



TO: Joint MTC Planning Committee with the ABAG Administrative Committee

DATE: July 2, 2015

FR: MTC Executive Director and ABAG Executive Director

RE: Potential Initiatives and Role for MTC / ABAG to Implement Regional Prosperity Plan

Background

The Regional Prosperity Plan was completed in June 2015 following a 3-year process to address the following three challenges: production and preservation of affordable housing near transit and jobs; neighborhood stabilization in communities at risk of displacement; and expanding economic opportunities for lower-wage workers.

A Steering Committee, formed to oversee project implementation, published an Action Plan in June 2015 that identifies 20 strategies and 76 actions to implement program recommendations. Of this total, only a small subset is directly relevant to the areas of jurisdiction of MTC and ABAG. Some actions in this subset are already underway through existing activities. These activities may be modified or expanded as needed and appropriate to incorporate additional findings from the Prosperity Plan. Staff will present these existing and potential new activities identified in the Action Plan at a Joint Committee meeting in fall 2015 for further review and discussion.

Potential Initiatives to Implement Regional Prosperity Plan

This memo proposes three bold new initiatives that MTC or ABAG could take to respond to *multiple strategies and actions* listed in the Action Plan. Implementing these initiatives will require coordinated effort and strong collaboration among regional and local leaders and stakeholders over the long-term. These initiatives, if implemented, may address critical challenges facing the Bay Area related to housing affordability and quality jobs.

A. Funding for Affordable Housing (Local and Regional)

Support new sources of revenue to back-fill lost revenue from state and federal sources (such as elimination of tax-increment financing) while also expanding the overall amount of funds available for affordable housing production and preservation may include:

- A county-level or sub-regional **commercial linkage fee** on new office and commercial development (new office space for additional workers will increase demand for more housing). Fees collected by one jurisdiction may be transferred to a neighboring jurisdiction to build a portion of new units (which otherwise would not be built) through a regional or sub-regional **revenue- or cost-sharing mechanism**.
- Right-of-first-refusal for sale of *under-utilized* publicly-owned land for affordable housing, consistent with AB2135, which addresses publicly-owned *surplus land*.

B. Funding for Affordable Housing (State and Federal)

Establish a region-wide, coordinated legislative platform – led by local policymakers – aimed at restoring and expanding state and federal funding for affordable housing, including:

- Adopting a new *tax-increment financing mechanism* to facilitate housing production in weaker markets (or further modifying Enhanced Infrastructure Financing Districts);
- Expanding and fully utilizing *low-income housing tax credits* (state and federal); and
- Expanding and prioritizing Affordable Housing and Sustainable Communities (*cap and trade funding*) for affordable housing production and preservation in Priority Development Areas.

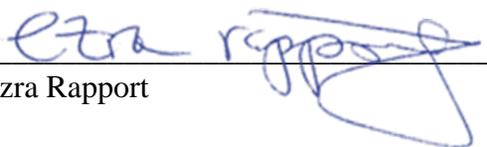
C. Investment in Industrial Lands and Goods Movement to Grow Middle-Wage Jobs

Middle-wage job growth in key sectors such as advanced manufacturing, warehousing, logistics and goods movement – which already account for a large proportion of well-paying jobs in the region – may be supported by:

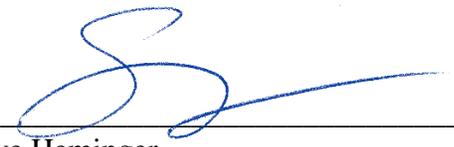
- Designating a regional *Economic Development District (EDD)*, a federally recognized entity with access to federal grants from the U.S. Department of Commerce, to support implementation of sub-regional plans; and
- Defining potential *Priority Industrial Areas (PIAs)*, based on sub-regional plans, along with an associated implementation program, in the next Plan Bay Area update.

Next Steps

Based on Joint Committee feedback, staff will update the list of potential initiatives and compile a list of existing and new activities from the Action Plan that are relevant to regional agencies. Staff will seek approval of specific strategies for MTC / ABAG action at a Joint Committee meeting in fall 2015.



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