly throughout the region, as shown by comparing the three Bay Area counties that include the region's biggest cities (San Francisco, Alameda, and Santa Clara)

⁹ Robert Dietz, "97% Built-for-Rent Multifamily Construction Share," National Association of Home Builders, November 22, 2022, <https://eyeonhousing.org/2022/11/97-built-for-rent-multifamily-construction-share/>.

with a lower-income county farther from the inner Bay Area (Solano). (An analysis of rental affordability in the remaining five Bay Area counties can be found in Appendix C.)

In San Francisco County, rental housing continues to be affordable to the median-income household despite increases in both income and rents.¹⁰ Median rents increased 9% between 2000 and 2010 and another 10% between 2010 and 2020. Median incomes increased 44% from 2000 to 2010 and another 33% from 2010 to 2020. The growth in median incomes absorbs the growth in rents, meaning that the ability of a median-income household to afford the average-priced one-bedroom unit has increased.

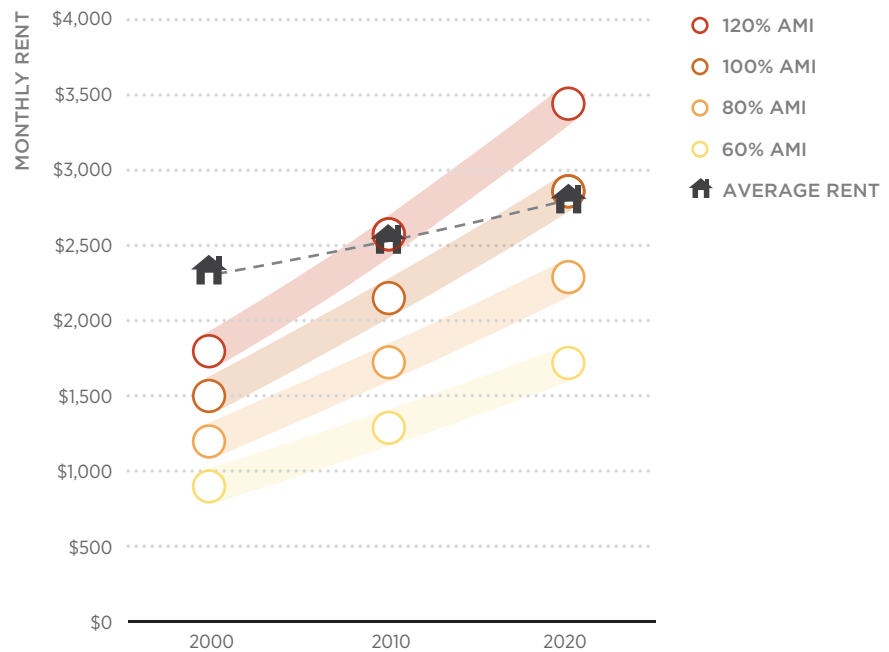
EXHIBIT 15

The affordability of the average-priced one-bedroom unit in San Francisco County to the median-income household has increased, even as rents have grown.

Relative Rent Affordability, San Francisco County, 2000 to 2020

Source: The Concord Group analysis based on data from Zillow and FRED.

Note: Incomes are defined using HCD income limits for two-person households. Rental affordability power assumes that no more than 30% of monthly median income goes to rent payment.



In Alameda County, rents remained flat between 2000 and 2010, while median incomes increased by 34%. From 2010 to 2020, the average cost of housing jumped 34% and median incomes rose 32%. By 2020, because of the extreme growth in incomes, the average-priced one-bedroom unit continued to be affordable to median-income households even though rents increased by more than a third.

¹⁰ This report's rental affordability analysis uses income limits defined by the California Department of Housing and Community Development (HCD) and assumes a two-person household and a one-bedroom unit.

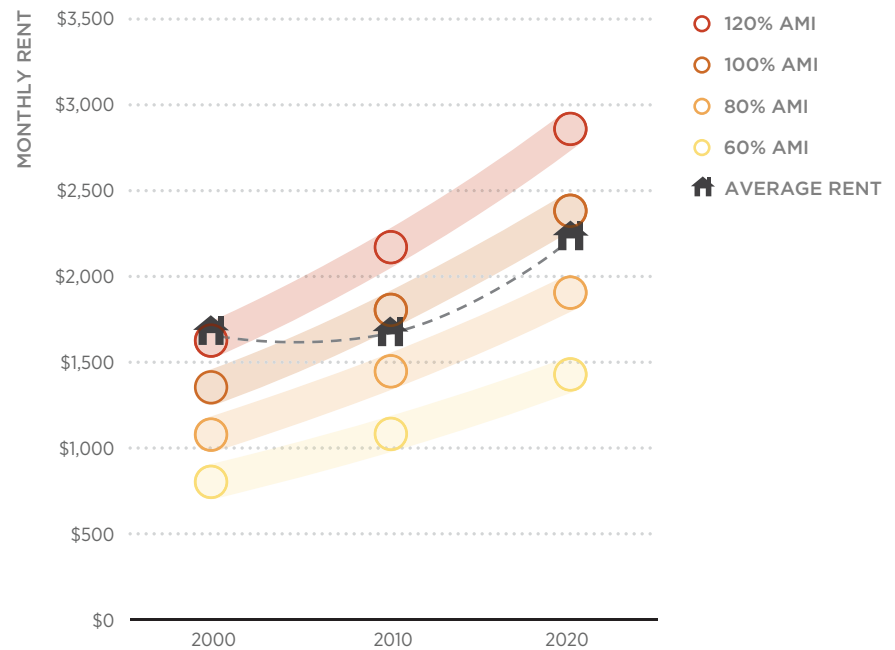
EXHIBIT 16

In Alameda County, the average-priced rental unit continues to be affordable to households earning the median income, even though rents grew 34% between 2010 and 2020.

Relative Rent Affordability,
Alameda County, 2000 to 2020

Source: The Concord Group analysis based on data from Zillow and FRED.

Note: Incomes are defined using HCD income limits for two-person households. Rental affordability power assumes that no more than 30% of monthly median income goes to rent payment.



In Santa Clara County, one-bedroom rents dipped 13% between 2000 and 2010. At that point, average rents were affordable to households at 100% of AMI. Between 2010 and 2020, one-bedroom rents rebounded 28%. Despite that increase, the ability of the median-income household to afford the average-priced unit actually rose, largely because incomes increased by 37% between 2010 and 2020.

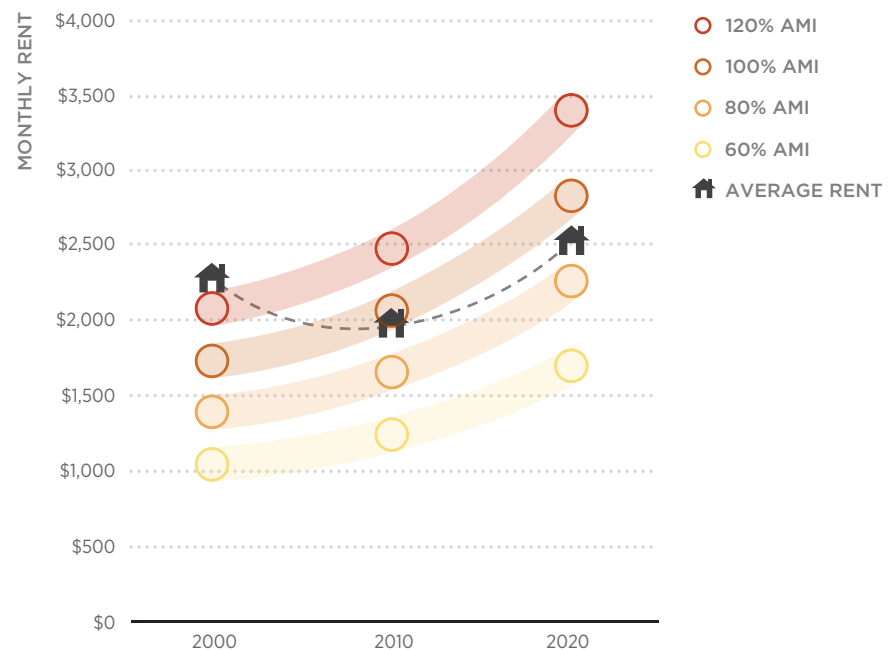
EXHIBIT 17

Households at 100% of AMI can still afford the average-priced rental unit in Santa Clara County.

Relative Rent Affordability,
Santa Clara County, 2000 to 2020

Source: The Concord Group analysis based on data from Zillow and FRED.

Note: Incomes are defined using HCD income limits for two-person households. Rental affordability power assumes that no more than 30% of monthly median income goes to rent payment.



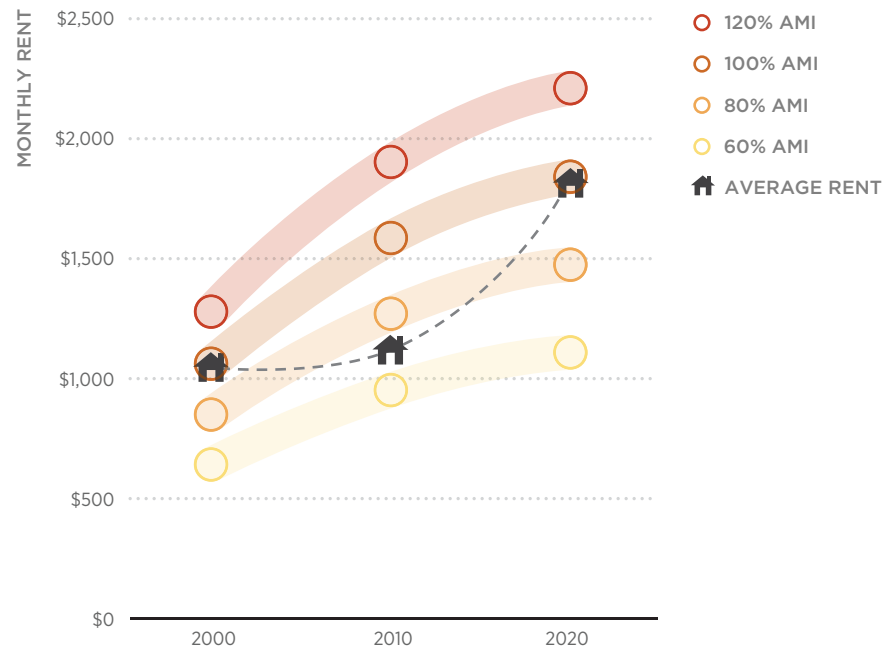
By Bay Area standards, Solano County is affordable. Rents there grew a modest 8% between 2000 and 2010, while incomes grew 49%. From 2010 to 2020, however, rents increased an extraordinary 62%. During the same period, median household income increased by only 16%, far less than in other parts of the region.

EXHIBIT 18

By 2020, the average-priced rental unit in Solano County was no longer affordable to households at 80% of AMI.
Relative Rent Affordability, Solano County, 2000 to 2020

Source: The Concord Group analysis based on data from Zillow and FRED.

Note: Incomes are defined using HCD income limits for two-person households. Rental affordability power assumes that no more than 30% of monthly median income goes to rent payment.



Homeownership Affordability for Median-Income Households

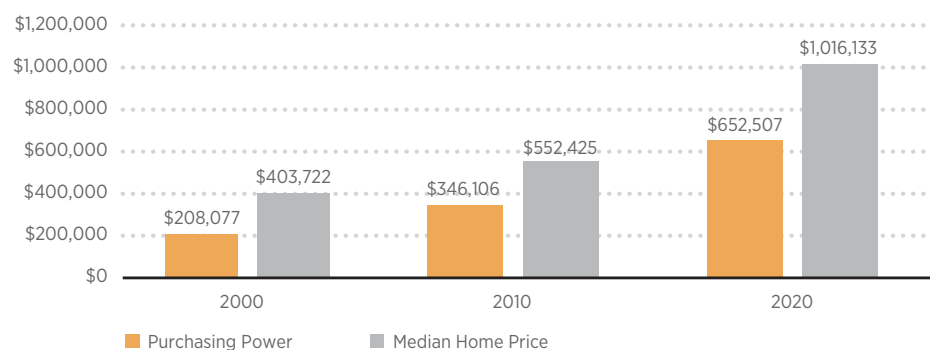
In the Bay Area, the homeownership picture is significantly bleaker than the rental picture for middle-income households. For-sale housing was too expensive for the median-income household in 2000, and the situation has significantly worsened over the last 20 years. The gap between what a median-income household can afford to pay and the cost of an average-priced home was \$196,000 in 2000. By 2010, it was \$206,000, and by 2020, it was more than \$360,000.

EXHIBIT 19

The ability of median-income households to buy a median-priced home in the Bay Area has decreased significantly.
Gap Between Median Home Price and Purchasing Power, Bay Area, 2000 to 2020

Source: The Concord Group analysis based on data from Zillow and FRED.

Note: Purchasing power assumes that no more than 30% of monthly median income goes to mortgage payment.



Homeownership affordability varies significantly throughout the region, as shown by comparing San Francisco, Alameda, and Santa Clara counties with Solano County. (An analysis of homeownership affordability in the remaining five Bay Area counties can be found in Appendix D.) The overarching trend is that ownership opportunities are out of reach for all but the wealthiest households.

In San Francisco County, the average-priced home was unaffordable for even a household earning 120% of AMI in 2000. Between 2000 and 2010, the median home price grew by more than 56%. Between 2010 and 2020, it increased by 92%, and at \$1,484,000, it was more than double the cost that a median-income household could afford to pay (roughly \$670,000).

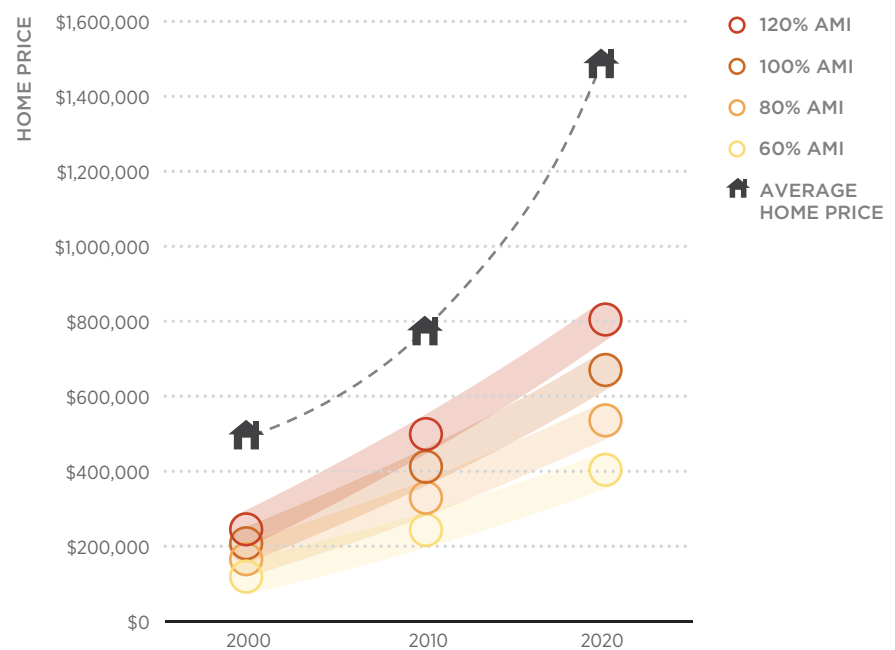
EXHIBIT 20

The median home price in San Francisco County is more than twice what a median-income household can afford to pay.

Relative Homeownership Affordability, San Francisco, 2000 to 2020

Source: The Concord Group analysis based on data from Zillow and FRED.

Note: Incomes are defined using HCD income limits for two-person households. Purchasing power assumes that no more than 30% of monthly median income goes to mortgage payment.

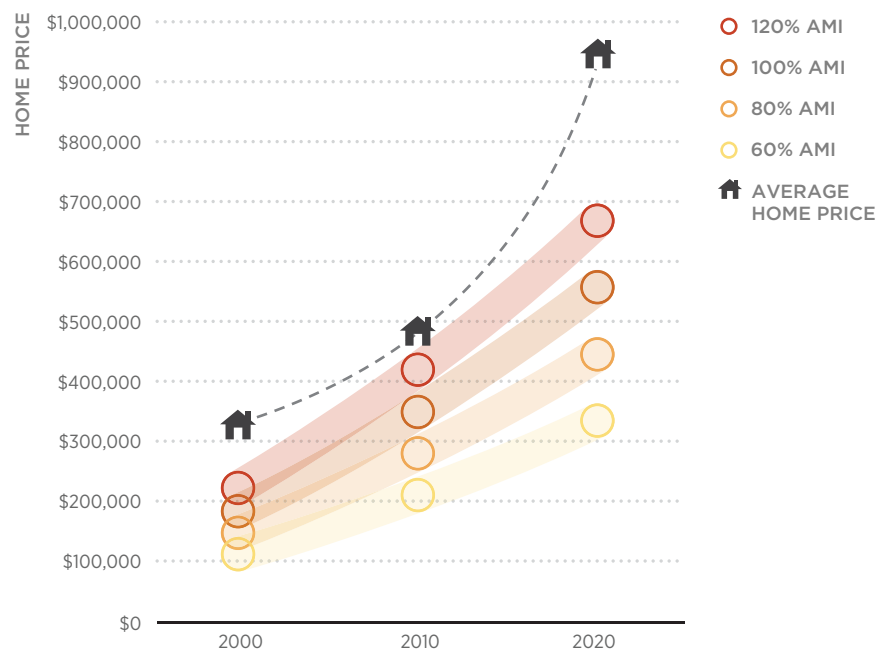


In Alameda County, the median home price was \$482,000 in 2010. Ten years later, it was \$943,000, a 96% increase. The purchasing power of the median-income household also increased substantially, roughly 60%, between 2010 and 2020. However, the growth in median incomes was not enough to offset the increases in housing costs.

EXHIBIT 21**Growth in median incomes is insufficient to offset increases in home purchase costs in Alameda County.****Relative Homeownership Affordability, Alameda County, 2000 to 2020**

Source: The Concord Group analysis based on data from Zillow and FRED.

Note: Incomes are defined using HCD income limits for two-person households. Purchasing power assumes that no more than 30% of monthly median income goes to mortgage payment.

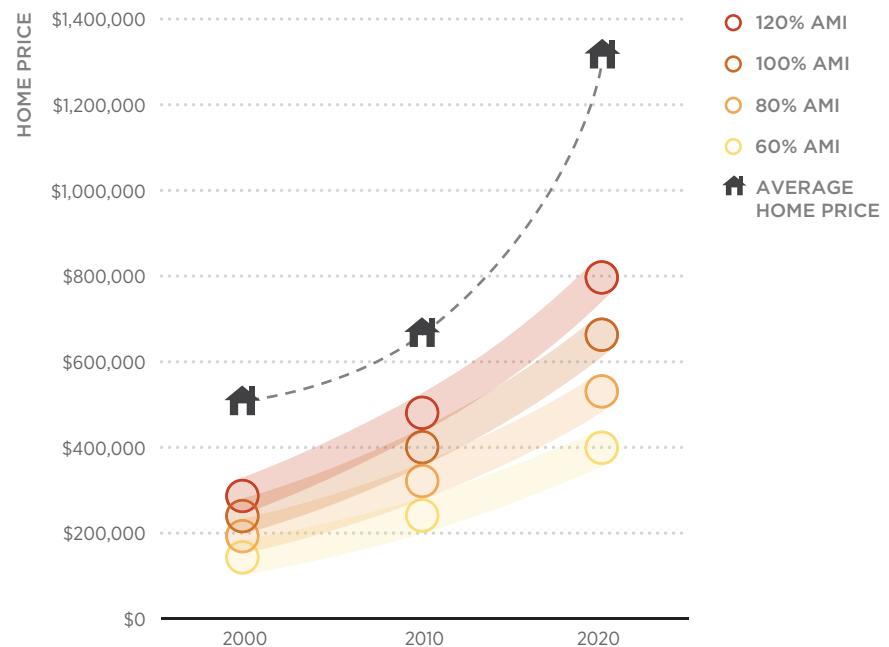


In Santa Clara, the cost of a median-priced home grew almost 98% between 2010 and 2020. Although incomes also grew during this period, they were not sufficient to offset the runup in home prices. In 2020, the median-income household could afford to purchase a home for \$663,000, but the median-priced home in Santa Clara County was \$1,317,000.

EXHIBIT 22**In Santa Clara County, the median-priced home is about \$500,000 more than the median-income household can afford.****Relative Homeownership Affordability, Santa Clara County, 2000 to 2020**

Source: The Concord Group analysis based on data from Zillow and FRED.

Note: Incomes are defined using HCD income limits for two-person households. Purchasing power assumes that no more than 30% of monthly median income goes to mortgage payment.



The for-sale housing affordability trend is somewhat different in areas farther from the inner Bay Area. In Solano County, housing prices increased a modest 11% between 2000 and 2010, reflecting

the housing bust of the Great Recession. A household earning 80% of AMI could afford to purchase the median-priced home. However, between 2010 and 2020, housing prices increased by 98%, and the average-priced house was no longer affordable to a median-income household, although at \$471,000, it was certainly more affordable than in other parts of the Bay Area.

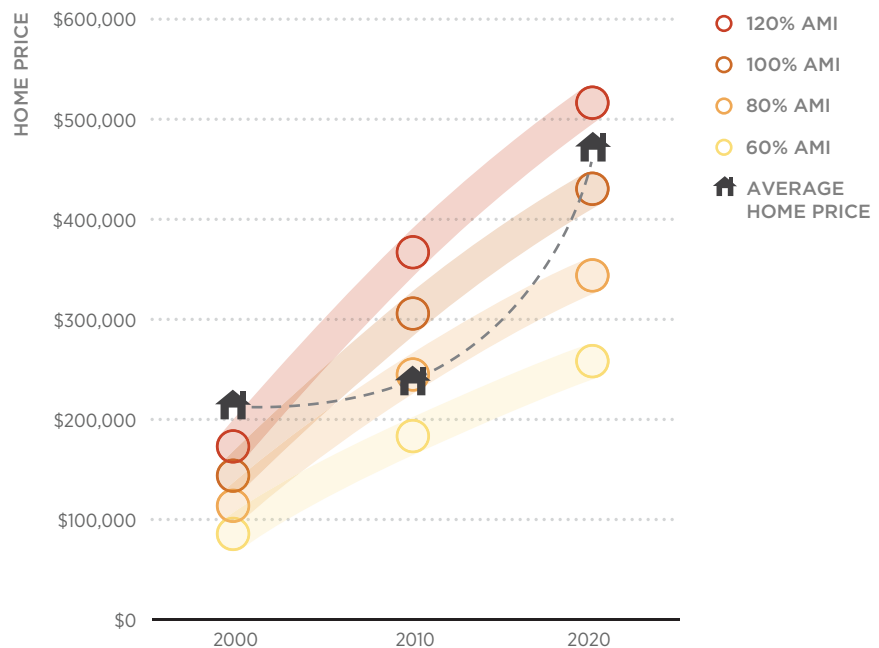
EXHIBIT 23

Though more affordable than in other parts of the Bay Area, the average-priced home in Solano County is out of reach for a median-income household.

Relative Homeownership Affordability, Solano County, 2000 to 2020

Source: The Concord Group analysis based on data from Zillow and FRED.

Note: Incomes are defined using HCD income limits for two-person households. Purchasing power assumes that no more than 30% of monthly median income goes to mortgage payment.



Like the increase in rental housing costs, the increase in for-sale prices of homes disproportionately impacts Black households. A recent report by the Turner Center for Housing Innovation found that in 2020 Black households were the least likely among all racial groups to obtain a home purchase loan. As homeownership becomes affordable only to those with the highest incomes and those able to access intergenerational wealth, this trend exacerbates long-term wealth inequality.

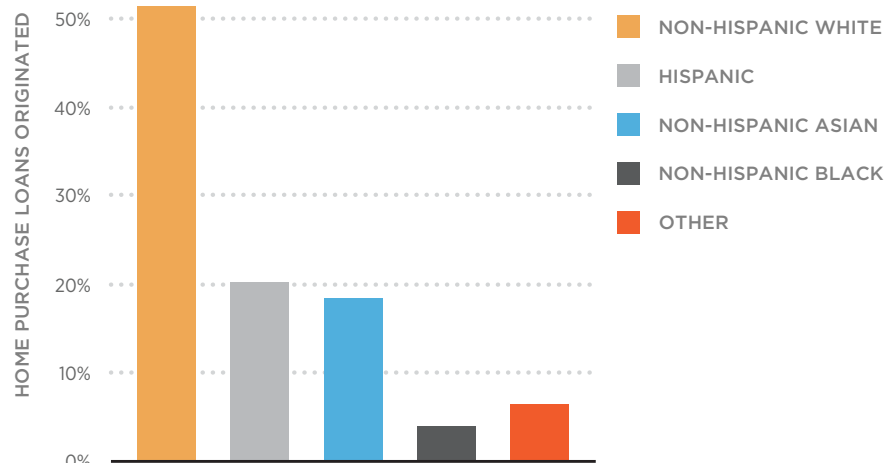
EXHIBIT 24

Black households are the least likely to access a home loan in California.

Number of Home Purchase Loans Originated, by Race and Ethnicity, 2020

Source: David Garcia, Shazia Manji, Quinn Underriner, and Carolina Reid, *The Landscape of Middle-Income Affordability in California*, Turner Center for Housing Innovation, 2022, <https://turnercenter.berkeley.edu/blog/middle-income-housing-affordability-california/>.

Note: The analysis was based on 2020 California Home Mortgage Disclosure Act data filtered for loans originated for non-commercial home buying, properties with one to four units, owner-occupied and first-lien. Race and ethnicity data were not collected for a significant number of loans: 42,469.



The Bay Area Housing Affordability Picture

In the Bay Area, housing — particularly for-sale housing — has grown increasingly unobtainable for median-income households. The substantial growth in incomes in the region has made average-priced rental housing affordable to median-income households, but steady growth in rents means that many households find rental housing more unaffordable than ever, especially those living in areas where the average-priced rental unit used to be affordable to those at 80% of AMI.

At the same time, for-sale housing is now completely out of reach for middle-income households, a shift that has accelerated over the past 10 years. Only those with extremely high incomes, large amounts of wealth, access to family money through intergenerational wealth transfers, or some combination of these assets are able to afford a home purchase in the Bay Area.

Affordability trends impact Black and Latinx households disproportionately. The median income for these groups is lower than the median income for the Bay Area as a whole. Black households in particular are less likely to have wealth or access to wealth due to discriminatory zoning practices such as redlining (whereby homes in neighborhoods with primarily Black households were denied government loans), racial covenants (which denied Black households the right to purchase certain homes), and other aspects of systemic racism.

Chapter 3

What Is Happening to People Who Can't Afford Housing in the Bay Area?

The shifts in Bay Area housing affordability have a negative impact on low- and middle-income households. What happens when rents rise while the incomes of middle- and low-income households remain flat or even decline? The answers to this question are concerning. The number of overcrowded households and households paying more and more of their incomes toward rent is increasing, underlining the deepening housing insecurity felt in the region. The distribution of incomes in the 21-county megaregion stretching from Sacramento to Santa Cruz has changed to mirror income shifts in the Bay Area, suggesting that some people are moving farther out to find affordable housing. Super-commuting (driving 25 or more miles one way to work) also is increasing. Lastly, some people are leaving the area or not moving to the area due to high housing costs.

Some households are becoming overcrowded.

One of the most significant trends between 2010 and 2019 was overcrowding. The percentage of homes with rooms occupied by 1.5 or more people increased across all geographic areas in the region, but the incidence of overcrowding was greatest along the I-880 corridor and in the urban East Bay and Marin County. Households with fewer than one person per room decreased. In 2010, San Francisco had the highest percentage of households with 1.5 people or more per room at 3.2%. By 2019, that number had expanded to 4.1%.

These trends indicate that lower-income households are grappling with high housing costs by doubling or even tripling the number of people in their homes. Overcrowding sacrifices privacy and exacerbates physical and mental health challenges. Lower-income households are the most likely to experience overcrowding, adding to the challenges of housing instability.¹¹

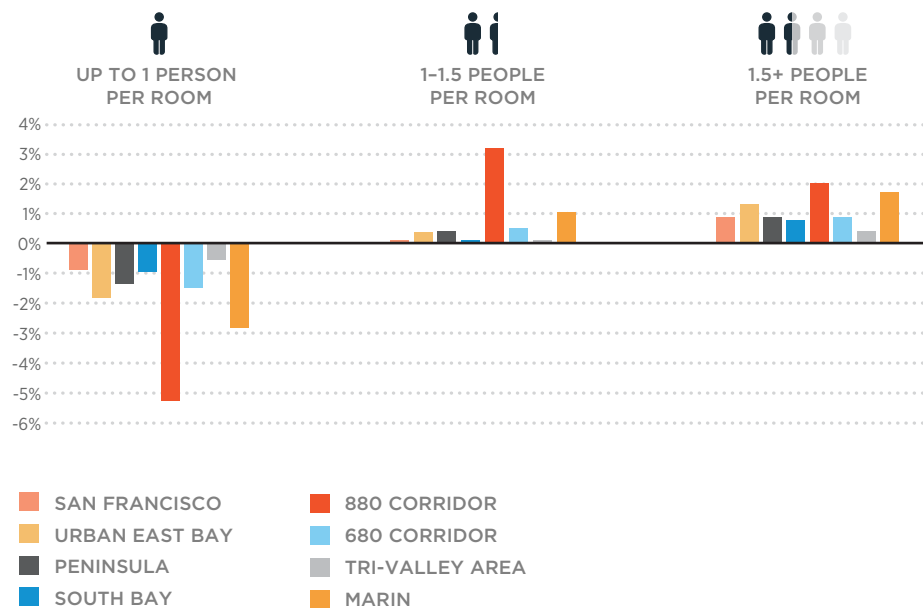
¹¹ Bina Patel Shrimali and Jackelyn Hwang, "Overcrowding in the Bay Area: Where the Housing Crisis Meets COVID-19," Federal Reserve Bank of San Francisco, Community Development, June 30, 2020, <https://www.frbsf.org/community-development/blog/overcrowding-in-the-bay-area-where-the-housing-crisis-meets-covid-19/>.

EXHIBIT 25

The incidence of overcrowding of homes is increasing, particularly along the I-880 corridor.

Percentage Change in Overcrowding, 2010 to 2019

Source: The Concord Group analysis based on American Community Survey data.



Some people are paying more and more of their income toward rent.

Many people in the region are paying more than 30% of their income for housing, including middle-income households. Paying too much for housing leaves less for other expenses, such as food, healthcare, childcare, and education.

The percentage of super-commuters is increasing.

In search of more affordable housing, some people are driving farther and farther from major Bay Area job centers. For example, the percent of commuters traveling 50 or more miles to San Francisco rose from 10% in 2002 to 14% in 2019, a 40% increase. The share of those commuting 50 or more miles to the Peninsula increased from 11% in 2002 to 17% in 2019. In 2002, roughly 480,000 commuters traveled 25 or more miles to their jobs. By 2019, that number had risen to 761,000, an increase of 280,000 people. The Bay Area and surrounding communities, such as Stockton and Modesto, have some of the highest rates of super-commuting in the entire country.¹²

¹² Bina Patel Shrimali and Jackelyn Hwang, "Overcrowding in the Bay Area: Where the Housing Crisis Meets COVID-19," Federal Reserve Bank of San Francisco, Community Development, June 30, 2020, <https://www.frbsf.org/community-development/blog/overcrowding-in-the-bay-area-where-the-housing-crisis-meets-covid-19/>.

EXHIBIT 26

Commutes of more than 25 miles have increased since 2002.**Bay Area Commute Times, 2002 to 2019**

Source: The Concord Group analysis based on OntheMap data.

COMMUTING TO:	LENGTH OF COMMUTE	2002		2019	
		NUMBER	SHARE	NUMBER	SHARE
San Francisco	25-50 miles	52,041	11%	93,840	13%
	50+ miles	48,956	10%	95,949	14%
South Bay	25-50 miles	89,808	12%	135,719	14%
	50+ miles	77,952	11%	127,916	13%
Inner East Bay	25-50 miles	23,032	9%	32,397	11%
	50+ miles	21,416	8%	40,710	14%
Peninsula	25-50 miles	18,847	13%	24,020	14%
	50+ miles	16,277	11%	27,973	17%
I-880 Corridor	25-50 miles	22,447	12%	30,950	14%
	50+ miles	22,521	12%	41,746	18%
I-680 Corridor	25-50 miles	23,839	15%	28,994	16%
	50+ miles	18,483	12%	29,126	16%
TriValley Area	25-50 miles	28,037	24%	29,334	22%
	50+ miles	16,340	14%	22,771	17%

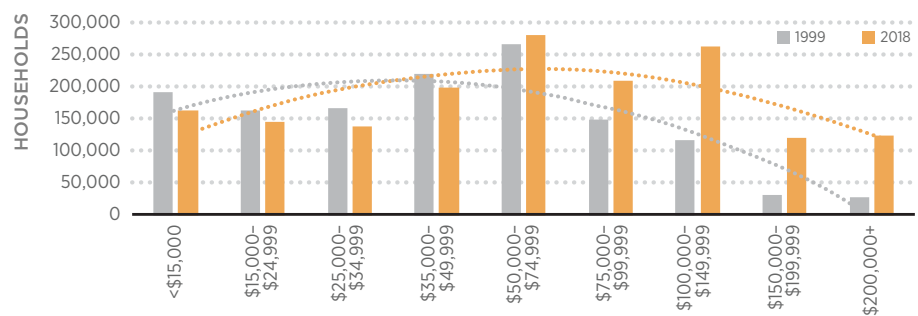
Some people are leaving the region or not moving to it.

In *What It Will Really Take to Create an Affordable Bay Area*, SPUR looked at income shifts in both the 9-county Bay Area and the 21-county megaregion that stretches from Sacramento to Santa Cruz. Changes in median income — most stark in the Bay Area — are spreading as households move from the Bay Area to the 12 outer counties of the megaregion.

EXHIBIT 27

In the megaregion stretching from Sacramento to Santa Cruz, the share of higher-income households has grown over the past 20 years.
Change in Outer-Regional Household Income Distribution, 1999 to 2018

Source: The Concord Group analysis of ArcGIS income distribution data and U.S. Census American Community Survey income distribution data. First published in Sarah Karlinsky and Kristy Wang, *What It Will Really Take to Create an Affordable Bay Area*, SPUR Report, 2021, <https://www.spur.org/publications/research/2021-04-19/what-it-will-really-take-create-affordable-bay-area>.



Chapter 4

What Can Policymakers Do to Create Affordable Housing Options for Middle-Income People Who Want to Call the Bay Area Home?

The Bay Area is a place of tremendous wealth, with some of the highest incomes of any region in the entire country. That wealth masks the impact of high housing prices on those of more modest means. It also allows the wealthiest individuals to outcompete middle- and lower-income households for scarce housing, forcing those households to live far from jobs, endure overcrowded homes, or leave the Bay Area.

The region has been unable to build housing to accommodate its population growth. To keep middle-income people in the Bay Area, policymakers need to support housing options for those at 60% to 120% of AMI and to create homeownership opportunities that particularly help Black and Latinx households. Additionally, they need to learn from places that have created housing opportunities for the middle class, both here in the United States and abroad.

This research suggests four areas of focus for policymakers, which SPUR will explore in a future report.

1 | Build more housing of all types and at all price points to address the challenge of housing scarcity and to ensure income diversity in our region.

Policymakers must address the underlying housing shortage that drives the Bay Area's affordable housing crisis. In the competition for scarce housing options, those households with the most wealth can get the housing they want more easily than everyone else. High-income households outcompete middle-income households, and middle-income households outcompete low-income households.

Building housing of all types and at all price points as quickly as possible will help address the underlying challenge of housing scarcity. The dwellings least likely to produce more affordable choices are large single-family homes. Expanding production of multifamily housing, condominiums, accessory dwelling units (ADUs), and other smaller homes will help create housing options that many people can afford. The more housing of all types we can build, the fewer the subsidies that will be needed for middle-income households.

2 | Develop policies to support not just those households at 80% to 120% of AMI but also those earning between 60% and 80% of AMI.

Teaching, postal work, construction, and some other professions may no longer command middle-income wages. The incomes for some of these professions have remained flat after adjusting for inflation. Additionally, the median incomes of Black and Latinx households are slightly less than 80% of AMI.

For these reasons, policymaking for middle-income households in the Bay Area may need to focus more on households earning between 60% and 80% of AMI as well as on those earning between 80% and 120% of AMI. Some programs do focus on the 60% to 80% income tranche. The state's welfare property tax exemption covers households earning 80% or less of AMI. In addition, the Low-Income Housing Tax Credit (LIHTC) subsidizes the acquisition, construction, and rehabilitation of affordable rental housing for low- and moderate-income tenants, but housing for those at 80% of AMI is not competitive for LIHTC funding. There is more work to do to develop robust programs for households earning 60% to 80% of AMI as well as for households in the 80% to 120% range.

3 | Expand policy tools to increase affordable homeownership opportunities, and ensure those tools reach Black and Latinx households.

The median home price in the Bay Area almost doubled between 2010 and 2020. The affordability gap is now almost \$400,000. Unless middle-income buyers have sources of wealth in addition to wage income, they will be unable to purchase a home in the Bay Area.

Homeownership plays a critical role in creating economic security in the United States. In addition to stabilizing housing costs for homeowners, homeownership allows homeowners to borrow against their homes to pay for costs like college tuition, large unexpected medical expenditures, or retirement. Unlike in other wealthy countries, the education, health care, and retirement safety net in the United States is relatively paltry, making homeownership all the more important for middle-income households. Perhaps most importantly, homeownership is a vehicle for families to transfer wealth to future generations — a vehicle often made inaccessible to Black families by racist practices such as restrictive racial covenants and redlining.

Policymakers should expand affordable homeownership opportunities in a variety of ways. First, they can remove impediments to affordable homeownership production — for example, by reforming laws to promote building of condominiums.

Second, they can support homeownership opportunities for Black and Latinx households. This task is challenging because federal law does not allow for housing programs to be targeted by race. However, Black and Latinx households are the groups most harmed by historic policies that gave white homeowners the tools to buy homes and amass wealth in the process. Reparative policies that focus on Black and Latinx homeownership are needed.

Third, they can provide homeownership opportunities for those earning 60% to 80% of AMI by looking to examples such as the California Dream for All program, which targets households at 60% of AMI.

4 | Learn from places that have done a good job of creating middle-income housing. Countries that emphasize social housing models build significantly more middle-income housing than the Bay Area. Social housing is publicly financed housing with affordable rents. It typically includes low- and middle-income households and features highly stabilized rents.

Austria is one such country that has prioritized social housing. Roughly 48% of all housing stock in Vienna is social housing.¹³ It is often built on public land, with government financing that mandates price controls for units. People earning up to twice the average income can qualify for social housing, and households are not required to leave if their incomes increase. A mix of incomes in each building creates social cohesion and increases public support for social housing programs.

Aspects of the social housing model could be deployed in California. The state could provide flexible and inexpensive capital sources and loan guarantees for housing to aid in the creation of middle-income housing.¹⁴ The state could allocate some of its significant land holdings to create middle-income or mixed-income housing. These are just a few ways the state can encourage building of middle-income housing at scale.

The Bay Area is increasingly becoming a place where middle-income families cannot afford to live. Those working middle-class jobs are seeing their relative economic position decline, while the wealthiest households are enjoying explosive income growth. This type of economic and racial inequality threatens the Bay Area's sustainability. Changes to our housing policies and housing delivery systems could combat this inequality.

¹³ Sarah Karlinsky, Paul Peninger, and Cristian Bevington, *From Copenhagen to Tokyo: Learning from International Housing Delivery Systems*, SPUR Briefing Paper, SPUR and AECOM, 2020, <https://www.spur.org/publications/research/2020-08-06/copenhagen-tokyo>.

¹⁴ Alex Schafran, "Transforming the Development Industry: A Conversation with Charmaine Curtis," Shelterforce, August 29, 2022, <https://shelterforce.org/2022/08/29/transforming-the-development-industry-a-conversation-with-charmaine-curtis/>.

Appendix A:

Bay Area Population Changes

EXHIBIT A1

Total Population Count by Race and Ethnicity, Bay Area, 2010 to 2019

RACE OR ETHNICITY	2010 POPULATION	2019 POPULATION	% POPULATION CHANGE
White	3,038,398	2,962,738	(2.5%)
Hispanic or Latino	1,691,854	1,820,821	7.6%
Asian	1,650,592	2,093,313	26.8%
Black or African American	462,586	456,797	(1.3%)
Native Hawaiian and Other Pacific Islander	43,487	42,610	(2.0%)
American Indian or Alaska Native	21,357	18,534	(13.2%)
Other	243,479	346,444	42.3%
Total	7,151,753	7,741,257	8.2%

Source: U.S. Census

EXHIBIT A2

Total San Francisco County Population by Race and Ethnicity, 2010 to 2019

RACE OR ETHNICITY	2010 POPULATION	2019 POPULATION	% POPULATION CHANGE
White	336,025	351,010	4.5%
Hispanic or Latino	122,190	134,309	9.9%
Asian	267,357	304,721	14.0%
Black or African American	47,899	46,063	(3.5%)
Native Hawaiian and Other Pacific Islander	3,465	3,548	2.4%
American Indian or Alaska Native	1,924	2,465	28.1%
Other	26,603	39,433	48.2%
Total	805,463	881,549	9.4%

Source: U.S. Census

EXHIBIT A3

Total Alameda County Population by Race and Ethnicity, 2010 to 2019

RACE OR ETHNICITY	2010 POPULATION	2019 POPULATION	% POPULATION CHANGE
White	519,461	508,598	(2.1%)
Hispanic or Latino	341,735	373,055	9.2%
Asian	380,906	517,004	35.7%
Black or African American	183,122	172,718	(5.7%)
Native Hawaiian and Other Pacific Islander	11,871	12,858	8.3%
American Indian or Alaska Native	4,074	5,518	35.4%
Other	55,239	81,578	47.7%
Total	1,496,408	1,671,329	11.7%

Source: U.S. Census

EXHIBIT A4

Total Santa Clara County Population by Race and Ethnicity, 2010 to 2019

RACE OR ETHNICITY	2010 POPULATION	2019 POPULATION	% POPULATION CHANGE
White	626,199	586,461	(6.3%)
Hispanic or Latino	482,053	482,298	0.1%
Asian	569,073	724,178	27.3%
Black or African American	43,819	46,306	5.7%
Native Hawaiian and Other Pacific Islander	6,187	6,752	565
American Indian or Alaska Native	3,640	3,213	(11.7%)
Other	56,723	78,644	38.6%
Total	1,787,694	1,927,852	7.8%

Source: U.S. Census

EXHIBIT A5

Total Solano County Population by Race and Ethnicity, 2010 to 2019

RACE OR ETHNICITY	2010 POPULATION	2019 POPULATION	% POPULATION CHANGE
White	167,985	165,752	(1.3%)
Hispanic or Latino	100,019	122,101	22.1%
Asian	59,395	68,374	15.1%
Black or African American	61,181	59,764	(2.3%)
Native Hawaiian and Other Pacific Islander	3,803	3,775	(0.7%)
American Indian or Alaska Native	1,777	1,130	(36.4%)
Other	20,145	26,745	32.8%
Total	414,305	447,643	8.0%

Source: U.S. Census

Appendix B

Income Shifts by Race and Ethnicity

This analysis covers five counties in the Bay Area: Contra Costa, Marin, Napa, San Mateo, and Sonoma. The four remaining counties in the Bay Area – San Francisco, Alameda, Santa Clara, and Solano — are discussed in the main body of the report. In every county, the median household income of white and Asian households outstripped that of every other racial or ethnic group.

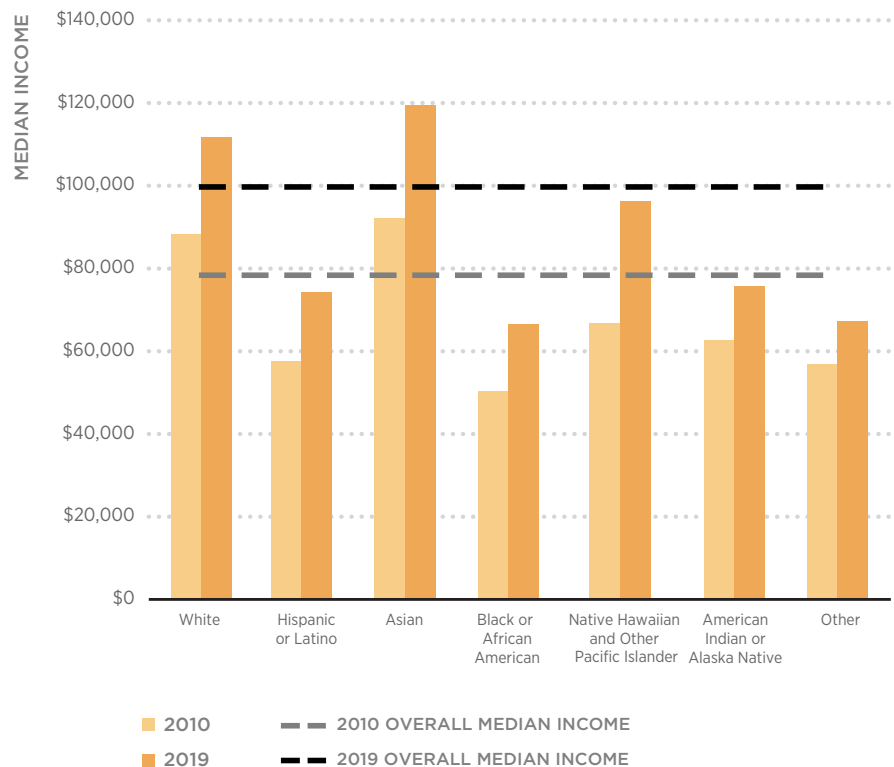
Contra Costa County

In Contra Costa County, while whites and Asians enjoyed the highest median income of any racial or ethnic group, Native Hawaiians and Other Pacific Islanders made the greatest gain of any group while also shrinking as a percent of the overall population.

Change in Median Income by Race and Ethnicity in Contra Costa County, 2010 to 2019

Source: The Concord Group analysis based on U.S. Census data.

Note: Figures are not adjusted for inflation.



Contra Costa County Population by Race and Ethnicity, 2010 to 2019

RACE	Population		Change	
	2010	2019	#	%
White	502,751	489,677	(13,074)	(2.6%)
Black or African American	92,992	99,615	6,623	7.1%
American Indian or Alaska Native	2,597	2,259	(338)	(13.0%)
Asian	153,505	203,261	49,756	32.4%
Native Hawaiian and Other Pacific Islander	4,976	4,020	(956)	(19.2%)
Hispanic or Latino	257,409	300,420	43,011	16.7%
Other	38,597	54,274	15,677	40.6%
Total:	1,052,827	1,153,526	100,699	9.6%

Source: U.S. Census

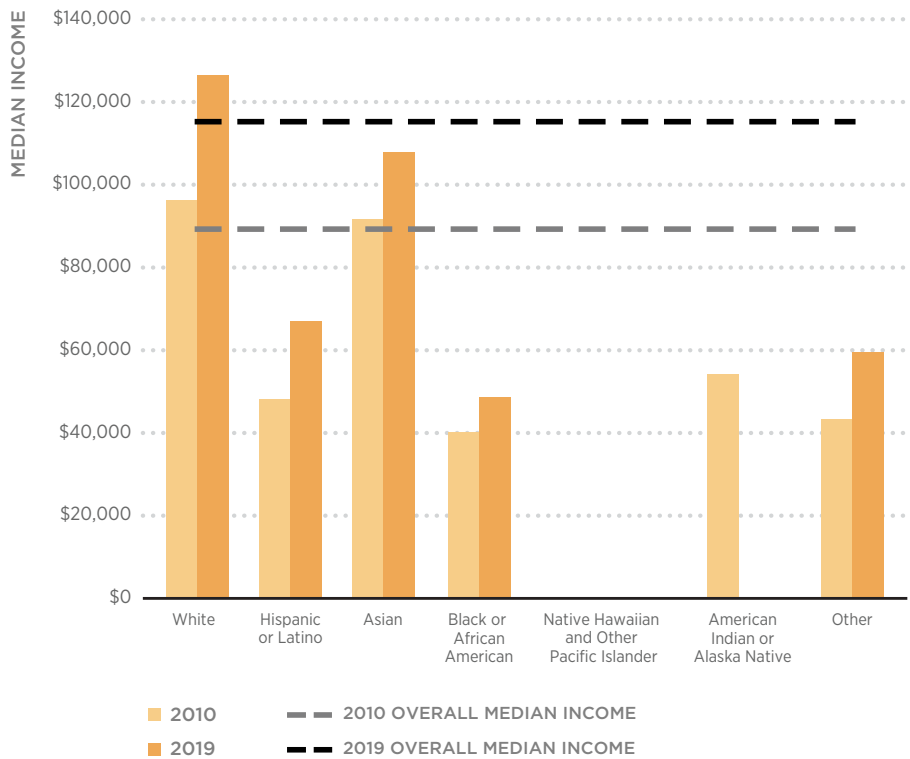
Marin County

In Marin County, the median household income for whites and Asians far outstripped that of other racial or ethnic groups.

Change in Median Income by Race and Ethnicity in Marin County, 2010 to 2019

Source: The Concord Group analysis based on U.S. Census data.

Note: Figures are not adjusted for inflation.



Marin County Population by Race and Ethnicity, 2010 to 2019

RACE	Population		Change	
	2010	2019	#	%
White	184,532	183,557	(975)	(0.5%)
Black or African American	6,733	6,663	(70)	(1.0%)
American Indian or Alaska Native	357	70	(287)	(80.4%)
Asian	13,771	16,383	2,612	19.0%
Native Hawaiian and Other Pacific Islander	542	273	(269)	(49.6%)
Hispanic or Latino	39,359	42,160	2,801	7.1%
Other	7,622	9,720	2,098	27.5%
Total:	252,916	258,826	5,910	2.3%

Source: U.S. Census

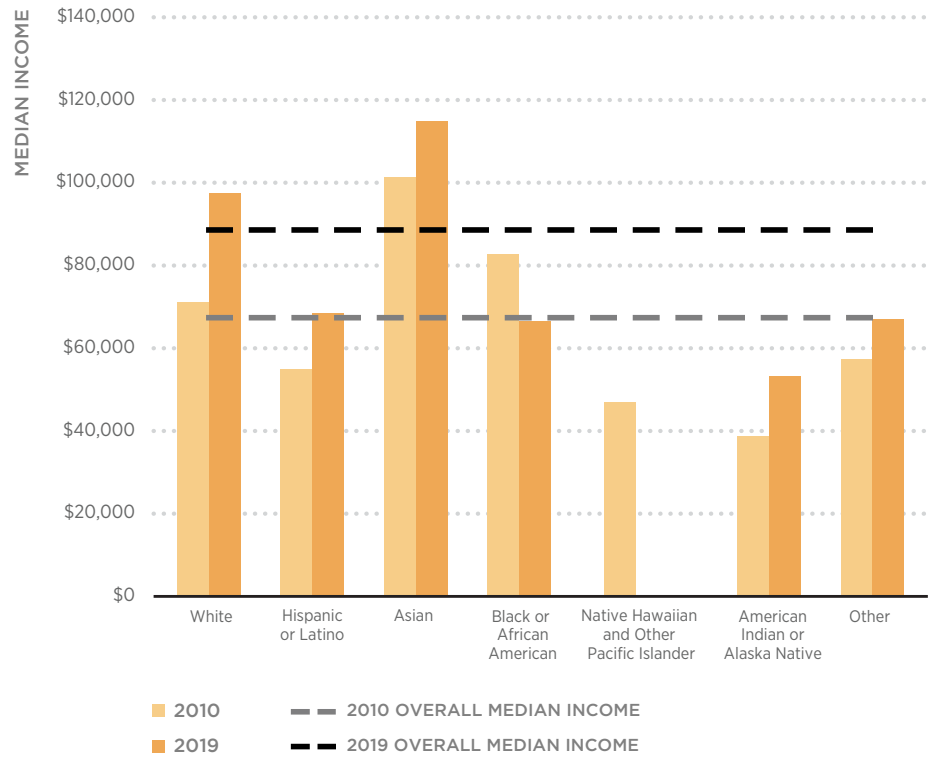
Napa County

In Napa County, the median income for white households increased by 37%, while the median income for Black households decreased by 20%.

Change in Median Income by Race and Ethnicity in Napa County, 2010 to 2019

Source: The Concord Group analysis based on U.S. Census data.

Note: Figures are not adjusted for inflation.



Napa County Population by Race and Ethnicity, 2010 to 2019

RACE	Population		Change	
	2010	2019	#	%
White	76,899	73,210	(3,689)	(4.8%)
Black or African American	2,644	2,780	136	5.1%
American Indian or Alaska Native	484	407	(77)	(15.9%)
Asian	9,890	11,196	1,306	13.2%
Native Hawaiian and Other Pacific Islander	177	284	107	60.5%
Hispanic or Latino	44,292	47,544	3,252	7.3%
Other	2,472	4,202	1,730	70.0%
Total:	136,858	139,623	2,765	2.0%

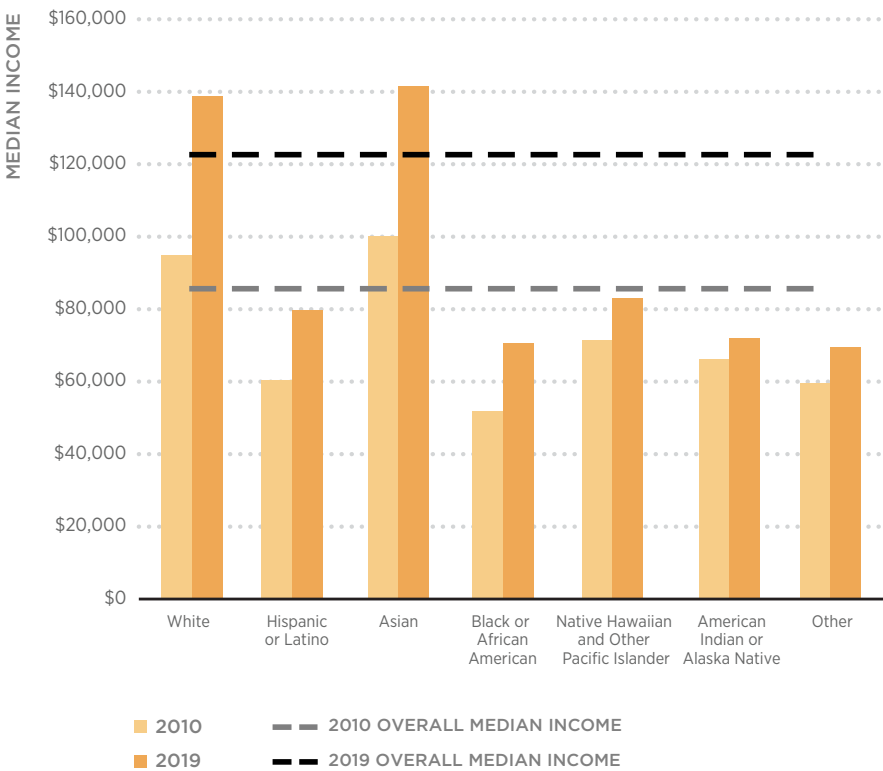
Source: U.S. Census

San Mateo County

In San Mateo County, the median income of white and Asian households grew by 46% and 41%, respectively. While the median household income of Black households grew by 36%, the median income of Black households was still far below that of their white and Asian counterparts.

Change in Median Income by Race and Ethnicity in San Mateo County, 2010 to 2019

Source: The Concord Group analysis based on U.S. Census data.
Note: Figures are not adjusted for inflation.



San Mateo County Population by Race and Ethnicity, 2010 to 2019

RACE	Population		Change	
	2010	2019	#	%
White	303,825	294,406	(9,419)	(3.1%)
Black or African American	16,834	16,441	(393)	(2.3%)
American Indian or Alaska Native	1,172	1,212	40	3.4%
Asian	177,080	227,794	50,714	28.6%
Native Hawaiian and Other Pacific Islander	10,637	9,236	(1,401)	(13.2%)
Hispanic or Latino	183,534	183,978	444	0.2%
Other	27,080	33,506	6,426	23.7%
Total:	720,162	766,573	46,411	6.4%

Source: U.S. Census

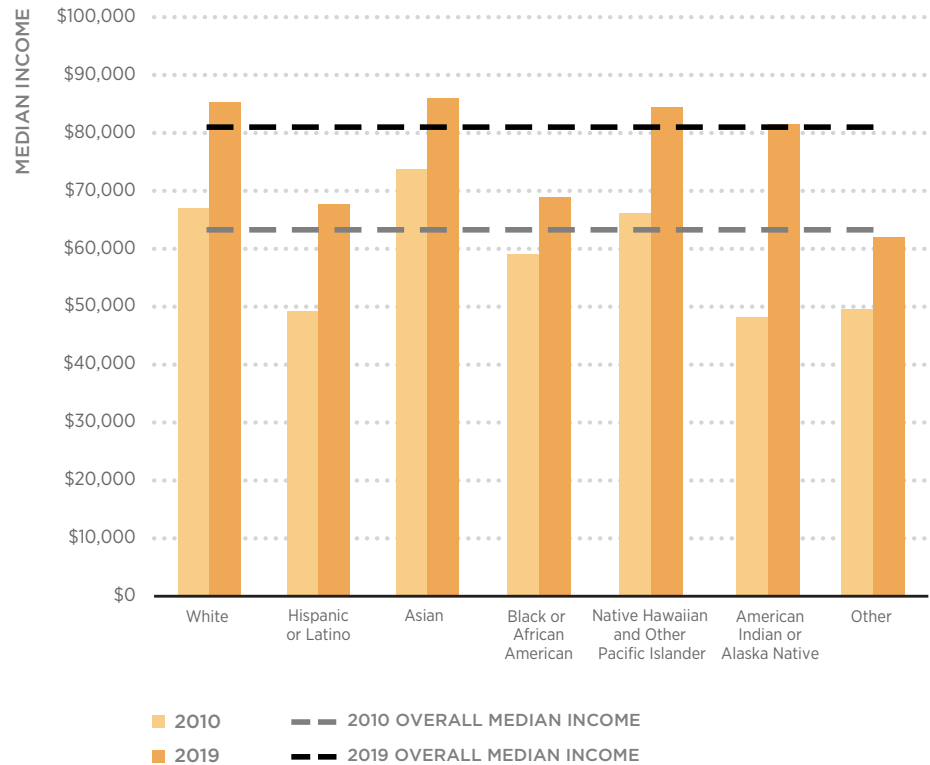
Sonoma County

In Sonoma County, median incomes for white, Asian, American Indian or Alaska Native, and Native Hawaiians and Other Pacific Islanders were all at or above the overall median income for the county.

Change in Median Income by Race and Ethnicity in Sonoma County, 2010 to 2019

Source: The Concord Group analysis based on U.S. Census data.

Note: Figures are not adjusted for inflation.



Sonoma County Population by Race and Ethnicity, 2010 to 2019

RACE	Population		Change	
	2010	2019	#	%
White	320,721	310,067	(10,654)	(3.3%)
Black or African American	7,362	6,447	(915)	(12.4%)
American Indian or Alaska Native	5,332	2,260	(3,072)	(57.6%)
Asian	19,615	20,402	787	4.0%
Native Hawaiian and Other Pacific Islander	1,829	1,864	35	1.9%
Hispanic or Latino	121,263	134,954	13,691	11.3%
Other	8,998	18,342	9,344	103.8%
Total:	485,120	494,336	9,216	1.9%

Source: U.S. Census

Appendix C

Rental Affordability in the Bay Area

This analysis covers five counties in the Bay Area: Contra Costa, Marin, Napa, San Mateo, and Sonoma. The four remaining counties in the Bay Area — San Francisco, Alameda, Santa Clara, and Solano — are discussed in the main body of the report.

In all five counties, rents were flat or grew somewhat as median incomes increased between 2000 and 2010. By 2020, rents had escalated in tandem with strong median income growth.

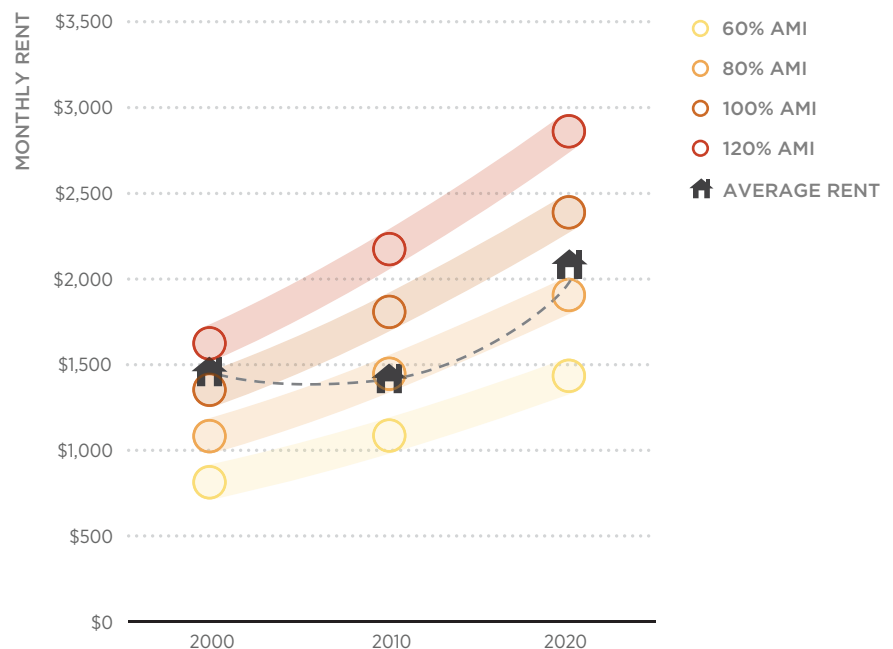
Contra Costa County

Rents remained flat between 2000 and 2010 but grew 47% between 2010 and 2020.

Relative Rental Affordability in Contra Costa County, 2000 to 2020

Source: The Concord Group analysis based on data from Zillow and FRED.

Note: Incomes are defined using HCD income limits for two-person households. Rental affordability power assumes that no more than 30% of monthly median income goes to rent payment.



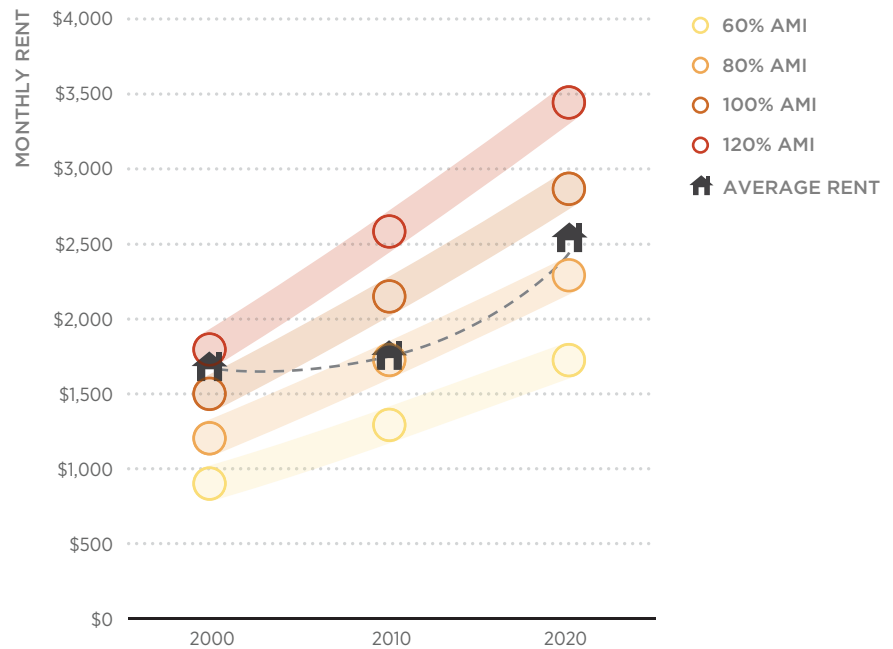
Marin County

Rents declined by 4% between 2000 and 2010 but grew 46% between 2010 and 2020.

Relative Rental Affordability in Marin County, 2000 to 2020

Source: The Concord Group analysis based on data from Zillow and FRED.

Note: Incomes are defined using HCD income limits for two-person households. Rental affordability power assumes that no more than 30% of monthly median income goes to rent payment.



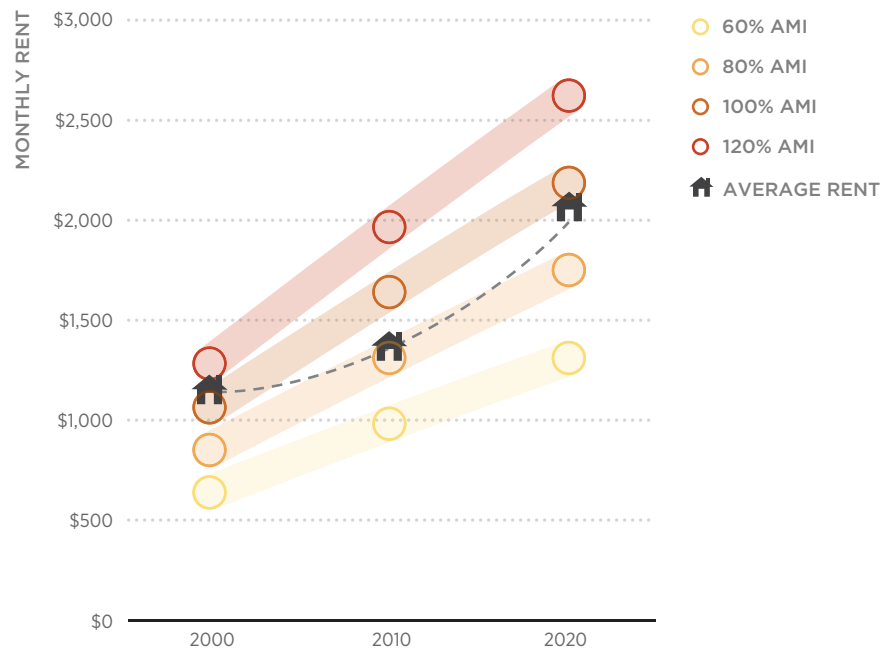
Napa County

Rents grew 18% between 2000 and 2010 and 52% between 2010 and 2020.

Relative Rental Affordability in Napa County, 2000 to 2020

Source: The Concord Group analysis based on data from Zillow and FRED.

Note: Incomes are defined using HCD income limits for two-person households. Rental affordability power assumes that no more than 30% of monthly median income goes to rent payment.



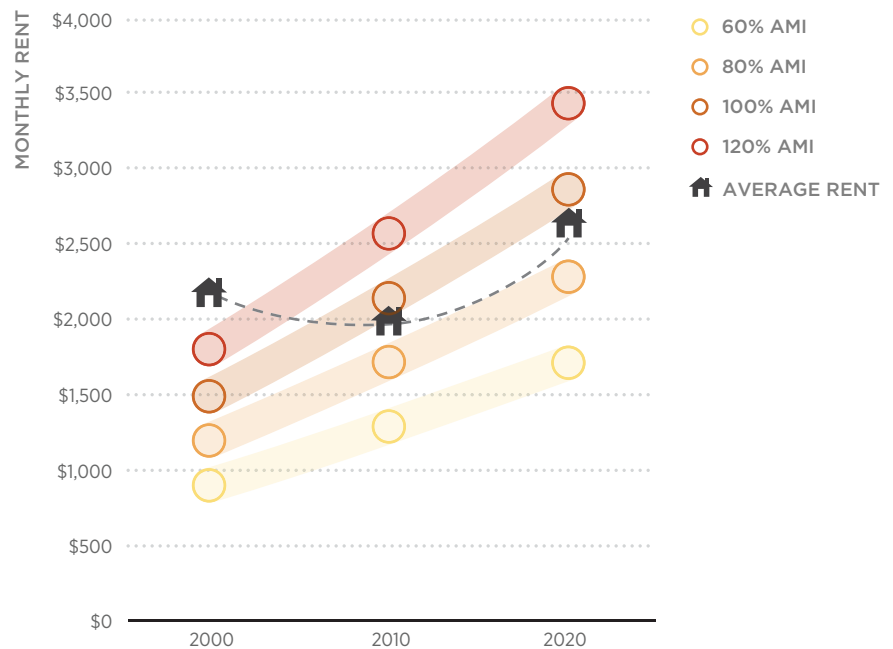
San Mateo County

Rents declined 9% between 2000 and 2010 but grew 33% between 2010 and 2020.

Relative Rental Affordability in San Mateo County, 2000 to 2020

Source: The Concord Group analysis based on data from Zillow and FRED.

Note: Incomes are defined using HCD income limits for two-person households. Rental affordability power assumes that no more than 30% of monthly median income goes to rent payment.



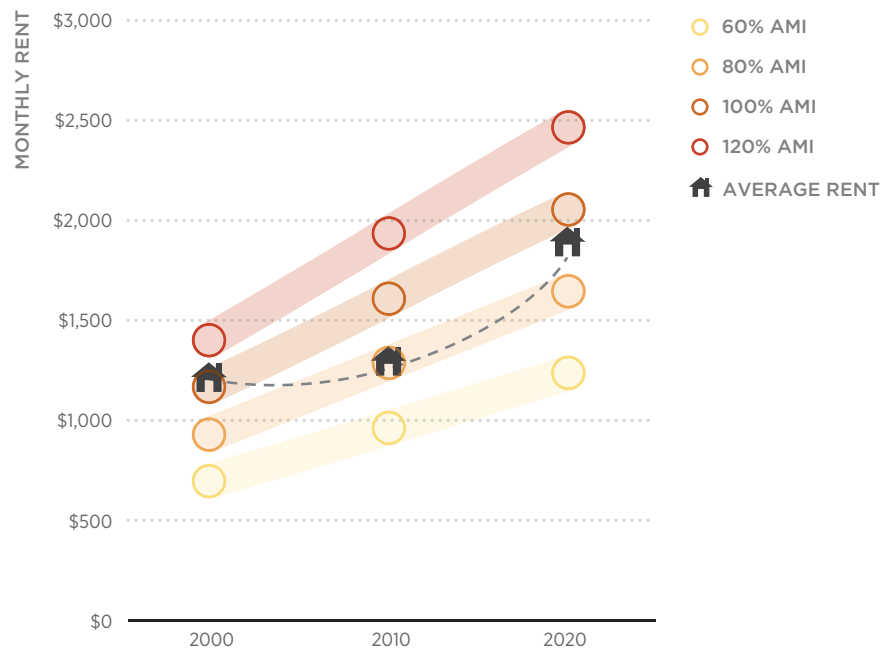
Sonoma County

Rents increased 7% between 2000 and 2010 and then grew an additional 46% between 2010 and 2020.

Relative Rental Affordability in Sonoma County, 2000 to 2020

Source: The Concord Group analysis based on data from Zillow and FRED.

Note: Incomes are defined using HCD income limits for two-person households. Rental affordability power assumes that no more than 30% of monthly median income goes to rent payment.



Appendix D

Homeownership Affordability in the Bay Area

This analysis covers five counties in the Bay Area: Contra Costa, Marin, Napa, San Mateo, and Sonoma. The four remaining counties in the Bay Area — San Francisco, Alameda, Santa Clara, and Solano — are discussed in the main body of the report.

In all five counties, the cost of ownership outstripped what the median-income household was able to pay by 2020, even taking into account increases in income between 2000 and 2020.

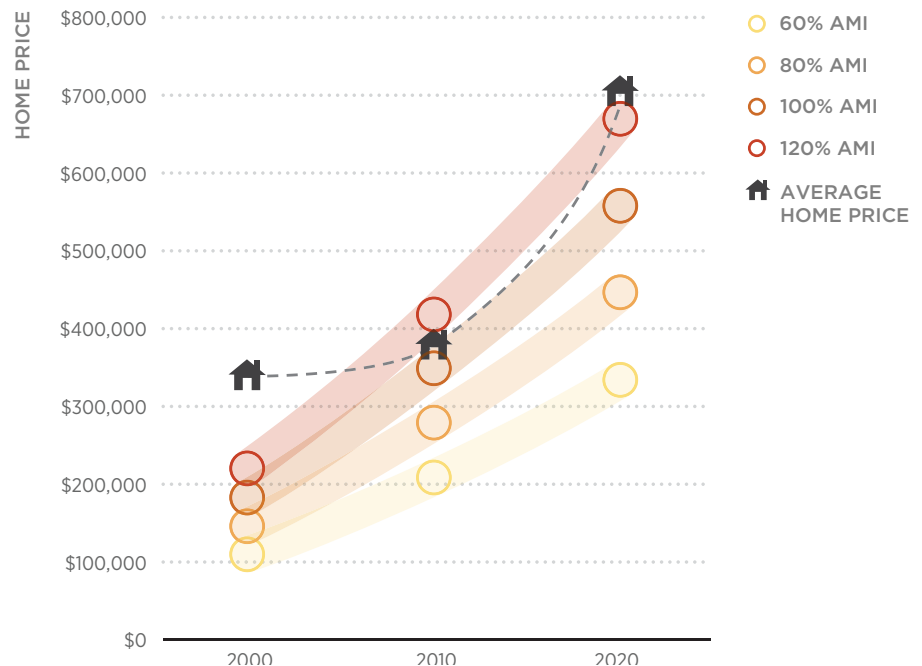
Contra Costa County

The median home price in Contra Costa County grew 12% between 2000 and 2010 and an additional 86% between 2010 and 2020.

Relative Homeownership Affordability in Contra Costa County, 2000 to 2020

Source: The Concord Group analysis based on data from Zillow and FRED.

Note: Incomes are defined using HCD income limits for two-person households. Rental affordability power assumes that no more than 30% of monthly median income goes to mortgage payment.



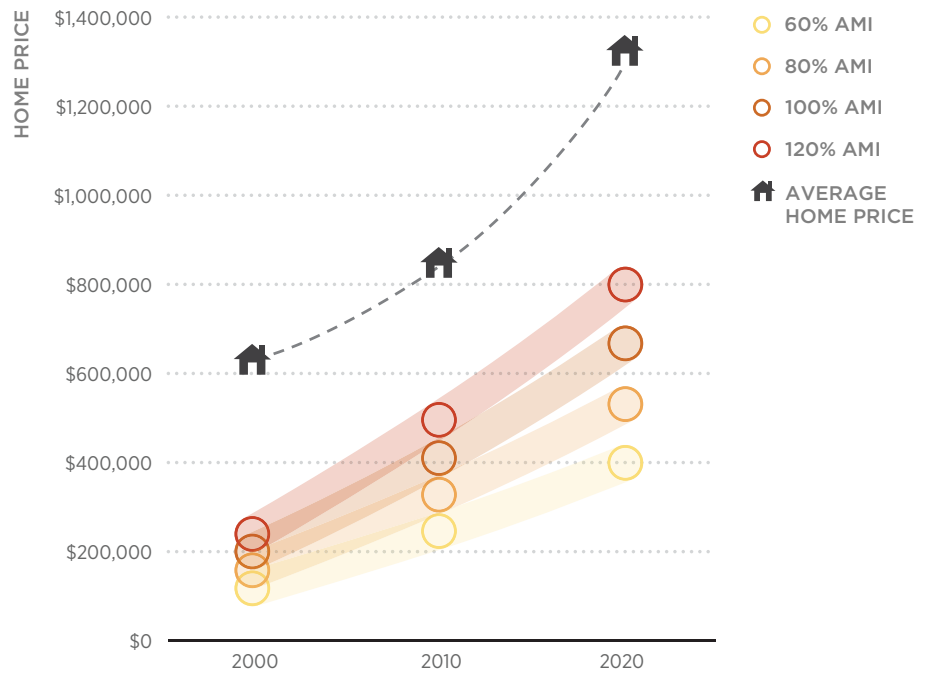
Marin County

The median home price in Marin County grew 35% between 2000 and 2010 and another 56% between 2010 and 2020.

Relative Homeownership Affordability in Marin County, 2000 to 2020

Source: The Concord Group analysis based on data from Zillow and FRED.

Note: Incomes are defined using HCD income limits for two-person households. Rental affordability power assumes that no more than 30% of monthly median income goes to mortgage payment.



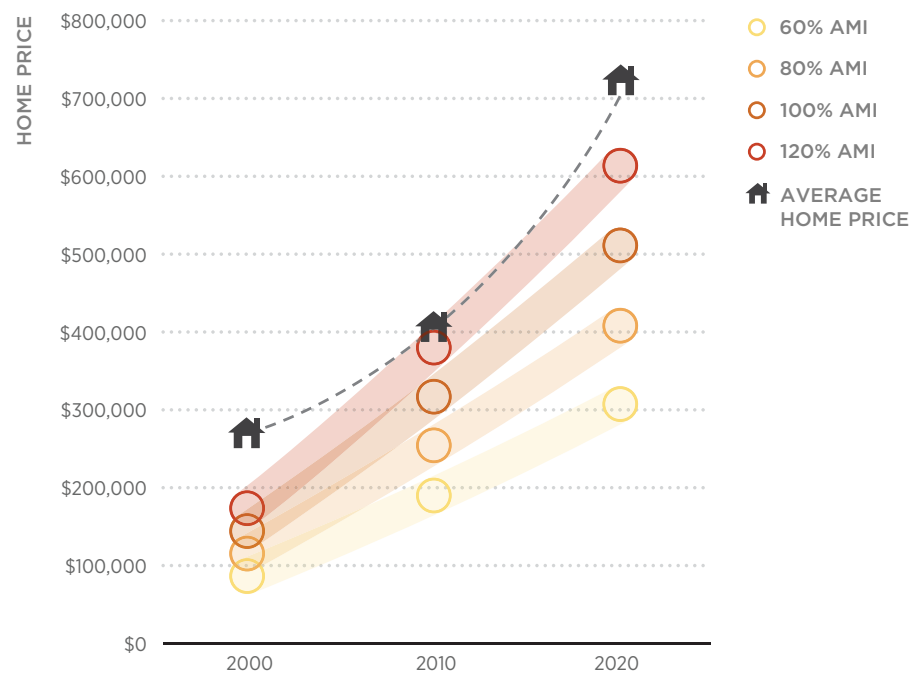
Napa County

The median home price in Napa County grew 51% between 2000 and 2010 and another 79% between 2010 and 2020.

Relative Homeownership Affordability in Napa County, 2000 to 2020

Source: The Concord Group analysis based on data from Zillow and FRED.

Note: Incomes are defined using HCD income limits for two-person households. Rental affordability power assumes that no more than 30% of monthly median income goes to mortgage payment.



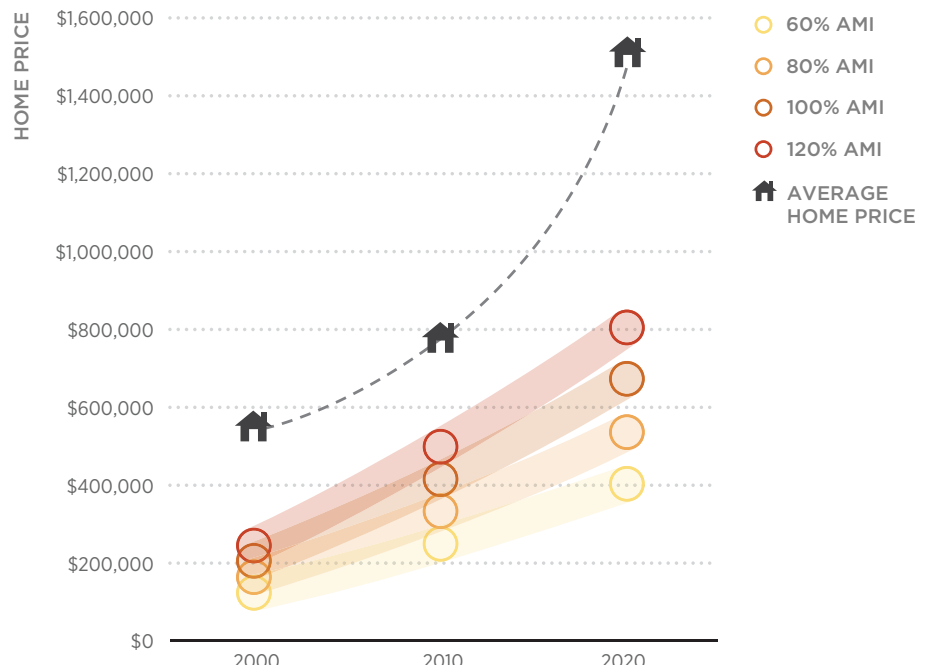
San Mateo County

The median home price in San Mateo County grew 41% between 2000 and 2010 and another 95% between 2010 and 2020.

Relative Homeownership Affordability in San Mateo County, 2000 to 2020

Source: The Concord Group analysis based on data from Zillow and FRED.

Note: Incomes are defined using HCD income limits for two-person households. Rental affordability power assumes that no more than 30% of monthly median income goes to mortgage payment.



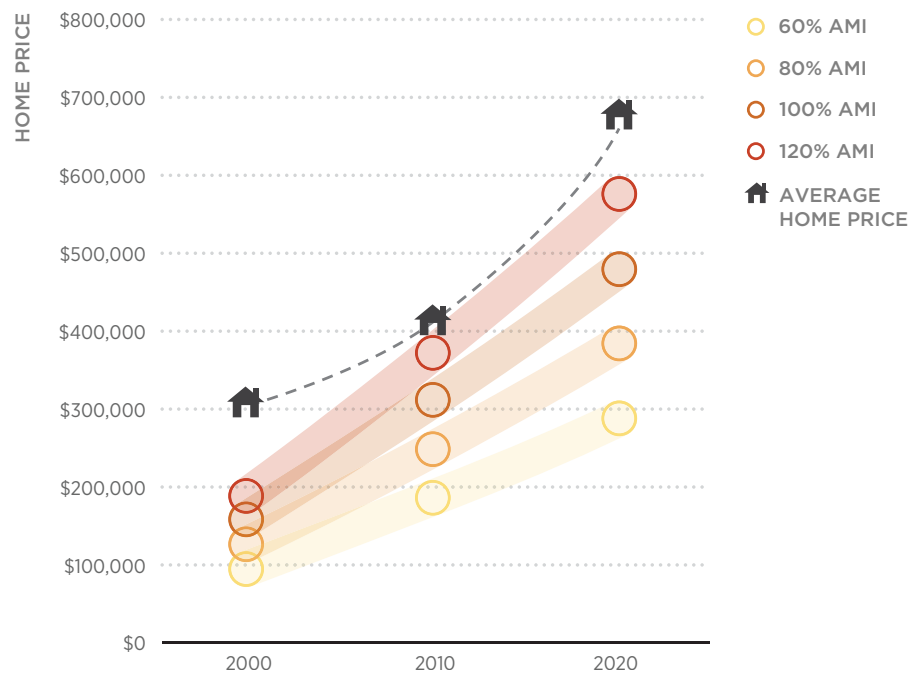
Sonoma County

The median home price in Sonoma County rose 34% between 2000 and 2010 and another 64% between 2010 and 2020.

Relative Homeownership Affordability in Sonoma County, 2000 to 2020

Source: The Concord Group analysis based on data from Zillow and FRED.

Note: Incomes are defined using HCD income limits for two-person households. Rental affordability power assumes that no more than 30% of monthly median income goes to mortgage payment.





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**Delta
Stewardship
Council**

A CALIFORNIA STATE AGENCY

March 4, 2025

Clint Holtzen
Sacramento Area Council of Governments
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**RE: Comments on Notice of Preparation of an Environmental
Impact Report for the 2025 Metropolitan Transportation
Plan/Sustainable Communities Strategy for the Sacramento
Region, SCH#2025020168**

Dear Clint Holtzen:

Thank you for the opportunity to review and comment on the Sacramento Area Council of Government's (SACOG) Notice of Preparation (NOP) of an Environmental Impact Report (EIR) for the 2025 Metropolitan Transportation Plan/Sustainable Communities Strategy for the Sacramento Region (2025 MTP/SCS). The Delta Stewardship Council (Council) recognizes the objectives of the 2025 MTP/SCS, as described in the NOP, to achieve various federal, state, regional, and local policy objectives related to sustainable development, transportation, and greenhouse gas emission reduction while considering financial, growth, and regulatory constraints. This letter summarizes the requirements of the Sacramento-San Joaquin Delta Reform Act of 2009 (Wat. Code, § 85000 et seq.; Delta Reform Act) pertaining to the 2025 MTP/SCS and provides the Council's comments on the NOP regarding the scope and content of the EIR for the 2025 MTP/SCS.

The Council is an independent state agency established by the Delta Reform Act. The Delta Reform Act charges the Council with furthering California's coequal goals of providing a more reliable water supply and protecting, restoring, and enhancing the Sacramento-San Joaquin River Delta (Delta) ecosystem. (Wat. Code, § 85054.) The Delta Reform Act further states that the coequal goals are to be achieved in a manner that protects and enhances the unique cultural, recreational, natural resource, and agricultural values of the Delta as an evolving place. (Wat. Code, § 85054.) The Council is charged with furthering California's coequal goals for the Delta through the adoption and implementation of the Delta Plan. (Wat. Code, § 85300.)

The Delta Plan contains regulatory policies, which are set forth in California Code of Regulations, title 23, sections 5001 et seq. Through the Delta Reform Act, the Council was granted specific regulatory and appellate authority over certain actions of state or local public agencies that take place in whole or in part in the Delta and Suisun Marsh. (Wat. Code, §§ 85210.) A state or local agency that proposes to undertake a covered action is required to prepare a written Certification of Consistency with detailed findings as to whether the covered action is consistent with the Delta Plan and submit that Certification to the Council prior to initiation of the implementation of the project. (Wat. Code, § 85225.)

Delta Reform Act Requirements for Regional Transportation Plans and Sustainable Communities Strategies

1. Early Consultation

The Delta Reform Act grants the Council specific authority to review and advise local and regional planning agencies regarding the consistency of local and regional planning documents, including sustainable communities strategies (SCS) and alternative planning strategies, with the Delta Plan. (Wat. Code, § 85212.) The Delta Reform Act requires a metropolitan planning organization preparing a regional transportation plan that includes land within the Delta primary or secondary zones to consult with the Council early in the planning process regarding the issues and policy choices relating to the Council's advice. (Wat. Code, § 85212.)

2. Council's Review of the Draft Metropolitan Transportation Plan and Sustainable Communities Strategy

The 2025 MTP/SCS is a plan for the Sacramento region, which includes the counties of El Dorado, Placer, Sacramento, Sutter, Yolo, and Yuba, exclusive of the Tahoe Basin. In addition to early consultation, as described above, Water Code section 85212 of the Delta Reform Act requires SACOG to provide to the Council both of the following:

- a draft SCS or an alternative planning strategy **no later than 60 days prior to the adoption of the final 2025 MTP/SCS.**
- **a concurrent** notice of its submission of the SCS in the same manner as a Certification of Consistency via electronic mail to coveredactions@deltacouncil.ca.gov.

If the Council concludes that the submitted draft SCS or alternative planning strategy is inconsistent with the Delta Plan, the Council will provide to SACOG a written notice of the claimed inconsistency **no later than 30 days prior to the adoption of the final 2025 MTP/SCS.** If SACOG receives a timely written notice of inconsistency from the Council, SACOG's adoption of the final 2025 MTP/SCS must include a detailed response to the Council's notice. (Wat. Code, § 85212.)

Please notify the Council via electronic mail addressed to Eva Bush (Eva.Bush@deltacouncil.ca.gov) when the adoption hearings for the final 2025 MTP/SCS are scheduled. The Council also would welcome a presentation by SACOG staff to the Council on the draft SCS at a future Council meeting prior to the final adoption hearings.

Comment on Scope and Content of EIR for the 2025 MTP/SCS

A state or local agency that proposes to carry out, approve, or fund an action that occurs in whole or in part in the Delta (covered action) is required to first determine whether that proposed action is a covered action and if so, prepare and submit to the Council a written Certification of Consistency with detailed findings as to whether the covered action is consistent with the Delta Plan. (Cal. Code Regs., tit. 23, § 5001, subd. (k); Wat. Code, § 85225.)

Water Code section 85057.5, subdivision (a), states that a covered action is a plan, program, or project, as defined pursuant to the California Environmental Quality Act (CEQA) in Public Resources Code section 21065, that meets all of the following conditions:

- (1) Will occur, in whole or in part, within the boundaries of the Delta or Suisun Marsh.
- (2) Will be carried out, approved, or funded by the state or a local public agency.
- (3) Is covered by one or more provisions of the Delta Plan.
- (4) Will have a significant impact on the achievement of one or both of the coequal goals or the implementation of government-sponsored flood control programs to reduce risks to people, property, and state interests in the Delta

The Delta Reform Act exempts actions within the secondary zone of the Delta that a metropolitan planning organization determines are consistent with its SCS, or alternative planning strategy, and that the State Air Resources Board has determined would achieve regional greenhouse gas emission reduction targets. (Wat. Code, § 85057.5, subd. (b)(4).) SACOG is the metropolitan planning organization for the Sacramento region, which contains portions of the primary and secondary zones of the Delta. Thus, Water Code Section 85057.5, subdivision (b)(4), provides SACOG with a significant role in shaping the state's Delta policy. Although the 2025 MTP/SCS is not a covered action, SACOG should ensure that it is consistent with the Delta Plan, as discussed in greater detail below.

1. Urban Expansion within the Delta

The Council exercises its authority through regulatory policies. (Cal. Code Regs., tit. 23, § 5001 et seq.) Delta Plan Policy **DP P1** (Cal. Code Regs., tit. 23, § 5010.) places certain limits on new urban development within the Delta. New residential, commercial, or industrial development must be limited to areas that city or county general plans designate for that type of development as of the date of the Delta Plan's adoption, May 16, 2013.

The EIR should acknowledge Policy DP P1 in the regulatory setting for the Land Use and Planning section, as well as in the growth inducement discussion. The EIR should document how the 2025 MTP/SCS is consistent with Policy DP P1 and evaluate whether any of the regional growth located within or adjacent to the Delta have the potential to induce residential, commercial, or industrial development that would be inconsistent with DP P1.

The Council also has an interest in recommended transportation projects in the 2025 MTP/SCS that may induce urban expansion or improve or degrade connections to rural areas and that would be inconsistent with DP P1. The EIR should describe what infrastructure, beyond the recommended transportation projects, is necessary to support the SCS or the plans, programs, projects, or activities encompassed within it. (Wat. Code § 85057.5, subd. (b)(4).)

2. Consistency with Ecosystem Restoration Needs

Water Code section 85212 of the Delta Reform Act requires that the Council's input on local and regional planning documents, including an SCS, include, but not be limited to, reviewing both of the following:

- the consistency of local and regional planning documents with the ecosystem restoration needs of the Delta.
- whether the lands set aside for natural resource protection are sufficient to meet the Delta's ecosystem needs.

The Delta Plan designates six priority habitat restoration areas (PHRAs) that have the greatest potential for large-scale habitat restoration. (Cal. Code Regs., tit. 23, app. 5.) Delta Plan Policy **ER P3** (Cal. Code Regs., tit. 23, § 5007.) requires significant adverse impacts to the opportunity to restore habitat be avoided or mitigated in these areas (Cal. Code Regs., tit. 23, app. 5.)

Two PHRAs are located partially or wholly within the 2025 MTP/SCS planning area: the Yolo Bypass and the Cosumnes-Mokelumne Confluence. The consistency of the 2025 MTP/SCS with the ecosystem restoration needs of the Delta is based on the 2025 MTP/SCS's impacts to the opportunity to restore habitat in these PHRAs. The EIR should describe the planned land uses identified in these areas and describe

how significant adverse impacts to the opportunity to restore habitat in these locations would be avoided or mitigated.

Closing Comments and Next Steps

As SACOG proceeds with development and environmental impact analysis for the 2025 MTP/SCS, the Council invites SACOG to continue to engage Council staff to ensure consistency between the 2025 MTP/SCS and the Delta Plan and to ensure that the two plans are complementary in nature and serve to protect the Delta while promoting sustainable growth and economic vitality in the broader region.

Please contact Eva Bush at Eva.Bush@deltacouncil.ca.gov with any questions.

Sincerely,

A handwritten signature in dark ink, appearing to read 'Jeff Henderson', with a long horizontal flourish extending to the right.

Jeff Henderson
Deputy Executive Officer

2025 Blueprint (Metropolitan Transportation Plan/Sustainable Communities Strategy) EIR Scoping Meeting

Virtual Meeting Summary – February 2025

Introduction:

In February 2025, the Sacramento Council of Governments (SACOG) hosted two virtual scoping meetings to inform the public about the 2025 Blueprint (Metropolitan Transportation Plan/Sustainable Communities Strategy) and gather feedback on the scope of the Environmental Impact Report (EIR). The 2025 Blueprint is SACOG's plan to build a connected region that includes transportation options for residents, affordable housing for the region's growing population, and equitable investments that give all community members access to a safe and healthy region through 2050. The purpose of the meetings were to receive input on the scope and content of the environmental impact report; and to provide information on the project and the environmental review process.

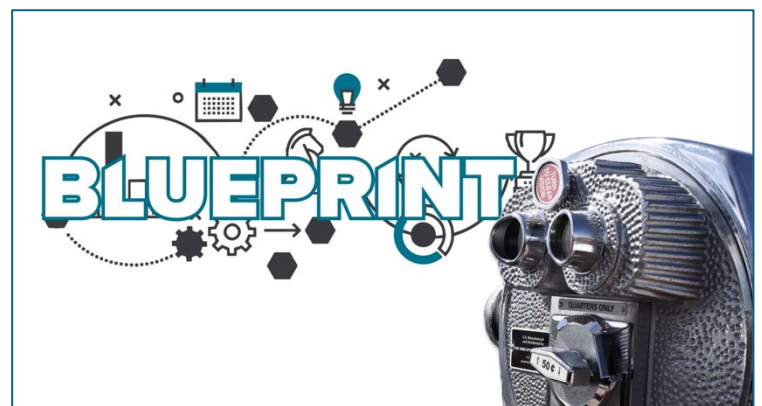


Virtual Meeting with the project team

Meeting Format:

The first meeting was held on February 26th at 11:30 a.m., with 47 people attending. The second meeting was held on February 27th at 5:30 p.m., with 5 people in attendance.

At both meetings, the project team welcomed the public and provided a Spanish translation channel, allowing participants to listen to the meeting live in Spanish. The meetings included a presentation on the 2025 Blueprint and the EIR process, followed by an opportunity for attendees to comment on the scope of the EIR. The sessions concluded with instructions on how to submit additional feedback, ensuring everyone had a chance to share their input.



2025 Blueprint Slide

Presentation:

Introduction

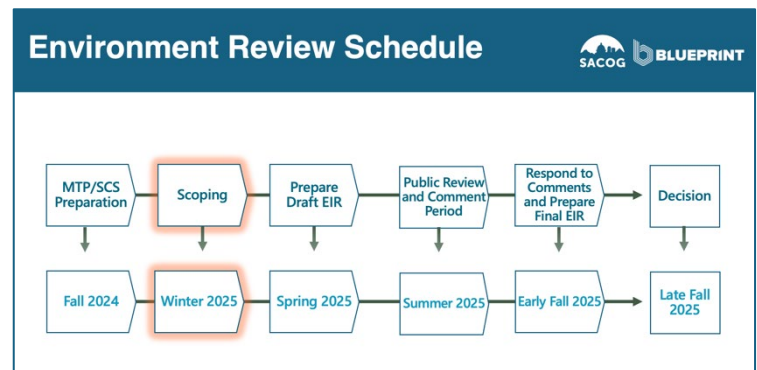
At the start of the presentation, Katie DeMaio, with AIM Consulting, welcomed attendees to the virtual meetings. She provided instructions on accessing the Spanish translation channel and using Zoom features to participate. DeMaio also went over the meeting agenda before introducing the project team.

2025 Blueprint Overview

Hannah Tschudin, SACOG's Blueprint Outreach lead, provided an overview of SACOG and introduced the 2025 Blueprint including the plan's guiding principle, the Triple Bottom Line framework, which will guide discussions and strategies for the 2025 Blueprint by focusing on equity, economy, and environment. Additionally, she discussed the Sustainable Communities Strategy, which aligns transportation, housing, and land-use decisions to meet the per-capita greenhouse gas (GHG) reduction targets the California Air Resources Board set.

Environmental Impact Report Scope

Mike Parker, EIR Project Manager at Ascent Inc., explained the EIR process and schedule. He outlined the purpose of the EIR, which is to inform decision-makers and the public about potential environmental impacts, find ways to reduce those impacts, and allow for public input through comments.



Parker covered the main areas of the environmental review, such as air quality, land use, public services, and transportation. He also discussed how the EIR will analyze the existing environment, what qualifies as a "significant" impact, and how the project's impacts will be reduced through mitigation measures. Finally, he explained that the EIR will also consider alternatives to the project that avoid or lessen any significant effects while meeting the project's primary goals.

Environmental Review Schedule Slide

Scoping Comments

Mike Parker outlined how attendees could provide feedback during the scoping process and example scoping comment topics, including topics like the scope of the environmental analysis, mitigation measures, and project alternatives. He explained that comments submitted via Zoom chat would be recorded and considered in the Draft EIR, though no responses would be given during the meeting. Parker also reminded everyone that the scoping comment period would close on March 6, 2025, and provided contact information for submitting written comments by mail, fax, or email.

Scoping Comments:

After the presentation concluded, attendees were given the remaining hour of the meeting to submit their comments on the scope of the 2025 Blueprint EIR through the Zoom chat. The following comments were received:

Comments from Wednesday, February 26th, 2025:

- What is SACOG's plan if unplanned growth occurs?
- How will urban forestry be considered in the draft? Will local or state tree planting goals be addressed?
- I am concerned about how SACOG will meet GHG emission reduction goals with population/transportation infrastructure growth.
- What about traffic?
- Regarding CEQA, should we emphasize, Highlight, stress, and underscore transit-oriented instead of car-centric and car-dependent? I am blind, and so I stress that!
- How will you account for climate change, particularly the risk of extreme flooding and prolonged drought?
- Under the scope of "Agricultural and Forestry Resources," I hope this implies prioritizing preserving existing plants and wildlife in developing areas.
- With regard to the anticipated population growth and housing, the cost of building a single housing unit still makes housing affordability a barrier in our region. While it is lofty to plan for 280K new homes, there is a great need to understand what kind of housing will be in the plan - workforce housing vs ownership housing opportunities.
- My concern is that marginalized and poor communities will be "punished" for needing to travel to and from their jobs. How many landscapers, construction crews, and janitorial services need to travel for work and a vehicle to transport their tools and equipment? We need to ensure that these folks have access to travel because many travel across county boundaries. Also, many parents don't use transit not because they don't want to, but if their child gets sick, how will they travel to pick up? We often don't consider the needs of the poor in our planning.
- Has anyone raised the issue of how important building higher density and affordable housing is to the new plan? Density is important, but affordability is critical. How will the plan encourage local governments to ensure affordability and not just naturally occurring affordable but subsidized affordable homes? Just to be clear, the issue of affordability has to address subsidies. The plan can do a lot to incentivize that, including using transportation funding as a reward for affordable TOD.
- The development of more bike trails leads to the increasing issue of motorized vehicles on those trails moving at dangerous speeds compared to regular traffic. An increase in signage and security should be proportional to, if not greater than, this growth if it isn't already in the plans.
- The plan should also address consistency with the housing elements and other parts of the general plan.

- Surveys are great. However, it is clearly challenging to reach disadvantaged communities and area residents. The disconnect between their local experience and a regional plan is big. How are you addressing that issue? What trusted local voices are you engaging with?
- Lack of building affordable housing IS an environmental issue.
- Parking in dense housing environments is a part of the equation. While we are making changes to keep in line with the 19% Greenhouse Gas reduction requirement, people have difficulty letting go of vehicle use/ownership. This continues to be an issue.
- I believe we are on track; the lack of affordable housing in the right places and mobility options create serious and REAL impacts on air quality, mobility, and other environmental challenges. SB 375 also requires a linkage and evaluation of the relationship between the SCS and the RHNA and Housing elements.
- Regarding the environment, with new housing will there be new wells built (or old wells being used) and if so what will be done to avoid the continued depletion of our groundwater?
- Ideas for feasible mitigation include mobility options and correct placement of affordable TOD.
- What about how the lack of affordable housing in urban centers is pushing people out into the wildfire interface zone (i.e. paradise)?
- The plan should also consider the impacts on the environment of not building sufficient housing and the resulting displacement.
- I'm also a member of the I/DD community because I receive services from Alta California Regional Center. Have you had a chance to reach out to them as well as the State Council on Developmental Disabilities? And what about the Resources for Independent Living serving all disabilities in Sacramento and YOLO counties? And finally, have you also had a chance and opportunity to reach out to The Society for The Blind, which covers Sacramento YOLO and 8 different counties? They don't serve the Bay Area. Also, have you had a chance to reach out to the American Council of The Blind's Capital City Chapter, the National Federation for The Blind's River City Chapter, and the NorCal Center on Deafness? People are choosing not to have children because they can't afford them - so if we now direct our planning to meeting adult households -- aren't we creating a self-fulfilling prophecy? If affordable housing was produced - starter homes - would some of these adult-only households consider starting a nuclear family?
- Mitigating the environmental impacts of the growth plan should include the need for compact infill development everywhere in the region and every community. Rural communities should also consider the benefits of not doing infill. Many rural communities have enhanced their downtown corridors by adding affordable housing to second-story buildings.
- The impact of the un-housed on water quality in our area is another concern if we see the population growth numbers in the report.
- In developing any new communities, the question also needs to be raised as to whether it is necessary to build entirely new structures or whether it is possible and more environmentally responsible to use any existing infrastructure. Adaptive reuse of existing structure can make sense to accommodate growth more efficiently, but it's not always more cost-effective. But should be evaluated and encouraged.

- Would changes to the delivery method for housing be outside the scope of an EIR? The problem in America is that we rely on the market to provide workforce housing, and the market has been broken for decades.
- In Vienna, basic housing is a right and has been treated this way since before WWII. If you go to the SPUR website, they've been having presentations on social housing. The problem is how you can instigate this from the local level rather than changing national policy. BUT our region has a multiplicity of local jurisdictions that own land. It's moving production of basic housing to a community land trust model.

Comments from Thursday, February 27th, 2025:

- I'm a professor at ARC, and I teach climate change. One of the things we need to do is to get people out of cars. Looking at the SACOG webpage, I'm unsure what specifics the plan will include. I made a short list before logging in:
 - Safety and life concerns:
 - Intersections with only three crossings
 - Streets with no crosswalks for long stretches
 - The speed is too high
 - Disappearing bike lanes (especially at big intersections!)
 - Unprotected bike lanes (including those with floppy plastic bollards)
 - Unconnected bike lanes
 - Some solutions:
 - De-center cars
 - Boulevardization of streets like Eastern, which is only a few miles long
 - Multiple, frequent electric busses back and forth on arterials like Watt, Fulton, etc.
 - Change zoning laws so we can have small shops in neighborhoods
 - Infill neighborhoods, but not next to the freeway, create an unhealthy environment.
 - Coordinate with local campuses: ARC, CRC, SCC, FLC, CSU, Sierra College
 - Learn from other cities' actions- Paris, Copenhagen 5-to-15-minute cities.
 - Tow vehicles parked in bike lanes
 - Expand light rail- go to the train station AND the airport
 - Get rid of mandatory parking zoning.
 - Create a connected bike "superhighways" network using the American River Parkway as a centerpiece.
- How does the 2024 Blueprint align with the CA State Rail Plan 2050? And is SACOG considering transfer of "mode share" from cars to electrified rail/public transport as important as VMT/GHG reductions in their plans?
- Re: noise, emissions, and air pollution: Can we ban leaf blowers? They're also bad for the ecosystems.
- Does the Blueprint have any relationship/impact with Rural/Urban boundaries?

- We should prioritize new growth that is either adjacent to or infill to existing communities. Our plan may focus on walkability features that new development can show on paper. Still, many people who move to these new walkable communities will end up commuting into existing work centers (I'm thinking of Laguna West or, more recently, Braden).
- Could the plan implement better sidewalks, especially in areas that would be more unsafe to walk in? It would be easier to have walkable cities/areas if there were improvements to the sidewalks. Especially when those sidewalks are randomly cut off.
- Our growth plans should consider TK-12 and preschool education needs. It is better to build a community that can use existing school facilities rather than build new communities that need new schools.
- Provisions for interconnected trail networks between developments should be spelled out with special guidelines for seamless connections to eliminate gaps—also, guidelines for crossing distance over barriers such as canals, rivers, freeways, etc.

Awareness and Notifications

A comprehensive community engagement plan was executed to inform and involve the public. Key stakeholders, including directors, planners, engineers, and transportation experts, were contacted for each meeting. Additionally, community members representing local businesses, transit advocates, environmentalists, and non-profits were invited via email to attend the scoping meetings.

- On February 13th and 24th, 2025, the project team sent an email blast inviting important stakeholders and community members to attend a scoping meeting.
- Personal email invitations to the scoping meetings were sent on February 18th, 2025.
- Reminders were sent to the registered participants on February 25th, 26th, and 27th, 2025.
- The project team also shared an informative graphic (in English, Spanish, and Mandarin) across various social media groups in Sacramento on February 14th, 2025. The graphic was posted in the following groups:
 - *Sacramento Rant & Raves*
 - *All About Sacramento!*
 - *Everything Sacramento and More*
 - *Latinos En Sacramento*
 - *Sacramento Afghan Community*
 - *Sacramento Burners Rideshare*
 - *Sacramento County Community Awareness*
 - *Sacramento Cyclists*
 - *Sacramento Desi's*



Graphic for meetings.

- *Sacramento Events*
- *Sacramento Neighborhood Watch*
- *Sacramento Rants & Raves*
- *Sacramento Streets*
- *Sacramento/Elk Grove Small Business Referral Group*
- *Sacramento Muslims*
- *Sacramento, CA*
- *Sacramento*
- *Sacramento What's Going On!*
- *Things to Do in Sacramento*
- *Things to Do in Sacramento, CA!*
- *What's Going on in Sacramento*