TO: MTC Planning Committee, ABAG Administrative Committee DATE: March 8, 2013

FR: Executive Director, MTC
Executive Director, ABAG

RE: Plan Bay Area Implementation and Advocacy

Background
The draft land use and transportation elements of Plan Bay Area lay out an ambitious effort to bolster our region's economy, protect its environment and improve housing and transportation choices for residents from all walks of life. A reliable, efficient transportation network and a healthy housing market with a range of price options for our workforce are absolutely vital to a growing economy in the Bay Area. In order to make progress towards our 2040 Plan Bay Area performance targets, ABAG and MTC will need to identify key legislative advocacy objectives to secure changes in both federal and state law.

The draft priorities outlined in Attachment A include potential actions at the federal, state, and regional level that would provide cities, counties, and transportation agencies with increased capacity to implement Plan Bay Area including increased funding for economic development, housing, and transportation; responsible approaches to cutting regulatory red tape; and other mechanisms to develop the region's Priority Development Areas that are expected to accommodate most of the housing and job growth in Plan Bay Area.

Staff look forward to your feedback on these concepts for inclusion in the draft Plan Bay Area to be released in March 2013.

Steve Heminger Ezra Rapport

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Attachment A

Land Use

In order to support the draft land use strategy, staff proposes four key efforts.

1. Locally controlled funding to support PDA development. Up until 2012, Bay Area jurisdictions could count on redevelopment programs for over $1 billion per year in tax-increment financing (TIF) to support affordable housing projects, critical infrastructure improvements, and economic development projects in designated areas of many cities and counties. Replacing this revenue with a new locally controlled funding opportunity—including a newly authorized tax-increment financing authority should be a top priority to support new, infill development called for in the Preferred Scenario.

2. Modernize the California Environmental Quality Act (CEQA): CEQA has undoubtedly *helped* to improve environmental quality in California. However, it is commonly used as a tool by project opponents who are more interested in halting a project than minimizing its harm on the environment. Sensible CEQA reform is a key ingredient to a more economically vibrant state and region. MTC and ABAG will support efforts to strengthen CEQA's protection of the state's environment and residents while updating the requirements of the California Environmental Quality Act (CEQA) to encourage and expand infill developments to reduce urban sprawl, strengthen the region's economy and promote development consistent with Plan Bay Area and SB375. By providing consistent standards and greater certainty to project sponsors, and reducing duplication in EIR requirements the CEQA process can be expedited, without compromising environmental protection and reducing duplication in EIR Requirements.

3. Stabilize Federal funding levels. Deep funding cuts for two of the largest HUD housing programs, the HOME Investment Partnership Program and Community Development Block Grant (CDBG) have significantly affected the allocation of funds to Bay Area jurisdictions. CDBG budget allocations to the region fell 27% (from $86 million to $63 million) between 2010 and 2012. Bay Area allocations from the HOME program dropped by 51% ($38 million to $18 million) between 2009 and 2012. In order to increase the supply of a variety of workforce housing options, key federal programs need to deliver increased financial certainty for local jurisdictions and developers. In addition to funding, incentives in the tax code for multi-family development should be established for the long run so cities and developers can plan with certainty.

4. Fiscalization of land use. The structure of property taxes in California is a major obstacle to creating a balanced regional growth pattern. The current approach to taxation creates incentives to attract development that maximizes sales tax revenues but creates a disconnect between the location of jobs, housing and transportation. This trend has discouraged housing development and small business growth in many communities. This effort would support a long-term adjustment to commercial or residential tax rates to balance the financial incentives for new development.

Transportation

In order to support the draft transportation investment strategy, staff suggests the following three efforts.

1. Support Local Self-help: Lower the vote threshold for local and regional transportation tax measures from two-thirds to 55 percent, as proposed by SCA 4 (Liu) and SCA 8 (Corbett). With local funding now constituting two thirds of the state's total tansportation funding, lowering the voter approval threshold is a major step toward preserving and expanding our existing roadway and public transportation infrastructure and help them run more efficiently.

2. Seek Federal transportation policy and funding levels that support Plan Bay Area. MTC and ABAG will work with local, state and national partners to urge Congress to identify a long-term, reliable funding source for transportation in the next authorization. That bill should build on the streamlined structure and performance-based framework established by MAP-21 and provide flexibility for the region to respond to its diverse transportation needs.

3. Grow State funding. MTC/ABAG will urge the Bay Area's State delegation to create a new permanent revenue source for transportation (such as cap and trade) to achieve the Plan's financial assumptions, increase funding to sustain and increase the efficiency of the existing network, and invest in high performing network improvements that further the goals and performance metrics of Plan Bay Area.