



TO: Joint MTC Planning Committee with the ABAG
Administrative Committee

DATE: June 5, 2015

FR: MTC Executive Director and ABAG Executive Director

RE: Bay Area Regional Prosperity Plan Project

Background

The Prosperity Plan is a 3-year initiative funded through a \$5 million grant from the U.S. Department of Housing and Urban Development (HUD) to the Metropolitan Transportation Commission (MTC) and the Association of Bay Area Governments (ABAG). The funding was established by HUD to promote integrated planning for housing, transportation, and economic development; expand economic competitiveness of regions by creating access to opportunity for workers; and advance social equity.

MTC and ABAG have partnered with a broad range of stakeholders, the consortium, including local jurisdictions, transit agencies, economic development agencies, education institutions, community-based and non-profit organizations, foundations, business and labor groups, employers, and other regional agencies to implement this project.

The Prosperity Plan will support Plan Bay Area implementation by addressing the following four challenges:

- Expanding economic mobility and opportunities for low- and moderate-income workers;
- Supporting the production and preservation of affordable housing near transit and jobs;
- Ensuring neighborhood stabilization in communities at risk of displacement; and
- Building leadership capacity in disadvantaged communities to engage in local and regional processes.

The Prosperity Plan is implementing three inter-connected areas of work described below. Underpinning these efforts is an extensive outreach process that engages underrepresented groups and a broad range of stakeholders.

- 1) **Economic Initiative:** managed by the Economic Prosperity Working Group, this initiative has produced a regional Economic Prosperity Strategy through a multi-stakeholder process that addresses economic mobility and opportunity for low- and moderate-income workers in the region. The Initiative has also funded 11 pilot projects through a \$1.1 million sub-grant program to test some of the recommendations in the Strategy.

- 2) **Housing Initiative:** managed by the Housing Working Group, this initiative has funded 22 pilot projects through a \$1.2 million sub-grant program to develop new tools and policy solutions to expand production and preservation of affordable housing near transit and jobs, and stabilize neighborhoods in communities at risk of displacement.
- 3) **Equity Initiative:** managed by an Equity Collaborative, this initiative has funded 14 pilot projects through a \$650,000 sub-grant program to support leadership- and capacity-building efforts in disadvantaged communities across the region.

Project Oversight Structure

A Joint Projects Team (JPT), composed of MTC and ABAG staff, and working group co-chairs, is managing implementation of the work plan. A project Steering Committee, composed of MTC Commissioners, ABAG Board members, at-large representatives from a community-based organization, philanthropic institutions, local jurisdictions, and working group co-chairs is overseeing implementation of the grant program.

Project Status Update

The Prosperity Plan is expected to be completed by June 2015. Over the final month of the project, the consortium will document key outcomes, lessons learned, and potential next steps (strategies and actions) to advance the overarching goals of the project. These goals include:

- Promoting an inclusive and participatory process that engages all stakeholders;
- Building leadership capacity in local communities to engage in local and regional processes;
- Establishing new partnerships and deepening collaboration among various sectors; and
- Developing tools, resources and best practices to guide future work.

These outcomes, lessons, strategies and actions will be compiled in a final project report. Strategies and actions will be categorized under the following seven issue areas:

- 1) Increase affordable housing near transit and jobs;
- 2) Preserve at-risk affordable housing and housing affordability near transit and jobs;
- 3) Stabilize neighborhoods in communities at risk of displacement;
- 4) Build capacity in lower-income communities to engage in local and regional processes;
- 5) Strengthen career pathways for lower-wage workers to middle-wage jobs;
- 6) Grow the economy with a focus on middle-wage jobs; and
- 7) Upgrade conditions for lower-wage workers.

Project Challenges

In 2011, the consortium of partners set ambitious goals for the project fully recognizing significant challenges associated with a consortium-led process that addresses complex issues at a regional and sub-regional level. These challenges include:

- Meaningfully involving and sustaining the engagement of key stakeholders across multiple sectors throughout a multi-year, collaborative process;
- Fostering an atmosphere of respect for all stakeholders on issues that arose confusion and conflict;

- Aligning a wide range of perspectives among various stakeholders on effective strategies to address pressing challenges;
- Structural and systemic nature of many challenges, where state and federal action is required;
- Uncertainty regarding the future of this collaborative process once funding from HUD ends in June 2015; and
- Absence of a regional entity with broad representation from various sectors and stakeholders to carry the work forward.

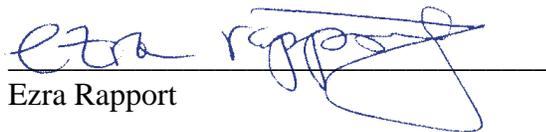
Project Successes

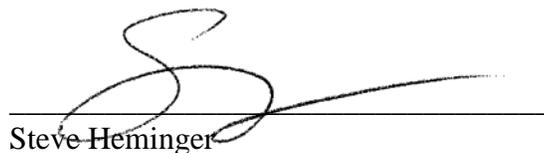
Despite these challenges, the project Steering Committee and JPT have implemented an ambitious work plan within existing constraints. Initial successes and accomplishments include:

- Completion of an Economic Prosperity Strategy, the first such effort in the region, which was informed by rigorous technical analysis as well as extensive outreach and engagement;
- More than 50 pilot projects funded at the local and sub-regional level through \$3.05 million in sub-grants that have developed replicable models, tools and resources;
- New cross-sector partnerships and working relationships established through funded projects and a collaborative consortium process; and
- Engagement of a broader than usual set of stakeholders and partners, leading to greater level of buy-in.

Next Steps

Staff will provide an overview of strategies and actions recommended by the consortium at the next joint MTC Planning and ABAG Administration Committee meeting in July 2015. Since many of the recommendations may not be relevant to regional agency work, staff will focus on a select number of actions that may inform the Plan Bay Area update.


Ezra Rapport


Steve Heminger

ER / SH:vs

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San Francisco Bay Area **Regional Prosperity Plan**

**Joint MTC Planning Committee with the ABAG
Administrative Committee**
Friday, June 12, 2015

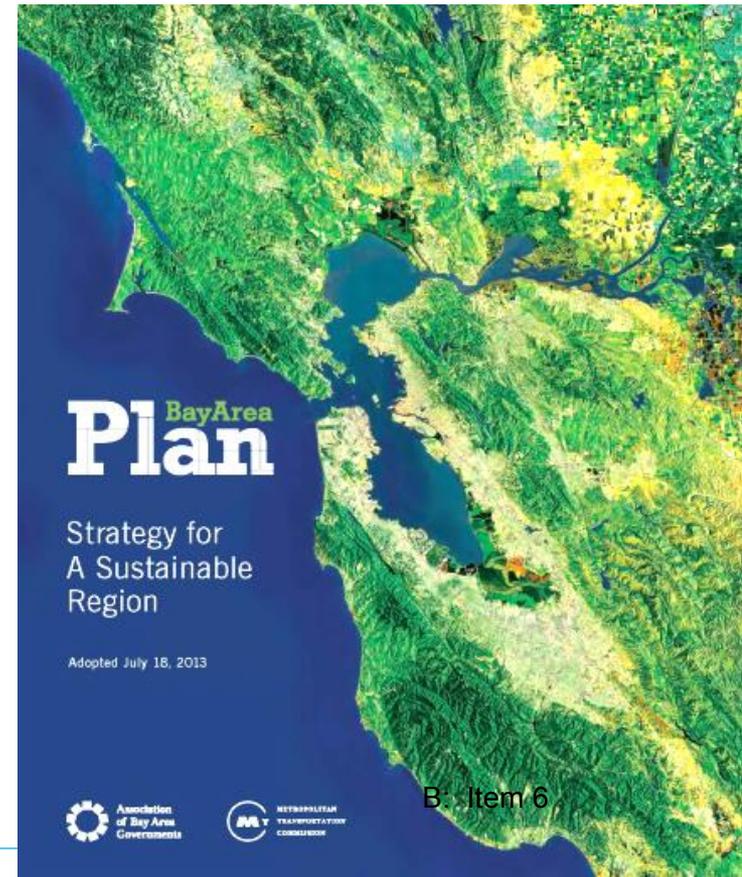
A Unique Opportunity . . .

\$5 million grant from HUD

- Sustainable Communities Program of HUD, EPA and DoT
- Mandates **cross-sector partnerships** and engagement of disadvantaged communities
- Promotes **integrated approach** to transportation, housing and economic development

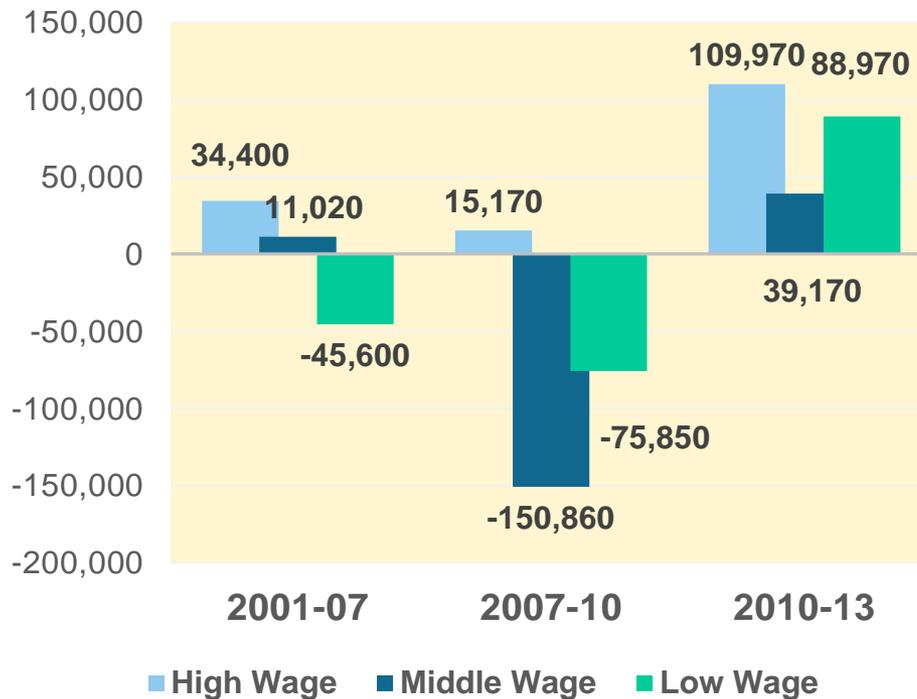
Tie to Plan Bay Area

- Address issues that are critical to successful implementation of PBA

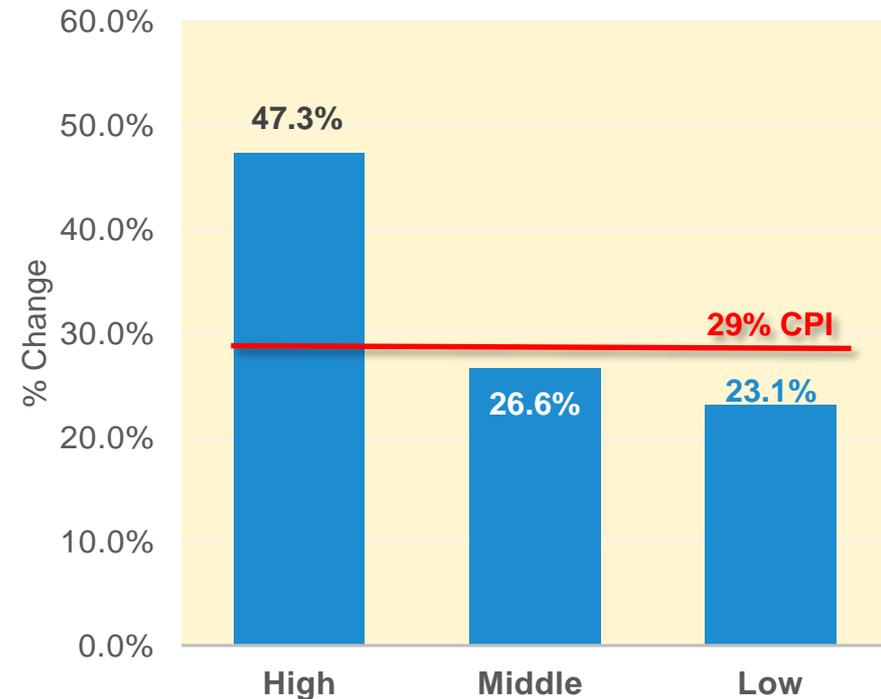


Key Challenges and Opportunities

- Significant loss of middle-wage jobs during recession**
 While real wages stagnant or declining for lower-wage workers



Job Trends by Income Category San Francisco Bay Area

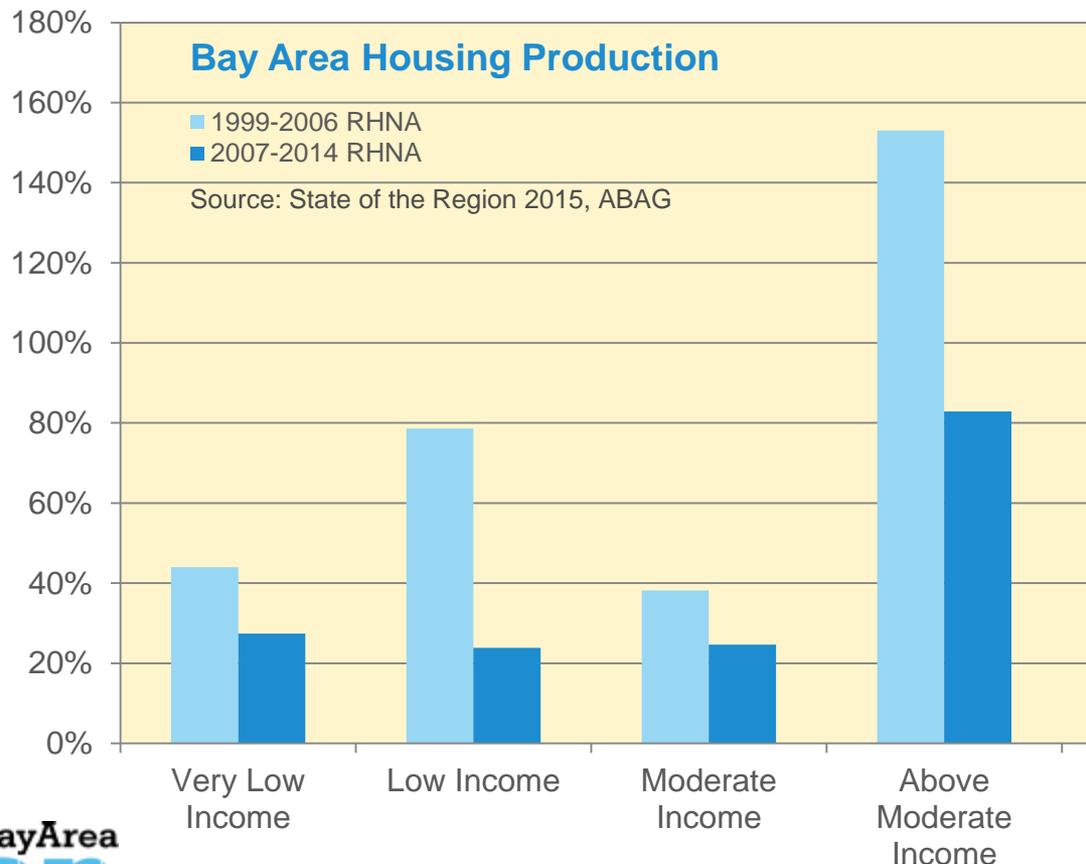


Wage growth by income category (2001-2013) Bay Area

Source: Center for Continuing Study of the California Economy
B: Item 6

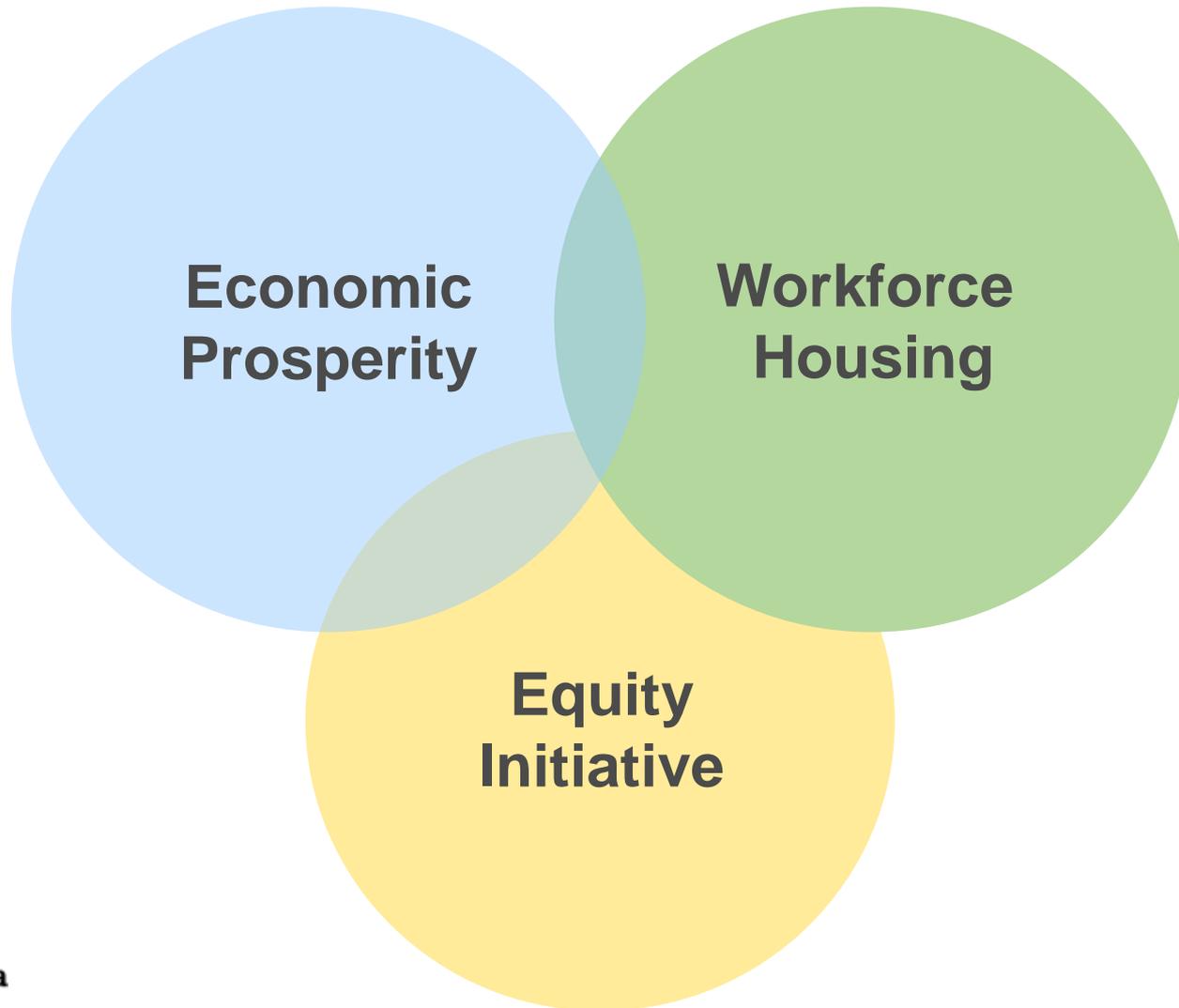
Key Challenges and Opportunities

- **Affordable housing production has lagged demand**
While housing costs have risen faster than real wages



- **\$3.2 billion gap** each year for next 25 years
- State and federal **funding down 69%** since recession
- **30% of over-crowded renters** in US live in California

Three interconnected initiatives . . .



Select Pilot Projects

Northern Waterfront Economic Development Initiative Eastern Contra Costa County

- Add well-paying jobs, reduce congestion, and improve quality of life
- Integrate planning for land use, transportation, and economic development



Select Pilot Projects

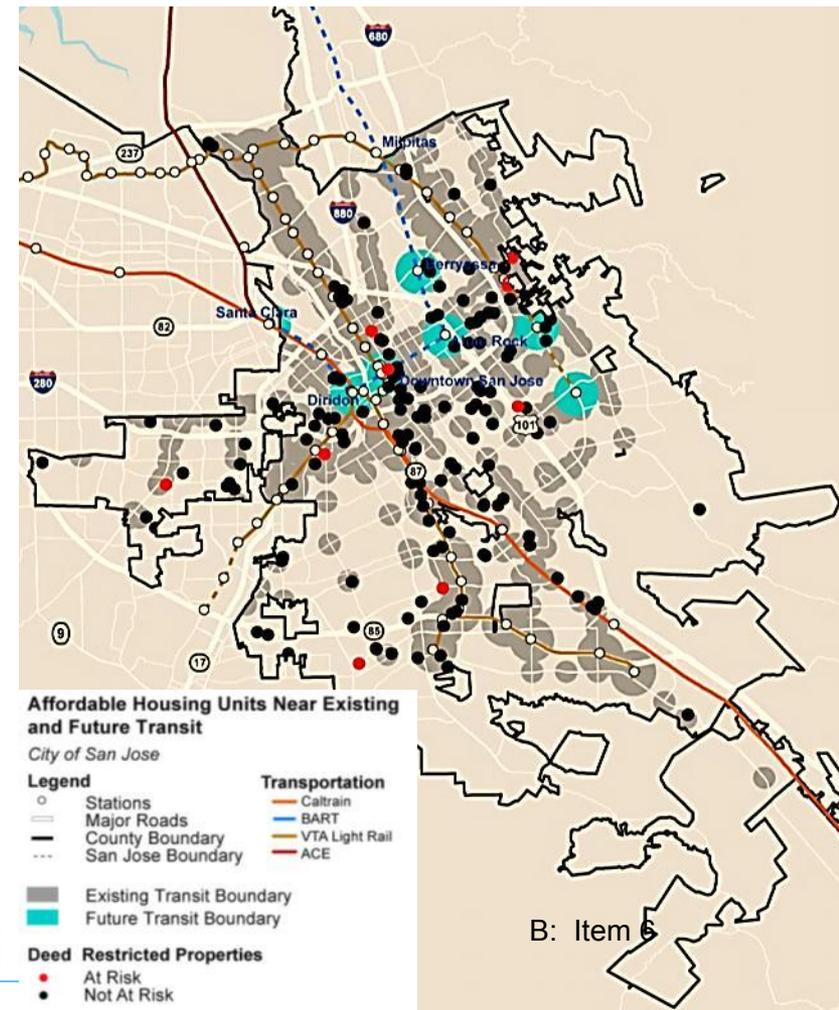
Preserving At-Risk Affordable Housing Units

Cities of San Jose, Oakland and Fremont

- >6,500 subsidized affordable rental units at risk in region
- Cost-effective approach and time sensitive approach

At-Risk Housing Units, City of San Jose

| | <i>Units</i> | <i>Section 8 Units</i> |
|----------------|--------------|------------------------|
| Very High Risk | 245 | 193 |
| High Risk | 829 | 698 |
| Moderate Risk | 321 | 318 |
| Total | 1,395 | 1,209 |



Source: Reconnecting America, California Housing Partnership Corporation, ESRI

Regional Prosperity Plan

Many Limitations . . .

- Tackling complex issues and **setting ambitious goals** with limited resources and no real precedent;
- Expecting consistent participation from partners in a **multi-year collaborative process** with no guarantee of follow-up; and
- Relying on a newly-formed **consortium to act decisively** and lead implementation of work plan.



Some Lessons . . .

1. Creating a robust **outreach strategy** early to engage local jurisdictions and employers;
2. Establishing a **charter for participants** that clearly lays out roles as well as responsibilities;
3. Rapidly advancing **initiatives with broad agreement** to build working relationships and trust early;
4. Proactively providing forums for stakeholders to work through **areas of significant disagreement**;
5. Continuing to clarify **exploratory nature of research** and advisory nature of recommendations;
6. Funding a mixed portfolio of pilot projects that includes some **high-impact projects** with broader scope; and
7. Recruiting relevant entities early to **champion implementation.**

Next Steps

- **Publish Final Project Report**
 - Key findings, tools and resources
 - Strategies and implementing actions
- **Explore feasibility of ongoing forums**
 - Build on local accomplishments
 - Incentivize multi-sector or sub-regional collaborations
 - Strengthen emerging partnerships
- **Closeout grant by June 30, 2015**
- **Consider activities with potential MTC / ABAG role**
 - July 10 Joint Committee Meeting