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September 4, 2018

Chair Georgette Gómez
San Diego Metropolitan Transit System
1255 Imperial Avenue, Suite 1000
San Diego, CA 92101

Subject: Staff Proposals to Revise MTS Board Policy 18

Dear Chair Gómez:

On behalf of Circulate San Diego, whose mission is to create excellent mobility choices and vibrant, healthy neighborhoods, I am writing to reiterate our recommendations for how the Metropolitan Transit System (MTS) can realize the opportunity from its underutilized real estate assets.

With the right revisions for Board Policy 18, MTS can increase transit ridership, bring in substantial revenue, and contribute towards solving San Diego's housing crisis. Chair Gómez has demonstrated her leadership by directing staff to propose updates to Policy 18 in her first year as Chair following a commentary she authored in the Union Tribune.¹ We are also pleased to see that the reforms are coming so soon after the publication of Circulate San Diego's "Real Opportunity,"² a major report outlining how MTS can transform empty parking lots into affordable homes.

In response to the staff proposals for Policy 18 draft prepared for the September 6th Executive Committee discussion, I reiterate Circulate's recommendations and specifically address the staff proposal below:

- 1. MTS should prioritize properties to develop, and adequately staff an active solicitation program to ensure progress.**

The staff proposal for Policy 18 draft does not incorporate our recommendation for an active RFP process.

While MTS has developed some properties without issuing any specific solicitation, that practice has clear drawbacks. Proposing development on a parcel takes time, money, and opportunity costs. Developers are less likely to propose uses of an MTS parcel if they do not have any clear sense that MTS

¹ Commentary: What new MTS chair Georgette Gomez has planned for public transit, Georgette Gómez, San Diego Union Tribune (February 9, 2018), available at <http://www.sandiegouniontribune.com/opinion/commentary/sd-utbg-public-transit-mts-20180209-story.html>.

² Circulate San Diego, Real Opportunity, (April 25, 2018), available at <http://www.circulatesd.org/realopportunity>.

is ready to develop that parcel, or if they do not know what MTS is seeking from such development. Issuing a request for proposals would be a signal to the market that MTS is ready to take action on a parcel and it would encourage more developers to invest in competitive proposals.

An RFP process is also more likely to result in MTS receiving the best value for their assets. If only one developer makes an unsolicited proposal for any particular piece of land, then the agency has limited information about how the market may actually value that development opportunity.

If current staffing levels would not allow for regularly preparing and releasing requests for proposals, staffing resources should be reallocated to ensure the agency is able to implement the goals of the elected members of the MTS board.

2. Require affordable homes be built with all joint development.

The staff proposal for Policy 18 incorporates our recommendation to require a minimum of 20 percent of residential joint development on MTS land to be affordable on-site. Our recommendation included capping the affordable income levels for families making 60 percent area median income (AMI) or less. However, the staff proposal allows for a mix of below 50 percent AMI and 51-80 percent AMI. A deeper affordability commitment would bring MTS into line with other peer transit agencies in California.

MTS joint development policies should also be updated to include protections for existing tenants who might otherwise be displaced by new development. Few if any properties owned by MTS have existing residential uses, so those anti-displacement rules would likely only impact future acquisitions.

3. If replacement parking is desired, only require replacement of parking spaces that are currently being utilized.

The staff proposal for Policy 18 largely accomplishes Circulate’s parking replacement recommendation by only requiring an analysis “to determine the appropriate level at which existing parking should be replaced, with full consideration of the relative growth in future ridership that can result from dense joint development versus provision of future parking spaces.”³ Circulate recommended that no global policy require parking to be replaced or maintained as the default when a lot is converted to a better use like a job center or affordable homes. In the past, MTS has presumed a 50 percent growth in parking demand, despite zero evidence for such demand. However, as documented in Circulate’s report “Real Opportunity,” many studies and media report show a decline in parking demand with the advent of shared mobility.

MTS should specify in its revised policy that if any RFP is to suggest parking replacement, it may call for only as much parking as necessary to provide for full (90 percent) utilization at existing demand rates. Circulate has already produced a dataset of current usage, and MTS staff claims they have monthly usage reports already. Further studies are likely not warranted for individual projects in most circumstances, and would merely add unnecessary costs to developers. Proposals should also be entitled to perform a study in order to demonstrate that they should be allowed to provide even less replacement parking than is currently used, because of shared parking opportunities or other circumstances.

³ Proposed Revised Board Policy 18, San Diego Metropolitan Transit System, (September 6, 2018) available at https://www.sdmts.com/sites/default/files/2018-09-06_ec_agenda_and_materials.pdf.

4. Conclusion.

Circulate applauds Chair Gómez and MTS staff efforts to revise Policy 18. Reforms can improve service to riders, residents of MTS jurisdictions, and MTS transit operations. In its current state, the staff proposals incorporate a number of our recommendations.

The staff proposal also includes other worthwhile policies that will increase transit ridership such as including physical improvements to transit stations, transit passes at reduced or no-cost for residents, the pursuit of vibrant, transit-oriented communities, and striving for the highest possible densities in MTS joint development projects.

Circulate San Diego looks forward to working with MTS to ensure this real opportunity comes to fruition.

Sincerely,



Colin Parent
Executive Director and General Counsel