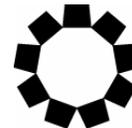


ASSOCIATION OF BAY AREA GOVERNMENTS

Representing City and County Governments of the San Francisco Bay Area



ABAG

Date: September 5, 2013
To: Executive Board
From: Ezra Rapport
Executive Director
Subject: **Plan Bay Area Implementation Next Steps**

Summary

This item describes ABAG activities to support implementation of Plan Bay Area over the next three years. As the region's Council of Governments, ABAG is responsible for guiding implementation of the growth pattern established in the adopted Plan—working in concert with local jurisdictions, MTC, County congestion management agencies (CMAs), special districts, and other regional agencies to spur investment and development in Priority Development Areas (PDAs). ABAG activities will focus on PDA Implementation (with an emphasis on development feasibility and entitlement), Housing Production and Affordability, Economic Development, and Open Space and Farmland Preservation—all of which will be supported by research and communications activities. MTC staff is working on transportation related tasks, including the assessment of goods movement. ABAG and MTC work tasks are appropriately coordinated for a comprehensive implementation of the Plan Bay Area. This work will inform the update to Plan Bay Area anticipated in 2017.

Action

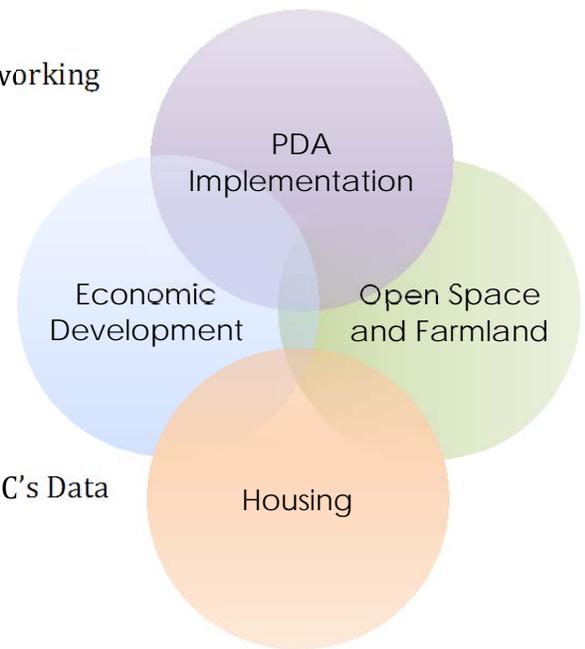
This is an information item for discussion.

Background

With adoption of Plan Bay Area (Plan), ABAG and MTC along with partner agencies will begin to guide efforts to advance the Plan. ABAG will coordinate implementation of the growth pattern established in our Sustainable Community Strategy—working in concert with local jurisdictions, MTC, county Congestion Management Agencies (CMAs), special districts, and other regional agencies to spur investment and development in PDAs.

Over the next several years, ABAG will focus its planning efforts on four primary areas: Priority Development Area (PDA) Implementation, Housing Production and Affordability, Economic Development, and Open Space and Farmland Preservation. These efforts will be supported by ABAG and MTC’s Data Analysis and Research and Communications activities.

Implementation Focus Areas



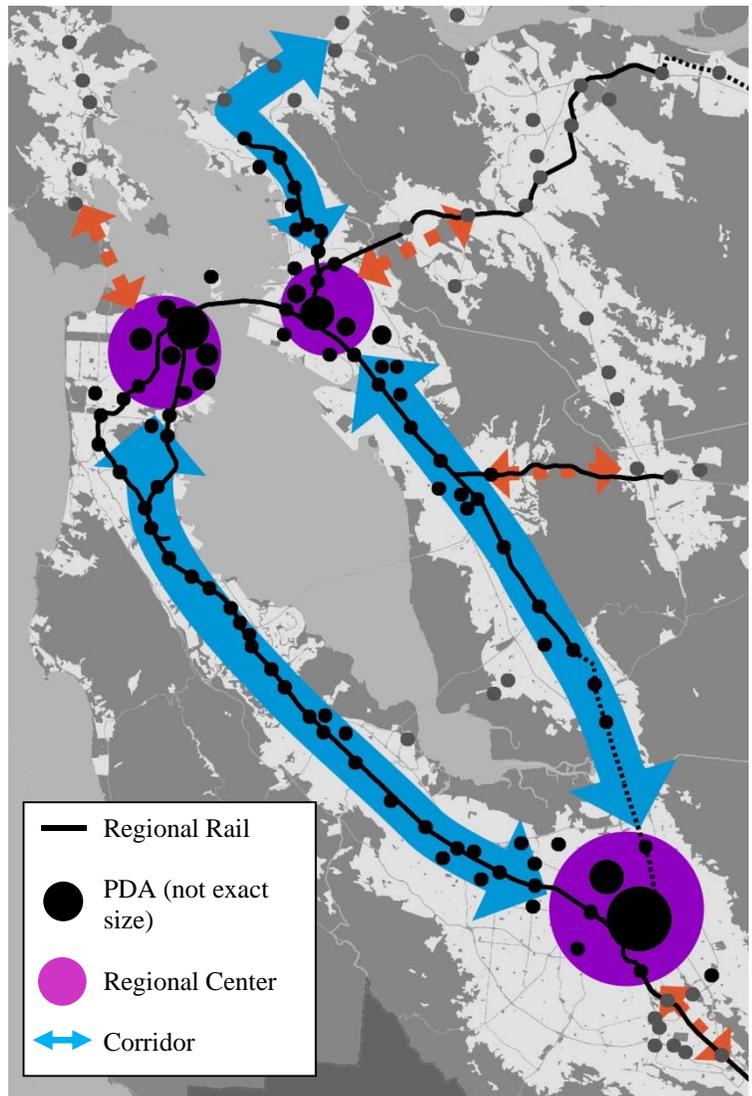
1) PDA Implementation

The region’s PDAs are the organizing framework for implementing Plan Bay Area. They are expected to accommodate most of the Bay Area’s new homes and jobs. The Plan’s major investments in transportation and planning assistance are focused in the PDAs, but there are significant obstacles to achieving PDA growth and investment. ABAG and local jurisdictions will conduct a focused effort to identify and overcome these obstacles, with an emphasis on development feasibility and entitlement, while supporting adopted PDA plans.

- *Transit Corridors.* In Plan Bay Area, the majority of housing and job growth is projected in the PDAs along transit corridors stretching between San Francisco, San Jose, Oakland, and West Contra Costa County. The corridors are served by BART, Caltrain, Capitol Corridor, Bus Rapid Transit (BRT), and light rail investments. With the extension of BART to San Jose, electrification of Caltrain, and introduction of enhanced bus service on El Camino Real, San Pablo Boulevard, and International Boulevard/14th Street, the corridors will increasingly function as an interconnected system. Implementing the Plan will depend upon the success of all of the communities and business districts along the corridor, which today vary significantly in terms of housing and commercial development, amenities, infrastructure and public services.

The first step in this process will be a detailed analysis of the corridor's PDAs. ABAG will evaluate development potential, adopted local plans and CEQA documents, and the level of participation of special districts in the planning process. Based upon this analysis ABAG will work with local governments to coordinate the participation of responsible parties to address challenges that cross jurisdictional boundaries. The result will be a comprehensive assessment of the specific qualities and unique needs of PDAs along the corridor, identification of common obstacles to development, and a tailored set of best practices and implementation actions involving jurisdictions, communities, businesses, and special districts. This effort will be closely coordinated with the housing and economic development efforts highlighted below, and will build upon advanced planning such as the El Camino Real Grand Boulevard Initiative and the PDA Investment and Growth Strategies completed by CMAs.

Inner Bay Area Corridors and Regional Centers



- *Entitlement Efficiency.* Plan Bay Area sets the stage for local jurisdictions to choose to increase the efficiency of the development process for transit-oriented projects consistent with the Plan and state legislation. California Senate Bills 375 and 226 allow jurisdictions to limit the level of environmental review required for projects that are: consistent with a Sustainable Community Strategy (i.e. Plan Bay Area); meet specific density and transit proximity requirements; and located in an area with an adopted programmatic EIR. Some eligible projects will not require additional CEQA analysis, while others can reduce the number of areas analyzed in an EIR and be subject to a more favorable standard of judicial review.¹

¹ CA Public Resources Code Section 21155.2(b)(7)

ABAG will work with MTC to develop advisory guidelines that assist jurisdictions in determining whether a local programmatic EIR will support PDA projects in utilizing legislative incentives found in SB375 and other bills. In addition to providing guidance to local jurisdictions on entitlement efficiency, ABAG will advocate for legislative reforms that make resources available for producing affordable housing and fostering economic growth in PDAs.

- *Resilience.* Plan Bay Area identifies the need for strategies to improve resilience in the face of natural disasters. ABAG will be assessing earthquake risk in PDAs as well as working with the Bay Conservation and Development Commission (BCDC) to analyze the risk of sea level rise. This effort will involve consultation with local jurisdictions in high risk zones as well as infrastructure providers and other special districts. MTC and ABAG will also work with the Bay Area Air Quality Management District (BAAQMD) and jurisdictions to ensure that development in PDAs along major transportation corridors mitigate future impacts of particulate matter associated with proximity to freeways and heavily used arterials.
- *Regional PDA Planning Grants.* Since its inception in 2007, the MTC/ABAG PDA Planning Grant program has supported the development and adoption of 52 plans to create walkable, mixed-use communities within walking distance of transit. These plans accommodate the potential development of more than 40,000 new housing units, 60,000 new jobs and 24 million square feet of commercial space.

To enhance PDA planning capacity across the region, each county received a dedicated share of PDA planning funds between 2013 and 2017. These funds are allocated to local jurisdictions by CMAs. This approach helps ensure a comprehensive process for funding PDA planning throughout the region. Supported by this funding, communities outside of large cities will be able to conduct the planning necessary for implementation.

To complement the county PDA programs, MTC and ABAG will continue to lead a strategic regional PDA planning grant program. The regional grant program will be redefined to support advanced implementation issues such as affordable housing production, rehabilitation and preservation; community stabilization; and overcoming a variety of obstacles to infill development. To complement the broad reach of the county programs, regional grants will target PDAs with the potential to make the greatest impact on meeting the housing and job projections in the Plan.

Details of the regional program will be finalized in the coming months, informed by feedback received from a survey sent to planning directors in each jurisdiction with a PDA.

2) Housing Production and Affordability

By all accounts, the Bay Area faces a housing crisis. Rents and mortgages are consuming a growing share of household incomes. Working families are priced out of locations with access to high-quality services and networks of opportunity. Employers have to pay a wage premium to compensate workers for high housing and transportation costs.

Increasing housing production and affordability—especially in transit-served locations—is essential for implementing the Plan. ABAG will work with the private and non-profit sectors to provide a comprehensive approach to addressing this challenge. While addressing the region’s housing challenges at a broad scale, this effort will also seek to identify tools and strategies to assist local jurisdictions in spurring housing growth in PDAs based upon each community’s unique needs and circumstances.

- *Housing Production Analysis and Policy Development.* State subsidies play an important role meeting our workforce housing needs. Through the Sustainable Communities grant from the U.S. Department of Housing and Urban Development (HUD), ABAG is developing methods to monitor housing production across the Bay Area to inform strategies to fill the substantial gap between the region’s housing need and production. ABAG will work with local jurisdictions and private and non-profit sector developers to establish new funding sources for land acquisition, pre-development financing and construction financing. The grant will fund several pilot projects to implement new funding and incentive strategies in local communities. In addition, as required by the HUD grant, ABAG is preparing a Fair Housing Equity Assessment (FHEA) to identify obstacles to fair housing access and affordability.

To address the risk of displacement of low-income communities due to new development, ABAG and MTC, in collaboration with UC-Berkeley, are creating an “early warning system” to identify neighborhoods facing the greatest pressure from rising rents and housing values. ABAG will work with local jurisdictions to ensure that the early warning system recognizes the individual qualities of each neighborhood and can be implemented at the local as well as regional level. The HUD grant will also support pilot projects for engaging residents and small business in areas at risk of displacement to develop and implement community stabilization strategies.

- *Targeting Regional Resources for Affordable Housing.* The Plan allocates \$12 million to the Transit-Oriented Affordable Housing (TOAH) fund. Funded by MTC, the TOAH has been recognized as a national model for linking housing and transit investments. To date, the fund has leveraged \$10 million in public investment to attract \$40 million in private and non-profit funding and support the production of 535 units. ABAG will continue to work with MTC to refine the criteria for TOAH-funded projects to ensure the program supports the goals of the Plan.

TOAH is complemented by the Affordable Housing Program operated by the ABAG Finance Authority (FAN). The program provides low-cost financing for smaller infill projects and an efficient, competitive lending vehicle for larger developments. It provides tax-exempt bond financing for the acquisition, construction and rehabilitation of multifamily and senior housing with a demonstrable public benefit. Over time, the program has helped finance 76 projects that have created or preserved more than 10,300 units. As part of Plan implementation, ABAG and MTC will identify opportunities to coordinate the TOAH and FAN Affordable Housing Program with efforts to strategically spur growth in PDAs, as well as to draw upon the experience of the Finance Authority and its network of real estate developers as a resource for local jurisdictions as they begin to craft implementation strategies.

- *State Housing Policy Coordination.* ABAG will coordinate discussions with state agencies about potential adjustments to state housing policies and the creation of new affordable housing funding sources. Key issues include ensuring that Housing Element policies are aligned with the region's changing demographics and housing needs, particularly with respect senior housing and preservation of existing affordable housing, and that the disposition of land within PDAs owned by former redevelopment agencies takes place in a timely manner. ABAG will also track and influence legislation to achieve Plan housing objectives.

3) Economic Development

ABAG will collaborate with regional agencies, business groups, and community-based organizations to strengthen the competitiveness of the regional economy, enhance local business districts in PDAs, expand access to opportunities for all Bay Area residents, and develop economic development policies for the next update to Plan Bay Area.

- *Bay Area Economic Prosperity Strategy.* As part of the HUD Sustainable Communities grant, MTC and ABAG are working with a broad group of private, non-profit, and public-sector stakeholders to create a strategy to expand opportunities for the region's low and moderate income workers. The regional agencies and partner organizations will conduct outreach to community groups, workers, and the business community. The effort will also support a technical assessment of industries of opportunity, employment barriers, best practices, and potential policies addressing issues such as job creation, career pathways, and apprenticeships.

The Prosperity Strategy will address the Bay Area as a whole as well as sub-regions. In addition to a set of policies and actions, the Strategy will fund pilot projects that support its objectives and seek to establish replicable approaches to expanding opportunities for low

and moderate income workers. The Strategy will be considered in the next update to Plan Bay Area.

- *Coordination with the Business Community.* ABAG will work closely with the business community to support regional economic development initiatives. The Joint Policy Committee (JPC) emerged as a potential forum for collaboration to develop a coordinated regional strategy. ABAG will continue to participate in this effort and seek other opportunities for partnership with the business community, including organizations such as the Bay Area Council Economic Institute, Silicon Valley Leadership Group, Joint Venture Silicon Valley, East Bay Economic Development Alliance, and North Bay Leadership Council. ABAG will also involve the business community in the update to Plan Bay Area.
- *Place-Based Economic Development Strategies.* ABAG will create place-based strategies to support the economic growth of different types of PDAs and job centers. This will respond to the changing dynamics of the regional and sub-regional economies and the needs of growing industries. ABAG will investigate the unique role of different types of PDAs in the regional economy, ranging from centers in which office and retail jobs cluster around transit hubs to agricultural areas protected from urban development. The place-based strategies will include approaches to both strengthen local business districts and create physical environments that support investment in driving industries.
- *Goods Movement and Industrial Land.* A robust regional economy depends upon a goods movement network and access to industrial land. As the Plan indicates, “the movement of freight, and the protection of production and distribution businesses, have important environmental, economic and equity implications for the region. The region is home to the fifth-busiest maritime port in the nation, the Port of Oakland; ... manufacturing, freight transportation and wholesale trade account for nearly 40 percent of regional output and goods movement businesses create over 10 percent of regional employment. ... MTC and ABAG will work with the business community and local jurisdictions and stakeholders to explore economic development best practices for goods movement and industrial businesses, and to identify funding to assess the role of goods movement businesses and industrial land in the regional economy.”

4) Open Space and Farmland Preservation

Priority Conservation Areas (PCAs) complement the PDAs by identifying areas for preservation that play an important role in the region’s open space, habitat, and farmland networks. ABAG will strengthen the PCA framework by supporting targeted efforts to both protect the region’s open spaces and enhance the agricultural economies of our rural communities.

- *Priority Conservation Area Grants.* The One Bay Area Grant (OBAG) provides \$10 million for a PCA Grant program to fund conservation easements, land acquisition, and transportation projects. The effort is divided into two programs. In the North Bay, the CMAs will allocate \$5 million to a range of projects using locally-defined criteria. The California Coastal Conservancy, in partnership with MTC and ABAG, is administering a competitive grant program for the Peninsula, South Bay, and East Bay counties that focuses on regionally significant projects in areas with existing open space protection, leveraging local, state and non-profit funding sources.
- *PCA Framework Update.* Drawing upon lessons learned from the PCA grant process and the wealth of available data on the region's natural systems and agricultural economy, ABAG in partnership with key open space entities will update the PCA Framework to further define the role of different kinds of PCAs to support habitat, agriculture, recreation, and various ecological functions. This will involve consultation with jurisdictions, open space and recreation districts, the region's scientific community, and farmland organizations.
- *Bay Trail and Water Trail.* ABAG will continue to expand the Bay Trail, which is a critical part of the region's network of PCAs and an increasingly popular resource for Bay Area residents seeking a healthy lifestyle, as well as an important part of the region's tourist industry. In addition to the Bay Trail, ABAG will support the recently launched Water Trail, which provides public access to the historic, scenic, cultural and environmental resources of the San Francisco Bay

Data Analysis and Research

The implementation tasks outlined above will be supported by ABAG and MTC's research and modeling efforts. This includes tracking housing and commercial development trends, refining the region's land use model, and consolidating data on Priority Development Areas into an updated website and information sharing system available to local jurisdictions and the regional agencies. By 2015, ABAG will produce a State of the Region Report to assess the region's progress toward implementing the Plan.

Communications

These implementation strategies are also being supported by three major communication initiatives. ABAG is realigning its communication efforts to engage and respond rapidly to local media. In addition, the ABAG website is being updated to improve navigation and become a better resource to our members and the public. Finally, ABAG will convene a series of conversations between Executive Board Members and our local delegates about the challenges they face in implementing the Plan and the role ABAG can play in helping them succeed.