Source: Karl Nielsen

PRIORITY SITES CONCEPT PAPER

A proposal to transform public land and aging malls & office parks into neighborhoods

PLAN BAY AREA 2050

An implementation initiative of Plan Bay Area 2050

METROPOLITAN TRANSPORTATION COMMISSION

Association of Bay Area Governments

PRIORITY SITES CONCEPT PAPER

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PLAN BAY AREA 2050

ASSOCIATION OF BAY AREA GOVERNMENTS

METROPOLITAN TRANSPORTATION COMMISSION

Source: KTGY Architects

INTRODUCTION: ADVANCING BOLD HOUSING STRATEGIES

SETTING THE CONTEXT: PLAN BAY AREA 2050 & RHNA

Plan Bay Area 2050 is the San Francisco Bay Area's most comprehensive plan to date. Adopted in October 2021, the plan combines improvements to the region's transportation network with bold housing strategies, investments to enable communities to adapt to climate change, and strategies to create a more vibrant, equitable regional economy.[1] When fully implemented, Plan Bay Area 2050 is expected to provide homes for all current and future Bay Area residents and enable the region to meet California's aggressive greenhouse gas reduction target, among other key policy goals.

Of the 1.5 million new homes envisioned in Plan Bay Area 2050, California law requires the Bay Area's local governments to plan for 441,000 new homes over the next eight years through the Regional Housing Needs Allocation (RHNA) process. Approximately 180,000 of these homes need to be affordable to households of very-low and low-incomes, which include many teachers, nurses, and other essential workers. Meeting this need, both in the near term and the long term, will require dramatic change.[2] Between 1999 and 2019, 80,000 homes affordable to households of very low- and low- incomes were built in the Bay Area, which is 100,000 less than the number required over the next eight years alone.

PLAN BAY AREA'S APPROACH TO HOUSING

Plan Bay Area 2050 takes a holistic approach to housing that combines housing protection, preservation, and production strategies (the "three P's") with strategies to create more inclusive communities. The Plan protects current residents facing housing instability through stronger renter protections, legal assistance, and coordinated emergency rental and mortgage assistance. Next, the Plan preserves homes affordable to residents with low and moderate incomes by funding their preservation as permanently affordable housing. Building upon these protection and preservation strategies, the Plan identifies the policies and investments needed to ensure a stable home for every Bay Area resident regardless of income or background. This includes allowing a greater mix

1 Association of Bay Area Governments (ABAG) and Metropolitan Transportation Commission (MTC) (2021). Plan Bay Area 2050. Available at https://www.planbayarea.org/tools-resources/digital-library/plan-bay-area-2050-full-document

2 ABAG (2021). Final Regional Housing Needs Allocation Plan: San Francisco Bay Area, 2023-2031. Available at https://abag.ca.gov/sites/default/files/documents/2022-04/Final_RHNA_Methodology_Report_2023-2031_March2022_Update.pdf

of housing densities and types in areas with convenient transit and access to opportunity, integrating affordable housing into all major new residential development, and spurring the redevelopment of aging shopping malls and office parks. Finally, to create more inclusive communities, the Plan creates pathways to housing stability and prosperity in low-income communities of color and expands the reuse of public and community-owned land for mixed-income and affordable housing. Together, the Plan's housing strategies would result in one million permanently affordable homes.

To realize these outcomes while protecting the region's open space, reducing displacement risk, and connecting homes to transit, the Plan achieves a large share of growth through the reuse of vacant or underutilized land that is publicly owned or occupied by declining commercial uses such as malls and office parks. This concept paper dives into these critical strategies in greater detail.

Plan Bay Area 2050 Housing Strategies

Housing is one of four elements of Plan Bay Area 2050, along with Transportation, Economy, and Environment. To ensure a stable home for every Bay Area resident today and 30 years into the future, the plan combines protection, preservation and production measures with strategies to create more inclusive communities. Together, the strategies begin to reverse the legacy of racial exclusion and disinvestment while moving the region toward its greenhouse gas reduction goals.

Protect & Preserve Affordable Housing	**H1.** Further strengthen renter protections beyond state law. **H2.** Preserve existing affordable housing.
Spur Housing Production for Residents of All Income Levels	**H3.** Allow a greater mix of housing densities and types in Growth Geographies. **H4**. Build adequate affordable housing to ensure homes for all. **H5.** Integrate affordable housing into all major housing projects. **H6.** Transform aging malls and office parks into neighborhoods.
Create Inclusive Communities	**H7.** Provide targeted mortgage, rental and small business assistance to Equity Priority Communities. **H8.** Accelerate reuse of public and community-owned land for mixed-income housing and essential services.

FOCUSING ON PRIORITY SITES: PUBLIC LAND AND MALL & OFFICE REUSE

In Plan Bay Area 2050, nearly half of new affordable homes are built on sites prioritized in two of its housing strategies—Public Land Reuse and Mall & Office Reuse. Because of their size and potential economic benefits, these sites are unique opportunities to provide housing to people of all income levels and add services, open space, and amenities that benefit surrounding neighborhoods.

The Public Land Reuse strategy calls for establishing a regional network of land owned by public agencies, community land trusts, and other non-profits that would collaboratively provide mixed-income and affordable housing, essential services, and community gathering places. The Mall & Office Reuse strategy calls for transforming declining malls and office parks into neighborhoods with a mix of shops and services, workplaces, public spaces, and homes affordable to residents from all walks of life.

Both strategies are intended to work in tandem with other Plan Bay Area strategies. This includes prioritizing sites served by major regional transit investments, co-locating job training and incubator programs with reuse projects, integrating climate adaptation features where appropriate, and making efficient use of expanded affordable housing funds to maximize the number of affordable units on-site.

MAKING THE STRATEGIES A REALITY

The transformative strategies that enable Plan Bay Area 2050 to achieve ambitious climate and housing goals will not become reality without transformative action. To identify the near-term steps necessary to realize its long-term vision, the Plan includes an Implementation Plan with actions that MTC/ABAG and its partners can take to advance each strategy.

For the Public Land Reuse and Mall & Office Reuse strategies, the Implementation Plan calls for an initiative that engages a variety of partners and topic area experts to identify and design the policies and investments needed to implement the strategies. Given the high level of interest in these closely related strategies, MTC and ABAG launched this implementation initiative immediately after the Plan's adoption in fall 2021.

THE PRIORITY SITES CONCEPT PAPER

This document, the Priority Sites Concept Paper, is the product of this initiative. It is intended to inspire discussion, shape policies and investments, and invite partnerships. Drawing on extensive interviews, analysis of peer-reviewed research and case studies, input from an advisory panel, as well as evaluation of priority sites across the Bay Area, the paper outlines key findings and recommendations to advance the strategies. It also introduces a Priority Sites Pilot Program that will create a pipeline of locally prioritized, regionally significant sites and deliver the support needed to complete projects on these sites.

The Concept Paper is organized into three sections. The first, Implementing the Strategies, highlights opportunities and challenges to making the strategies a reality. The second, Taking Action, proposes local, regional, state, and federal implementation actions. The final section, Innovating Now, offers a detailed proposal for the Priority Sites Pilot Program and closes with next steps.

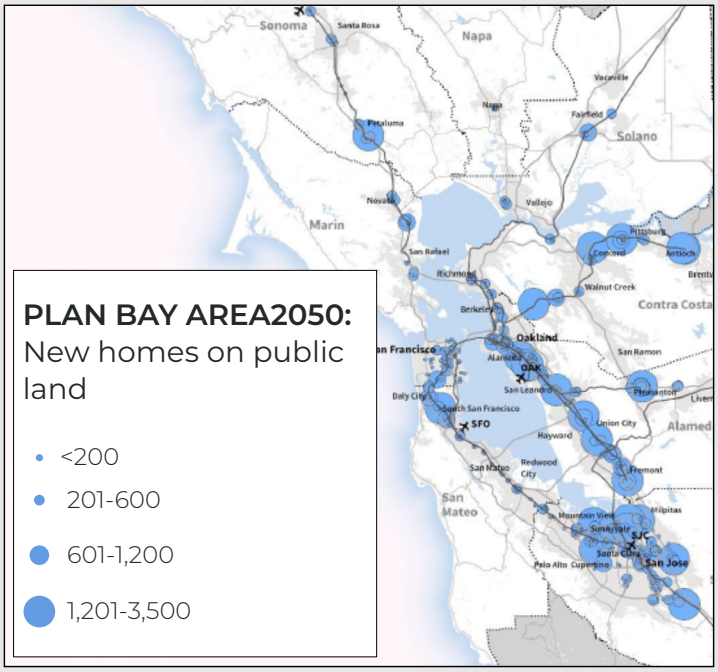
WHAT ARE THE STRATEGIES AND WHAT WOULD THEY DO?

PLAN BAY AREA 2050

HOUSING
STRATEGY H8
PUBLIC LAND REUSE

Accelerate reuse of public and community-owned land for mixed-income housing and essential services

Establish a regional network of land owned by public agencies, community land trusts, and other non-profit land owners and coordinate its reuse as deed-restricted mixed-income affordable housing, essential services, and public spaces. Align with the Build Adequate Affordable Housing to Ensure Homes for All and Provide Targeted Mortgage, Rental, and Small Business Assistance strategies to match sites with funding, developers, and service providers, and to ensure projects benefit communities of color and other historically disinvested communities.



Locations are illustrative

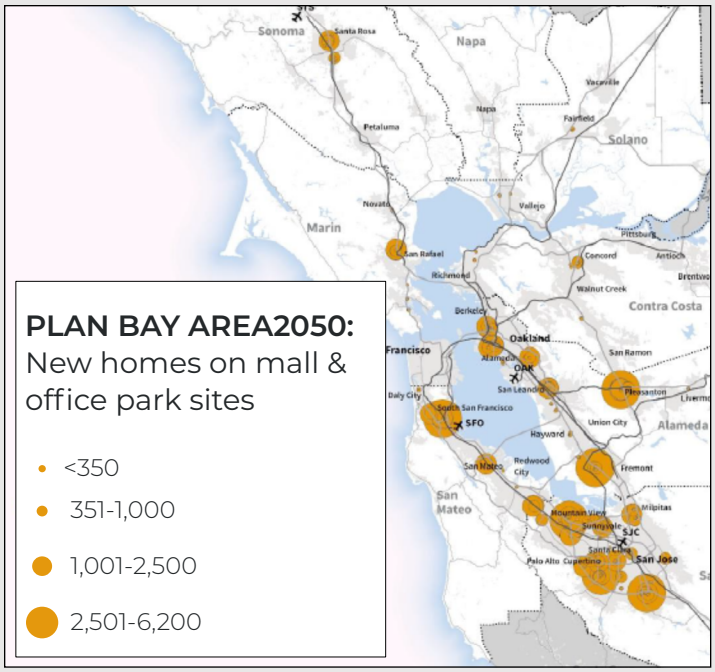
170,000 NEW HOMES

PLAN BAY AREA 2050

HOUSING
STRATEGY H6
MALL AND OFFICE REUSE

Transform aging malls and office parks into neighborhoods

Permit and promote the reuse of shopping malls and office parks with limited commercial viability as neighborhoods with housing at all income levels, local and regional services, and public spaces. Support projects within Transit-Rich and High Resource Areas that exceed deed-restricted affordable housing requirements by providing technical assistance and low-interest loans. Prioritize a handful of regional pilot projects that add 1,000+ homes and dedicate land for affordable housing and public institutions such as community colleges and university extensions.



Locations are illustrative

160,000 NEW HOMES

Source: Noah Berger

1 IMPLEMENTING THE STRATEGIES: OPPORTUNITIES & CHALLENGES

To inform efforts to implement the Plan Bay Area 2050 Public Land Reuse and Mall & Office Reuse strategies, MTC/ABAG staff surveyed and interviewed Bay Area local jurisdiction staff and developers, analyzed relevant plans and projects, consulted planners, developers, and researchers from throughout the world, convened a panel of international experts to inform strategy implementation, and assessed peer-reviewed research. This section highlights the top five opportunities and challenges that emerged from this investigation, setting the stage for the actions proposed in the next section.

TOP 5 OPPORTUNITIES

1) Advance Affordability and Equity through Reuse

Evidence from the Bay Area and regions in other parts of North America and beyond suggest that integrating affordability and equity considerations into development projects is significantly more feasible on public land and larger commercial reuse sites such as malls and office parks.

In the world of housing, public land is unique. Because it is not owned by investors or other landowners facing pressure to deliver a profit, projects on these sites face fewer barriers to producing homes affordable to households with a wide range of incomes and to beginning to address historic inequities.[3] By eliminating or reducing land acquisition costs—which account for an increasingly large share of development projects in the Bay Area—public agencies can make otherwise infeasible development projects "pencil out" by offering land at reduced or zero cost, either as a transfer of ownership or long-term lease.[4] This is particularly valuable for affordable housing developers, which typically lack the working capital necessary to hold land throughout the development process and often operate on razor thin margins, relying on time sensitive grant sources. It is also valuable to service providers—such as public libraries, park districts, and non-profit clinics—seeking space to meet growing community needs. Public agencies can leverage projects on public land to help address historic inequities by prioritizing developers, residents and businesses from communities that have been disproportionately affected by race-based policies and other forms of discrimination.

In contrast to public land, malls and office parks are typically owned

3 Enterprise Community Partners (2017). Public Benefit from Publicly Owned Parcels. Available at https://community-wealth.org/sites/clone.community-wealth.org/files/downloads/understanding%20the%20small%20and%20small%20medium.pdf

4 MTC (2018). MTC Workforce Housing Action Plan. Available at https://mtc.ca.gov/sites/default/files/Public%20Lands%20Affordable%20Housing%20ActionPlan%20Sept%202018.pdf;

by investors, such as private equity firms, or large corporations dependent upon ongoing profits. What makes malls and office parks unique is size, ownership, and the opportunity to dramatically increase land value through zoning changes. With few exceptions, the permitted land uses on these sites are limited to retail, office, and in some cases light industrial. Maximum densities are low, typically allowing only the low-rise building form currently occupying the site, and parking requirements are high, leading most of the site to be occupied by parking lots. When local governments rezone these sites to permit housing and allow development to take place at higher densities, the resulting increase in potential profitability of reuse makes higher rates of affordability possible, particularly in strong real estate markets in the South Bay and West Bay. The permitted redevelopment of the former Vallco Mall in Cupertino, for example, includes a residential component that is more than 50% permanently affordable to low-income households.

2) Build on Successful Approaches from Beyond the Bay Area

The initiative looked beyond the Bay Area to learn from metropolitan areas that have successfully advanced major reuse projects as a way of addressing a regional affordability crisis. This inquiry reinforced the viability and potential benefit of the Plan Bay Area 2050 Public Land Reuse and Mall & Office Reuse strategies, while highlighting the need for additional actions, some of which are feasible in the short-term and supported by replicable case studies, and others that likely require fundamental change to become feasible. A unifying theme for both the short and long-term approaches is a more comprehensive and intentional role for regional and state government.

Among the promising short-term approaches are: establishing model guidance for local governments to plan for major reuse projects; creating an accurate, comprehensive public land database, which can assist agencies and developers identify parcels for acquisition or exchange to make a site feasible for development; and laying the groundwork for an "opt in" regional land network that allows public agencies to pool their land and receive technical and financial assistance while retaining land use control.

Longer term, a regional housing ecosystem that prepares sites for reuse, connects housing seekers with available homes, links developers to sites, helps communities of color build wealth, and coordinates a pipeline of mixed-income and affordable housing projects could propel the Bay Area toward the future envisioned in Plan Bay Area 2050, where "every resident enjoys the bedrock of a strong, vibrant community: a safe, stable, accessible, affordable, high-quality home."[5] Creating such a system would require a fundamental change that could be informed by successful models worldwide. In France, where households with low and moderate incomes experience significantly lower housing cost burdens than in the US and most other industrialized nations[6], the process of identifying and planning reuse sites is closely coordinated with available subsidies to ensure that projects receive adequate funding and timely approval.[7] In Singapore, the Netherlands, and a host of other countries, the development industry focuses primarily on design and construction, in contrast to the US, where developers typically must also assemble financing and lead the entitlement process. This has helped reduce the level of risk involved in the development process and increased innovation.[8]

5 ABAG & MTC (2021). Plan Bay Area 2050. Available at https://www.planbayarea.org/tools-resources/digital-library/plan-bay-area-2050-full-document

6 OECD (2021) "Building For a Better Tomorrow: Policies to Make Housing More Affordable," Available at: https://read.oecd.org/10.1787/5d9127d4-en?format=html,read

7 Calavita, N. and Mallach, A. (2010). Inclusionary Housing in International Perspective; Freemark, N (2021), "Mandating Access to Affordable Housing, City by City: Is France's Fair-Share SRU Law a Model for U.S. Metropolitan Areas?" Available at: https://www.lincolninst.edu/publications/working-papers/mandating-access-affordable-housing-city-city

8 Bonnewit, N. (2017). "Affordable Housing in Amsterdam and Copenhagen: Lessons for the San Francisco Bay Area". Available at: https://www.gmfus.org/sites/default/files/publications/pdf/Affordable%20Housing%20in%20Amsterdam%20and%20Copenhagen%20edited.pdf; Phang, S-Y and Helble, M. (2016). "Housing Policies in Singapore". Available at: https://www.adb.org/sites/default/files/publi-

3) Reimagine Malls and Office Parks as Centers of Community

While the Bay Area is "under-housed", as a whole it is "over-retailed."[9] Even before the pandemic, most shopping centers in the region and nationwide were experiencing a long decline. By the end of the last decade, the rise of e-commerce and escalating vacancies led industry observers to predict that few malls nationwide would remain viable as retail-only destinations. Estimates of the share of malls likely to close by the mid-2020s ranged from 25% to 50%.[10] In the Bay Area, the pandemic hastened the decline of marginally viable shopping centers, spurring the closure of Richmond's Hilltop Mall and near-closure of scores of other malls throughout the region's nine counties.

Despite a more favorable pre-pandemic outlook than shopping centers, the Bay Area's office parks were also increasingly losing out to downtowns for top employers. With few exceptions, major employers shifted at least some of their workforce to amenity- and transit-rich locations, influenced by employee preferences.[11] Similar to the retail industry, office space demand in general was weakening before the pandemic, represented by a significant decrease in office space per employee and flexible arrangements including shared workspace and working from home. For both office parks and shopping centers, the shift toward e-commerce and remote work that accelerated during the pandemic has only increased the share of commercial space that is functionally obsolete, or too large for demand.[12] This provides an opportunity for communities, government, and developers to rethink how to best utilize these sites.

While examples of office park reuse projects can be found in many parts of the region, the Bay Area has a dearth of shopping center reuse projects. The North American metropolitan areas that have seen the most shopping center redevelopment—such as Denver, Washington, DC, Dallas, and Vancouver, Canada—vary in market strength, local politics, and geography, but share a common theme: successful mall redevelopment is driven by local government plans that envision future centers of community, often anchored by both traditional retail and civic uses such as community colleges and public libraries. The key has been increasing the level of activity throughout the day by introducing housing, entertainment, open spaces, services, and other community amenities.[13]

The only major mall redevelopment project to recently break ground in the Bay Area, at Newark's former NewPark Mall, was spurred by a Specific Plan created through a comprehensive multi-lingual public engagement process led by the City. Despite initial opposition and an unwillingness to participate by the landowner, the plan—which establishes clear standards for local services, public spaces, and housing—created the framework necessary to give developers and investors confidence in the ability to carry out a project. A similar approach was taken to the redesign of the Tasman East area in Santa Clara, where former office and light industrial space is being transformed into a neighborhood organized around a central promenade connecting to a VTA light rail stop. Notably, the first completed project in Tasman East is a 100% affordable project.

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cation/181599/adbi-wp559.pdf

9 Cushman-Wakefield (2019). "Retail Density in Northern California (Bay Area Counties), accessed 4/18/22 at https://www.cushman-wakefield.com/en/united-states/insights/us-articles/amer-retail-density-conclusion

10 Thomas, L . (2021). "More retail pain ahead: UBS predicts 80,000 stores will close in the U.S. by 2026", CNBC, April 5, 2021. Accessed 9/7/21 at https://www.cnbc.com/2021/04/05/store-closures-ubs-predicts-80000-stores-will-go-dark-by-2026.html

11 JLL (2016). Research Report: Fully Engaged. Available at https://www.jll.co.uk/content/dam/jll-com/documents/pdf/research/global/jll_fullyengaged_report.pdf

12 CBRE (2021). 2021 U.S Real Estate Market Outlook Office/Occupier.

13 Blanco, H. (2021) Failing Malls: Optimizing Opportunities for Housing; Dunham-Jones, E. and Williamson, J. (2021). Case Studies in Retrofitting Suburbia; Kimsey, R. (2020) There's Opportunity at the Office Park. Available at https://www.naiop.org/Research-and-Publications/Magazine/2020/Fall-2020/Business-Trends/Theres-Opportunity-at-the-Office-Park

CASE STUDIES: REUSE PROJECTS

Tasman East, Santa Clara, CA
(mall/office reuse)

A former landfill and low-rise office/light industrial park served by VTA light rail, Tasman East was identified as an "area of change" in the City of Santa Clara's 2014 General Plan Update. A 2018 Specific Plan created a framework for a mixed-use project featuring high-density housing, supportive retail and services, and an open space network connected to the Guiadalupe river trail. Despite the onset of COVID-19, 1,000 of the 4,000 permitted units are under construction. The first completed homes are 100% affordable, built with funding pooled from the site's multiple developers.

Tasman East (Source: KTGY Architects)

Stapleton, Denver, CO
(public land reuse)

The former Stapleton airport was transformed into a new district of Denver complete with human-scale streets, a variety of housing styles and price ranges, an open space network, local services, and transit connections to downtown. Once fully built, it will be home to 12,000 residences..

Stapleton (Source: ULI)

Highland Mall, Austin, TX
(mall/office reuse; public/private partnership)

Following the adoption of a community plan and the arrival of a rail station, a private developer partnered with Austin Community College to acquire, re-imagine, and reuse the region's first enclosed shopping center. The shell of the mall building was adapted to the needs of Austin Community College, creating a campus tailored to 21st century learning. The mall's parking lot is being transformed into 1,200 homes, 800,000 square feet of office space, 150,000 square feet of retail space. The project adds 3 public parks as well as 1 mile of trails that connect the site with the surrounding community.

Highland Mall (Source: Redleaf)

Austin Community College-Highland (Source: BGK Architects)

4) Unlock Publicly Owned Sites Primed for Reuse

Factors ranging from declining school enrollment to work from home policies have made a growing number of publicly owned properties obsolete or underutilized, increasing the volume of potential reuse sites. Plan Bay Area 2050 identified capacity for 170,000 homes on viable sites in transit-served areas, with likely capacity for more with an active public role in spurring reuse.

Owners of public land—local, state, and federal governments, school districts, and special districts—are positioned to play an important role in solving the housing issues of their communities.[14] Local governments such as San Francisco and Santa Clara County and special districts such as BART and VTA that have established policies prioritizing underutilized parcels for affordable housing and supportive services have been successful in building thousands of homes on parking lots, former office sites, and other surplus land.[15] For BART, this has led to 4,200 completed homes, with another 2,000 entitled.[16]

Beyond the Bay Area, metropolitan areas that have leveraged public land to provide mixed-income housing, such as Amsterdam and Singapore, have succeeded in limiting the housing cost burden and volatility for low-income residents. Regions with strong economies that have sold off public land assets to private developers without strong affordability provisions in hope of stimulating a more efficient real estate market, such as Greater London and Metropolitan Vancouver, are revisiting this approach as they face housing crises comparable to the Bay Area.

5) Bay Area Regional Agencies are Uniquely Positioned to Coordinate Implementation

With the addition of the Bay Area Housing Finance Authority[17] (BAHFA) and the introduction of regionally administered funding sources capable of financing housing, such as the second Regional Early Action Program (REAP 2.0), MTC and ABAG are uniquely positioned to connect major reuse sites to the resources necessary to advance affordable and mixed-income housing on these sites. Established through state legislation, BAHFA is empowered to receive, raise, and distribute funding specifically for affordable housing.[18] The legislation establishing BAHFA placed emphasis on the agency's ability to place a regional bond measure on the ballot, but in the near-term, it can partner with local governments, the state, and affordable developers to accelerate key projects, including those on public land and mall or office park sites.

MTC/ABAG can build on successful regional-local programs such as the Priority Development Areas program that deliver region-wide technical assistance and funding tailored at the community scale. Moving one step closer to the ground, to the scale of regionally significant, locally prioritized, sites, is now squarely within the capacity of the regional agencies.

TOP 5 CHALLENGES

1) Structural Barriers Stand in the Way of Strategy Implementation

Implementing either strategy will require responding to a mismatch between housing need, financial incentives facing landowners and developers, and available financing and

14 MTC (2018). MTC Workforce Housing Action Plan; UC-Berkeley Center for Cities & Schools, UC-Berkeley Terner Center, and UCLA CityLab (2021). Education Workforce Housing in California: Developing the 21st Century Campus.

15 Bay Area Rapid Transit (BART) (2021). Transit-Oriented Development Policy. Available at https://www.bart.gov/sites/default/files/docs/BART%20Transit-Oriented%20Development%20Policy_Amended2020-04-23.pdf

16 BART (2021). "Summary of Development on BART Property as of March 2021"

17 The Bay Area Housing Finance Authority (BAHFA) is integrated into MTC/ABAG, governed by a Board comprised of the same members as the Commission with many key decisions requiring concurrence by both the BAHFA Board and the ABAG Executive Board.

18 California Assembly Bill 1487 (Chiu, 2019). Available at https://leginfo.legislature.ca.gov/faces/billTextClient.xhtml?bill_id=201920200AB1487

subsidies. Most of the new housing required to meet regional needs—homes affordable to very low-, low-, and moderate-income households—is not financially profitable for market-rate developers. Throughout the Bay Area, the monthly income of a very-low or low-income household—which represent 40% of housing need in the next RHNA cycle—is less than the rent required for profitable development.

The large size of the public land and mall and office reuse projects included in the Plan increases the feasibility of affordable housing, but by itself is not sufficient to make the levels of affordability needed to meet the region's needs feasible. Even with the addition of CEQA exemptions and other measures, building housing for very low-, low-, and moderate-income households would likely remain infeasible without significant subsidies. A long-term reimagining of housing finance is needed, coupled with a more urgent need for additional subsidies: Plan Bay Area 2050 estimated an annual shortfall of $9.5 billion in 2022 to provide stable housing to all Bay Area residents—a nearly threefold increase over current levels, and well above the amount contemplated in recent regional, state, or federal funding proposals.

2) Local Governments Lack Capacity Needed to Tackle Large Scale Reuse Projects

With notable exceptions, Bay Area local governments lack the staff capacity, technical expertise, or both, to efficiently take on complex large-scale public and private development projects. The dissolution of redevelopment agencies in 2012 has diminished the planning field's overall familiarity with the details of the development process, particularly the affordable housing and infrastructure finance components that are crucial to the projects envisioned in the Plan. Former redevelopment staff, typically conversant in real estate, are often approaching retirement or in senior positions that leave little room for analytical work. This lack of capacity and expertise extends project review times—which can jeopardize time-sensitive affordable housing subsidies—and limits the ability to successfully negotiate with market-rate developers to achieve community benefits. Often cities rely on a limited pool of consultants that are unable to provide the continuous support needed to bring a project to fruition.

3) Predevelopment Funding, Political Will, and Inter-agency Coordination are Top Obstacles to Public Land Reuse

Depending upon its mission and land holdings, a local government or special district may manage its portfolio of public land with an eye to achieving broader community benefits such as affordable housing or may focus more narrowly on maintaining its land for its core activities or maximizing profit from land sales. At one extreme are agencies expected to self-finance, such as public utilities, that have traditionally attempted to maximize financial returns from the sale of property. At the other are transit agencies that can achieve a dual purpose by building affordable housing and expanding their ridership base. In the middle of the spectrum are local governments. Some, like Santa Clara County and San Francisco, have adopted frameworks that prioritize public land and available financing for affordable housing.[19]

A survey of Bay Area cities and counties suggests that the vast majority have not considered public land comprehensively due to a lack of staff capacity, limited interest on the part of elected officials, or opposition to affordable housing. To provide an impetus for local governments to support affordable housing on their land, the state recently strengthened the Surplus Land Act. The Act now requires public agencies to notify affordable housing developers when they sell or lease "surplus" parcels no longer needed for government operations, and to give preference to these developers when considering competing offers. Despite detailed state guidance, local governments have found it difficult to implement the Act due to limited staff resources and, in some communities, a

19 See, for example, https://sfplanning.org/public-land-housing

continued desire to achieve a financial return for surplus land.[20]

Promoting affordable housing has also proved challenging for State agencies, despite multiple Executive Orders. As the California Auditor recently found, staff capacity also remains an obstacle at the state level to accelerating reuse of Excess state land, as does coordination between state agencies.[21]

Local governments and special districts that prioritize their land for affordable housing have discovered that despite giving affordable housing projects a running start, free or significantly discounted land does not by itself make projects feasible. Remaining challenges include a lack of reliable funding for the predevelopment activities (e.g., detailed design and permitting) required to set the stage for reuse, limited options for financing infrastructure, and coordination with utilities and external public agencies responsible for permitting. The largest obstacle remains a lack of capital and operating subsidies for affordable housing.

4) Top Obstacles to Mall & Office Park Reuse Include Ownership, Phasing, and Rezoning

Even in a relatively strong real estate market like the central Bay Area, redeveloping a declining mall or office park often requires resolving ownership and tenancy issues. Mall owners, for example, typically must convince anchor tenants to relinquish the right to the surface parking lot surrounding the mall, even once they have vacated the store. The value of this right only increases if an owner signals its interest to redevelop. A similar dynamic exists in many larger multi-tenant office parks.

This challenge is often amplified by the timing of local government rezoning. In a strong real estate market, rezoning a single-use mall or office park to increase permitted densities and allow housing dramatically increases the site's value. If rezoning is done in concert with detailed requirements related to affordability, mobility, and other public benefits, it can help ensure any reuse that takes place on the site meets a community's needs, while also providing clarity to landowners and tenants. If done alone, rezoning can spur speculation and push tenants to hold out in anticipation for an increasingly higher buyout price. This has the cumulative effect of delaying reuse and increasing the profit required by the landowner to recoup up-front costs and attract financing, which, for a market-rate developer, translates into higher required rents.

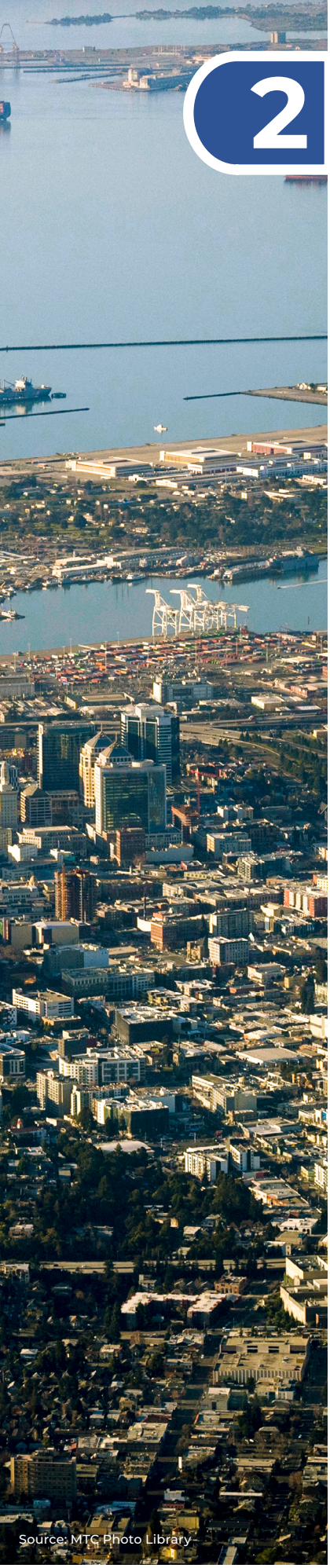
5) A Regional Pipeline of Major Reuse Sites Needs a Coordinating Entity

Across the Bay Area, large public and commercial reuse sites planned for thousands of homes and supportive infrastructure sit vacant or stalled, often with no clear path forward. Locally adopted plans and rezoning are not, by themselves, adequate to advance major reuse projects. Additional effort is required to connect planned reuse sites with financing, technical assistance, and other resources. Burdened by day-to-day responsibilities, local staff are rarely positioned to take on this responsibility. The lion's share of developers are similarly poorly situated to take on take on the persistent, long-term task of marshalling a complex project forward. The long timeline and risk involved in these projects can be difficult to justify from a business standpoint for private developers that need to deliver shorter-term returns and are re-organized with increasing frequency due to mergers. Similarly, this type of task is well beyond the capacity of most non-profit developers.

Without an entity charged with acting as a "connector", the viability of the major reuse projects that are at the core of both strategies are continuously vulnerable. In places with more equitable housing markets, this coordinating role is typically played by public-sector land corporations or financially sustainable public-private partnerships.

20 California Department of Housing and Community Development (HCD). (2021.) Surplus Land Act Guidelines. Available at: https://www.hcd.ca.gov/community-development/docs/sla_guidelines_final.pdf

21 Auditor of the State of California (2022). State Surplus Property. Available at http://auditor.ca.gov/pdfs/reports/2021-114.pdf



Source: MTC Photo Library

2 TAKING ACTION: WHAT THE REGION & ITS PARTNERS CAN DO

Drawing on the key findings, this section proposes actions that ABAG/MTC and its partners can take to implement each strategy.

TOP LOCAL GOVERNMENT & SPECIAL DISTRICT ACTIONS

1) Plan Major Mall & Office Park Reuse as Centers of Community

The continued decline of traditional brick-and-mortar retail in most communities and office parks in many others creates both a sense of urgency and an opportunity.[22] Especially in suburban jurisdictions, malls that were once sources of civic pride and a community gathering place can once again take on this role, but achieving this outcome requires deliberate, forward-looking planning. Already, many cities and counties are including aging malls and office parks as opportunity sites in their Housing Elements, and a handful are actively planning for their reuse. The research conducted for this initiative spotlighted the importance of doing this planning in advance of a mall or office park's demise, and of allowing community members to imagine its future role in their lives and the lives of their children. It also underscored the value of actively seeking out and facilitating public-private partnerships to infuse new life into commercial sites. Potential public and non-profit partners include community colleges, research institutions, healthcare providers, and other entities that are seeking building space and prepared to enter a long-term lease. Connecting these parties to property owners and developers interested in taking on a reuse project can allow a plan to come to fruition, or to move forward a stalled project.

The reuse of Highland Mall, in Austin, Texas, illustrates the promise of partnerships and forward-looking, community-led, planning. Following the adoption of a plan for the mall site and the arrival of a regional rail stop, a local developer and Austin Community College partnered to purchase and redevelop the site. The mall building was adaptively reused as a campus that met the expansion needs of Austin Community College. The former parking lot surrounding the mall is being redeveloped with a variety of housing and local services.

2) Adopt a Jurisdiction- or Agency-wide Public Land Framework

Solving our region's housing crisis will require maximizing opportunities to leverage public land for permanently affordable housing. For local governments, a comprehensive strategy that considers all public land in a jurisdiction—including land owned by special districts and the state and federal government—can deliver short and long-term benefits. In the short term, a transparent public land framework—which can include distinct policies for land owned by a jurisdiction and land owned by other public agencies—establishes community

22 Grocery stores, not always categorized as "retail", are a notable exception to this general trend.

priorities, clarifies procedures for selling or leasing land, strengthens coordination with external agencies, and allows advance planning and budgeting for key sites based upon phasing considerations. In the longer term, a framework allows local governments to collaborate with other public and private landowners, community-based organizations, and funders, to expand the pool of land and funding available for use for affordable housing and public services—making a community's public land greater than the sum of its parts. San Francisco's comprehensive approach to public land reuse, which included an inter-departmental working group and collaboration with utility and transit providers, has been successful in paving the way for thousands of permanently affordable homes and establishing clear priorities, including city ownership of land that receives affordable housing funding (in addition to continued ownership of city-owned land granted long-term leases to developers for redevelopment projects).

For special districts, a clear public land policy developed and implemented in concert with local governments can ensure that the district's portfolio is managed in a way that is consistent with its overall mission while also achieving the imperatives of complying with the surplus land act and supporting its workforce and communities. BART's strategic approach to its property has allowed the agency to phase the reuse of its parking lots based upon development readiness and parking demand, allowing it to identify and plan for future needs. Building on the success of BART's TOD policy, VTA and Caltrain followed suit by assessing and planning for the strategic reuse of its property based on board-adopted priorities.[23]

Like transit agencies, school and community college districts can play a particularly important role by evaluating portions of sites that are underutilized and could be used for infill housing, and by identifying facilities that are already vacant or likely to be vacant in the future.

3) Connect Transportation and Infrastructure Investments to Major Reuse Projects

To accelerate implementation plans for major reuse sites such as aging malls and large public sites and expand mobility options for existing and future residents, cities and counties can prioritize transportation and other infrastructure projects that serve these projects. In many cases, planned reuse projects on sites served by major regional transit need additional infrastructure, such as new streets, trails, and utilities, to connect the station to the surrounding community and serve new development. Examples include San Leandro's BayFair Center, which is adjacent to a BART station, and Mare Island in Vallejo, which is served by ferry. In both cases, infrastructure improvements beyond regional transit service are required to make the sites viable for development. The state has recognized this need through the Affordable Housing & Sustainable Communities (AHSC) program and Infill Infrastructure Grants (IIG), which respond to this need by including "housing-related infrastructure" as an eligible use of funding.

Although Bay Area applications for state funding programs tend to perform relatively well, both AHSC and IIG are only able to award funding to a small share of applicants. Improved coordination at the local and county level, complemented by regional programs like OBAG, could help make up this deficit and create a model that would support an expanded housing pipeline. For example, County Transportation Agencies (CTAs), which typically distribute funding generated through county sales tax measures, could give preference to projects that increase access to major reuse sites and make these projects more feasible by helping fund the network of new streets and pedestrian and bicycle paths on these sites. Cities could ensure that projects identified in adopted plans for major reuse sites

23 Bay Area Rapid Transit District (2020). Transit-Oriented Development Policy (amended). Available at: https://www.bart.gov/sites/default/files/docs/BART%20Transit-Oriented%20Development%20Policy_Amended2020-04-23.pdf; also see: https://www.bart.gov/about/business/tod
Valley Transportation Authority (2019.) Transit-Oriented Development Policy (amended.) Available at: https://www.vta.org/sites/default/files/2022-04/Transit-Oriented-Development-Policy-VTA-Board-Adopted-12.05.2019-Accessible.pdf

are integrated into the Capital Improvement Plan, and they could provide additional preference to projects that would increase the feasibility of affordable housing projects that require infrastructure improvements.

TOP REGIONAL ACTIONS

1) Deliver Comprehensive Technical Assistance to Local Governments

To address the challenges facing local governments in advancing major reuse projects, ABAG and MTC are delivering tailored technical assistance through work groups and trainings for local staff. ABAG/MTC can expand these efforts by providing more robust technical assistance on an ongoing basis through the REAP 2.0 and OBAG3 programs. There is also an opportunity to complement support related to planning and housing policy with other regional technical assistance programs, such as parking and mobility hubs, to address the broader range of issues involved in major reuse projects. And, as discussed below, the region can deploy its expanded expertise in housing finance to support projects prepared to provide leadership in delivering affordable housing and equitable communities.

2) Establish a Bay Area Regional Land Network

The Plan Bay Area 2050 Public Land Reuse strategy calls for establishing "a regional network of land owned by public agencies, community land trusts, and other non-profits that coordinates its reuse as deed-restricted mixed-income affordable housing, essential services, and public spaces." MTC/ABAG are listed as the lead for realizing this strategy in the Plan Bay Area 2050 Implementation Plan. Although implementation could be phased, there are short-term regional actions with potentially dramatic benefits, and with the addition of the Bay Area Housing Finance Authority (BAHFA) to the integrated ABAG/MTC staff, the region is well situated to carry out this strategy.

Tentatively, the partnership described in the Public Land Reuse strategy could be named the Bay Area Regional Land Network and staffed by BAHFA. Its initial design could mirror an ABAG local service program, which delivers expertise, program management, and access funding on behalf of local governments[24] and, in some cases, non-profits such as affordable housing developers. These "opt in" programs, which have ranged from energy to project finance, provide access to resources that can be delivered more efficiently and effectively by a multi-jurisdictional entity than by individual public agencies and are beyond the reach of non-profit organizations. Building on this approach, on behalf of members, the Regional Land Network could lead site prioritization and predevelopment, compliance with the surplus land act, project financing, and site disposition. In addition to public and non-profit owned land, private developers could transfer land dedicated to affordable housing or other public uses to the network (e.g., land set aside to meet inclusionary requirement, or to receive additional development allowances) with the support of local governments.

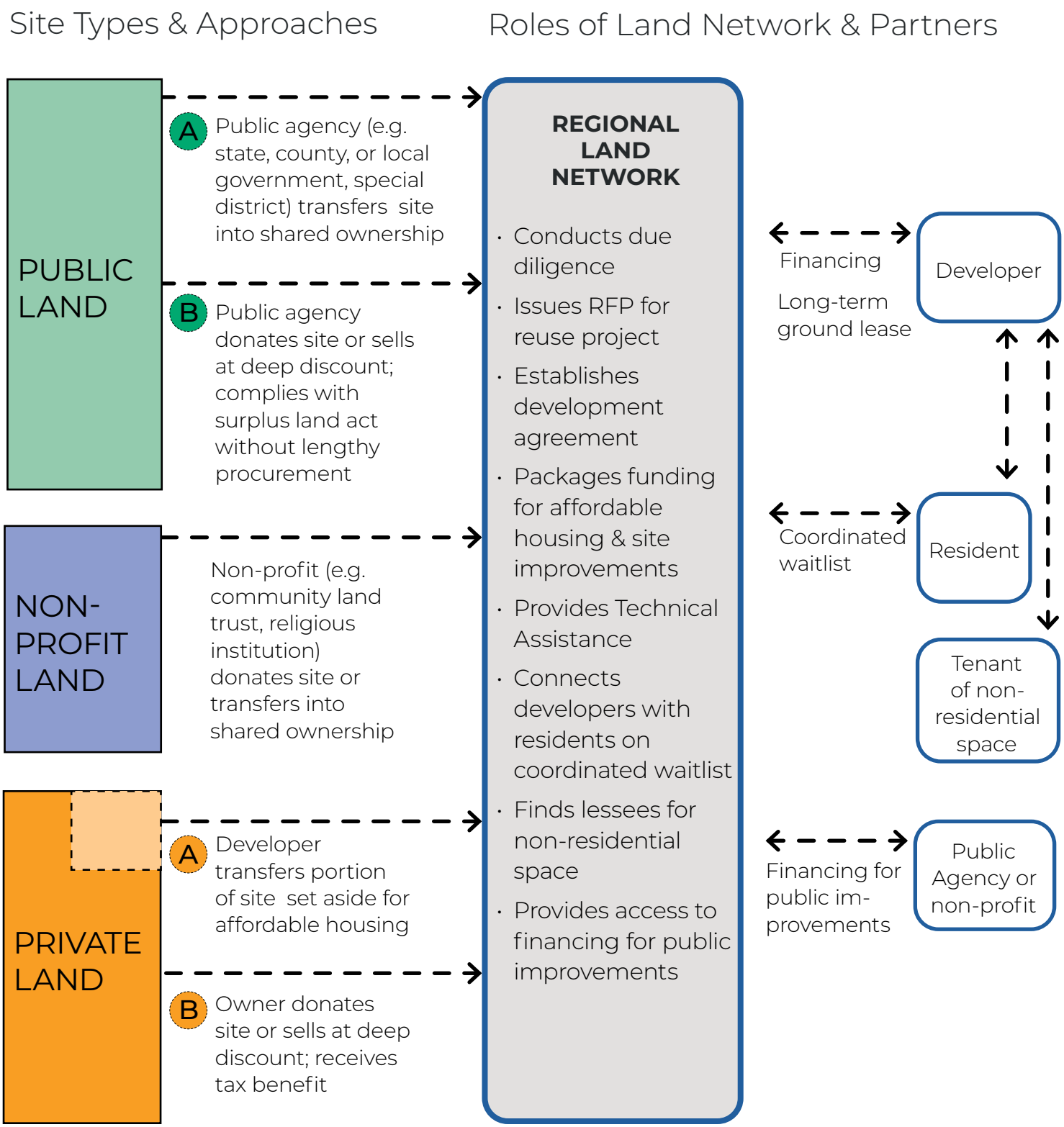
For participating public agencies, a Regional Land Network would significantly expand access to the resources necessary to meet its housing needs without sacrificing local land use control. Participation could vary based upon local priorities and range from receiving technical assistance to transferring land to a shared pool that delivers shared benefits. To maximize its effectiveness, projects on sites in the network could be first in line for select transportation and future housing funds, and be closely coordinated with the Priority Sites program.

3) Launch a Priority Sites Program

A first step toward advancing this role is utilizing limited current resources to spur innovation that builds a broader platform for implementing these regionally significant strategies. The Priority Sites concept pilot program proposed in the next section elaborates upon this opportunity.

24 A more comprehensive example of this are Community Choice Aggregation energy companies.

REGIONAL LAND NETWORK: HOW IT MIGHT WORK



TOP STATE & FEDERAL ACTIONS

1) Accelerate the Reuse of Excess Sites

The state can demonstrate housing leadership and increase local capacity to meet RHNA obligations by going beyond the 2022 Auditor's Report recommendations.[25] In addition to accelerating the redevelopment of the 87 identified Excess Sites, in the short-term it can add Excess Sites that were previously identified as potential and that are completely or partially vacant, giving additional consideration to locations that support state planning policies and are a Housing Element opportunity site.

For vacant or inactive parcels that are in ideal locations, such as High-Resource or Transit-Rich Areas but are not immediately suitable for affordable housing due to spatial constraints (e.g., parcel size or shape), the state can evaluate opportunities to partner with public and private owners of adjacent parcels to increase development feasibility through parcel acquisition or exchange ("swaps").

To accelerate the reuse of sites for which redevelopment is limited only by state agency resource constraints (e.g., staff capacity), the state can create an option of delegating the disposition to regional entities such as BAHFA, or to well-resourced local governments. This would enable local governments to meet their RHNA targets much more readily and for regional agencies to implement regional plans like Plan Bay Area 2050.

2) Unlock the Potential of Underutilized Federal Land for Housing

Partnering with state, regional, and local agencies, the federal government can help solve the Bay Area's housing crisis by unlocking the potential of federal land for affordable housing without compromising the mission of federal agencies.

A first step in this process would be revisiting reuse agreements with local reuse authorities (local governments) for major sites, including several of the former military bases fully or partially transferred to Bay Area jurisdictions through the Base Realignment and Closure (BRAC) process. For example, the City of Alameda identified a decades' old cap on the number of homes allowed at the former Alameda Naval Air Station as an obstacle to meeting its RHNA obligations. In other Bay Area cities, BRAC projects have stalled or failed to break ground when selected master developers[26] delay construction or attempt to renegotiate the terms of a development agreement. This has resulted in communities waiting more than a decade from the adoption of a plan for a vacant site to seeing ground-breaking. For example, the Concord Naval Weapons Station Area Plan was adopted in 2010. Under current circumstances, reevaluating development caps and the practice of relying on local reuse authorities and private master developers is merited. To accelerate reuse, federal agencies could consider overseeing or carrying out the detailed design and horizontal infrastructure that have delayed so many BRAC projects in the Bay Area. This is one short-term opportunity for an administration that articulates a commitment to housing, but is constrained by a lack of funding for affordable housing, despite efforts such as Build Back Better.

To lay the foundation for broader impact, the federal government can begin to craft a comprehensive framework for strategically redeveloping its sites for affordable and mixed-income housing. Reflecting the research conducted for this concept paper, this process would evaluate federal property along a continuum of suitability for affordable housing, identifying both sites that are primed for full redevelopment and those that are unlikely to be fully transferred in the near-term but have areas of vacant or lightly used land that is not critical to national security and is adequately sized to support a project.

25 Auditor of the State of California (2022). State Surplus Property. Available at http://auditor.ca.gov/pdfs/reports/2021-114.pdf

26 "Master developers", in this context, refer to development companies or teams selected through a competitive process that agree to complete detailed site design and build horizontal infrastructure, such as streets and utilities, before either selling off the "building pads" serviced by infrastructure to other builders or constructing buildings on these pads themselves.

Source: Guerdon Modular Buildings

3 INNOVATING NOW: PRIORITY SITES PILOT PROGRAM

Transformative actions are required to confront and overcome the Bay Area's housing challenge. The Priority Sites Pilot proposed in this section is intended to seed transformation by combining regional coordination and resources with local prioritization and action. If successful, the Pilot would set the stage for a transformative partnership that plays a lead role in creating a more affordable and equitable region.

WHAT ARE PRIORITY SITES?

Priority Sites are envisioned as places planned for a significant number of homes affordable to households with a wide range of incomes as well as essential services, green space, and local and regional destinations. Today, a Priority Site might be a declining mall, recently closed public facility, transit station parking lot, or unused school district land. With thoughtful planning and targeted investment, these sites can become centers of community that house longtime community members and welcome new ones. They are also poised to become hubs of innovation and empowerment that model the building technology, infrastructure, and community development strategies needed to respond to climate change and expand access to opportunity.

Hundreds of potential priority sites exist across the region. Some have been planned for decades while others were more recently identified as opportunity sites in local Housing Elements. Some sites are partially built out while visions for others are being shaped through community workshops. In Plan Bay Area 2050, 350 projects are expected to add 500 or more new homes each, most within walking distance of regional transit and on sites included as part of the Mall & Office Reuse and Public Land Reuse strategies.[27]

WHY PRIORITY SITES?

Plan Bay Area 2050 promotes new housing in a variety of infill locations. Beyond major reuse sites, the Plan focuses growth along commercial corridors and in lower density neighborhoods with the potential for "missing middle" housing. While pieces of the overall regional housing puzzle, these incremental approaches face daunting feasibility challenges ranging from smaller parcel sizes and community opposition to the lack of

27 Because the Plan relies in part on real estate market data to evaluate feasibility, the number of sites with capacity for significant housing growth is likely much larger, and the development potential of many might be unlocked by innovations in construction and finance advanced through the pilot.

WHAT ARE PRIORITY SITES?

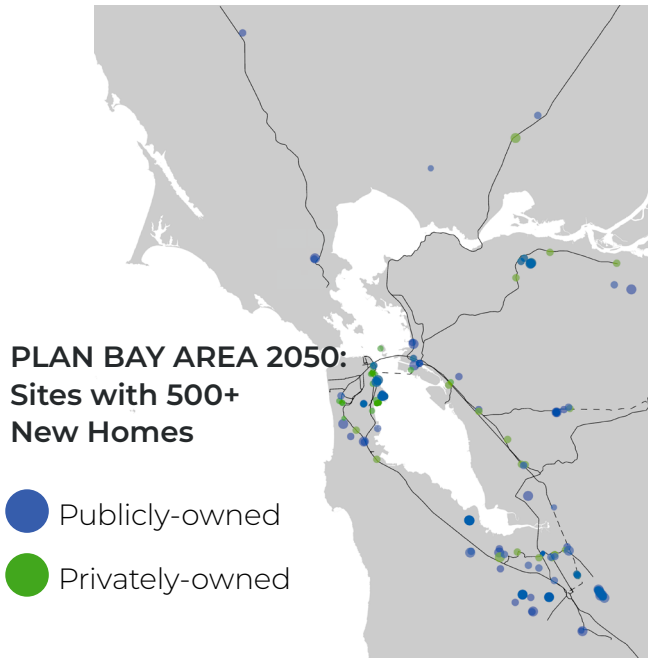
DEFINING PRIORITY SITES

Priority Sites are places where Bay Area communities to do their part in meeting our region's shared housing needs. These sites embody the Plan Bay Area Principles, which were developed by the input of thousands of residents from all walks of life. They are:

- **Affordable** to the entire regional community, including those historically excluded
- **Connected** to the region's jobs, cultural hubs, and other destinations by low-cost public transit and to local destinations by complete streets
- **Diverse**, celebrating the culture of long-time residents and welcoming new that of new communities, amplifying community assets and creating space for new ones
- **Healthy** places with ample green space where residents can tread lightly on the earth by traveling by foot, bicycle, or transit, and by choosing to live water- and energy-efficient lifestyles
- **Vibrant** hubs for demonstrating and scaling up innovative building technology, energy and water-efficient infrastructure

Source: MTC photo library

Source MTC Photo Library



Locations are illustrative

LOCATING PRIORITY SITES

Hundreds of potential priority sites exist across the region. Declining malls, public facilities scheduled for closure, and transit station parking lots are all examples of potential sites. Some sites have been planned for decades or are partially built out; others were more recently considered as part of a local Housing Element or a Specific Plan.

In Plan Bay Area 2050, 350 projects are anticipated to add 500 or more homes each, most within walking distance of regional transit and on public land or sites occupied by aging shopping centers or office parks. The number of sites with capacity for this many homes or more is likely much larger, and the development potential of many could be unlocked with more efficient construction and financing practices, as well as additional subsidies.

WHY PRIORITY SITES?

Thinking Regionally, Acting Locally

To meet the region's housing needs and reduce our greenhouse gas emissions, Plan Bay Area focuses new homes and jobs in Growth Geographies.

Many Bay Area communities support local and regional goals by establishing Priority Development Areas, the Growth Geographies planned for the most new homes and jobs. These are places with convenient public transit and local services. In some communities, Priority Development Areas are historic downtowns. In others, they are aging malls or main streets.

Since 2007, MTC and ABAG have funded local plans for Priority Development Areas that created space for over 100,000 new homes and 100 million square feet of commercial space. Many of these plans have come to fruition, helping propel a larger shift toward more compact development that preserves open space and builds housing and jobs closer to the region's transit network.

Getting Closer to the Ground

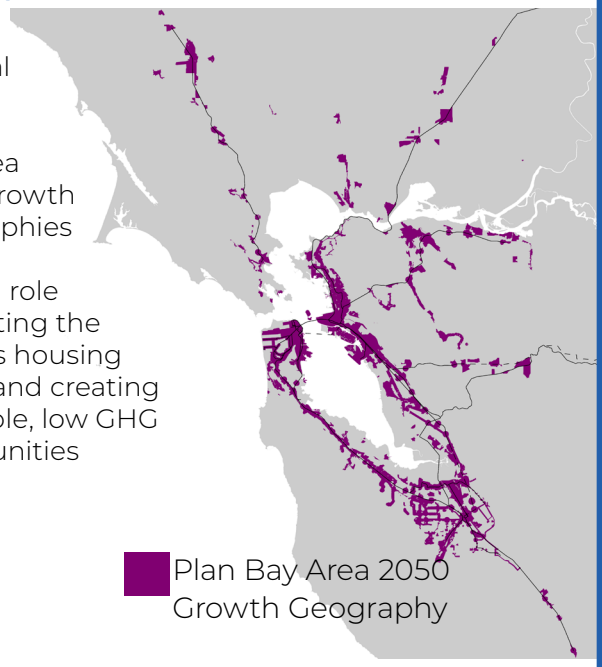
Despite these successes, the region continues to be unaffordable, and long-time residents and their children are often priced out. The Bay Area's unhoused population is increasingly made up of people born and raised in the same community where they are now unable to find a home.

The region's collaborative approach to planning for future growth has yet to remove the obstacles that stand in the way of the major mixed-income and affordable projects at the core of Plan Bay Area's approach to housing.

To address the regional housing challenge head on, the Priority Sites Pilot goes one step closer to the ground.

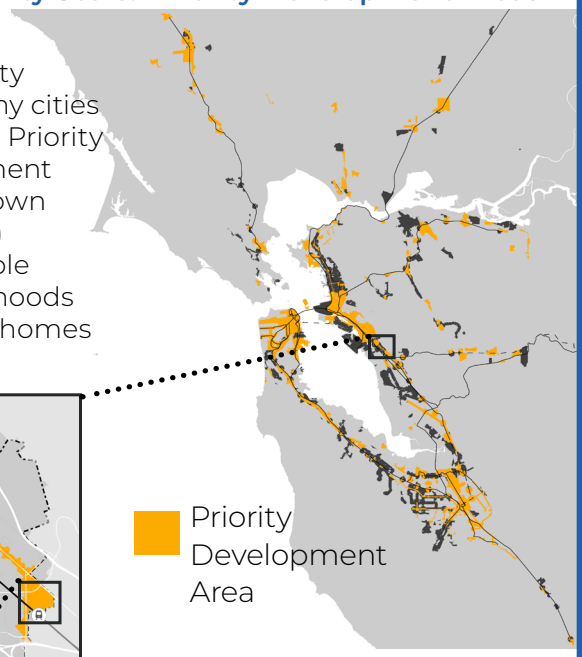
Regional Scale: Plan Bay Area 2050 Growth Geographies

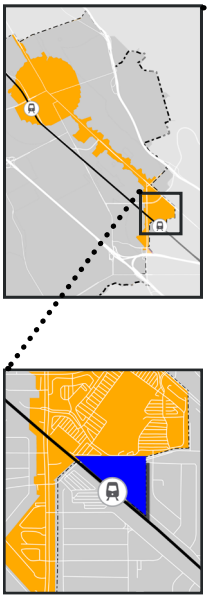
At the regional scale, Plan Bay Area 2050 Growth Geographies play a leading role in meeting the region's housing needs and creating equitable, low GHG communities



Community Scale: Priority Development Areas

At the community scale, many cities designate Priority Development Areas (shown in orange) for walkable neighborhoods with new homes and jobs.





On the Ground: Priority Sites

Priority Sites (potential site shown in blue, at right) are places that communities identify to help meet both local and regional housing needs. These sites, which deliver a significant number of permanently affordable homes, may have been identified in a local Housing Element, PDA Specific Plan, Plan Bay Area or more than one.

experienced builders. In addition, the sites on which these types of projects are built are rarely able to deliver community benefits beyond housing. Priority Sites, in contrast, are well suited to adding a significant number of new affordable homes and providing the essential services, open space, and shops sought by community members.

The benefits of the scale offered by Priority Sites is multiplied when communities, public agencies, and landowners come together to create a network of large sites and pool resources. With size comes the ability to support practices that require scale, such as innovative building technology (e.g., pooled orders for modular units), regional job training programs, and reliable streams of funding. The benefits of scale are multiplied further if Priority Sites were nested within the Regional Land Network described in Section 2.

HOW WOULD THE PRIORITY SITES PROGRAM WORK?

The first proposed action along the path to a transformative Priority Sites program is a five-year pilot program. The pilot would directly support the production of an estimated up to 3,000 affordable homes, establish a pipeline of "shovel ready" projects for a future regional housing ballot measure, provide technical assistance to support local governments seeking to advance major reuse projects, and strengthen the connection between regional and local land use planning. Preliminarily, it would follow the steps shown below.

Step One: Establish Priority Sites & Pipeline

Bay Area cities and counties would nominate Priority Sites that meet program criteria established through additional consultation. Developers of entitled projects consistent with criteria would also be eligible. As a starting point, these criteria could prioritize projects that deliver a level of affordability commensurate with projected need, are located in a Plan Bay Area 2050 Growth Geography, and are either entitled or included in an adopted local plan such as a Specific Plan or Housing Element.

A wide range of potential sites have already been identified as part of the Priority Development Area (PDA) program, while additional candidates were included in Plan Bay Area 2050. Other potential sites have been prioritized more recently through a Specific Plan or Housing Element. A comprehensive, accurate inventory of the region's public land would reveal yet more and would identify opportunities for agencies to assemble or exchange parcels to increase sites' development feasibility.

Eligible priority sites would be placed into a pipeline based on progress from vision to completion. Along this continuum, the program would deliver tailored technical support and, as available, priority funding.

- **Prioritization:** Sites identified as priorities by local governments. Potential examples include surplus public land, or a shopping center site identified as an Opportunity Site in a Housing Element. This category could also include sites that are part of a Specific Plan that includes development standards and a programmatic Environmental Impact Report that creates a clear path to entitlement.
- **Predevelopment:** Priority sites with projects that are going through the entitlement, detailed design, and permitting process. These projects may need additional support to complete the detailed architectural and engineering design and permitting necessary to make them "shovel ready" and to compete for higher dollar funding sources.
- **Production:** Sites that are "shovel ready" or have broken ground but are not yet completed. Projects on these sites may require permanent construction financing to break ground or "gap" funding to fully finance the project.

Priority Sites Pipeline

Phase	Prioritization	Predevelopment	Production
Activities	• Identify in local plan(s); revise zoning • Engage community	• Detailed design & analysis • Permitting	• Full Financing • Construction • Occupation
Needs	• Planning funding • Community engagement	• Predevelopment financing • Environmental cleanup & analysis, if needed	• Construction financing • If needed, gap financing
Pilot Program Support	• Planning Grants • Technical Assistance	• Predevelopment grant or loan • Environmental analysis & remediation • Technical Assistance	• Technical Assistance

Step Two: Fund High Impact Projects on Priority Sites

Steps one and two of the Pilot would take place in parallel. For nominated Priority Sites with the potential to deliver a significant number of new deed-restricted affordable housing units in the next 3-5 years, the Pilot would offer competitive funding. To make the most of scarce regional housing funds, this component of the pilot would focus primarily on predevelopment activities to position projects for the construction financing necessary to break ground.[28] Based on initial analysis, a $30 million regional investment has the potential to bring $2 billion into the region for affordable housing projects.

Although program details such as loan terms and scoring criteria would be refined,[29] preliminarily this funding could prioritize projects that implement a variety of Plan Bay Area strategies, contribute to meeting the region's greenhouse gas reduction target, advance racial equity, demonstrate innovation, and deliver the deepest levels of affordability. These projects could represent either full or partial buildout of a Priority Site.

If the region is successful in adopting a housing bond measure (anticipated as early as 2024) and additional resources are made available by the state and federal government, this initial predevelopment program would expand to also deliver the much higher dollar permanent financing.

28 On balance, these activities are likely to deliver the greatest return on the available funding when measured in terms of affordable homes completed per dollar. In addition, this funding fills a gap in the existing menu of affordable housing funding.

29 For example, this funding could take the form of a grant or a zero to low-interest loan. If the latter, the program could operate as a revolving loan, potentially administered through the recently established Bay Area Housing Finance Authority (BAHFA), which has the expertise and capacity to administer such a program.

Step Three: Deliver Regional Technical Assistance

The Pilot would complement direct project funding with region-wide Technical Assistance. For Priority Sites not positioned to apply for predevelopment funding, the program would provide tools to local governments and developers to conduct the early-stage work necessary to envision and entitle projects. For projects at the end of the Predevelopment phase of the pipeline, the Pilot could offer resources for identifying and pursuing financing and coordinating with other public agencies and utilities. Another key action with region-wide benefits would be a comprehensive, accurate inventory of public land.

Step Four: Integrate Priority Sites into the Regional Growth Framework and Plan Bay Area

Priority Sites would add precision to the region's Growth Framework, which shapes the development pattern in Plan Bay Area. Because every jurisdiction has control over land use decisions, understanding local priorities and accounting for local zoning is critical. As part of the nomination process for Priority Sites, MTC/ABAG staff will gather the data necessary to evaluate the long-term development potential of Priority Sites and help identify policy measures that may be necessary to realize local visions while contributing to regional objectives. For the next update to Plan Bay Area, anticipated in 2025, this information can help refine Plan Bay Area 2050 Strategies and sharpen its projected growth pattern by identifying priority locations within the Plan's Growth Geographies.

Step Five: Set Priority Sites Up for Future Success

In addition to providing technical assistance to advance projects on Priority Sites along a regional pipeline, the Pilot would position these sites to be competitive for existing or expanded future funding. This would involve evaluating the needs of projects on Priority Sites, such as housing subsidy gaps and required infrastructure improvements, and identifying existing and potential future resources to meet these needs.

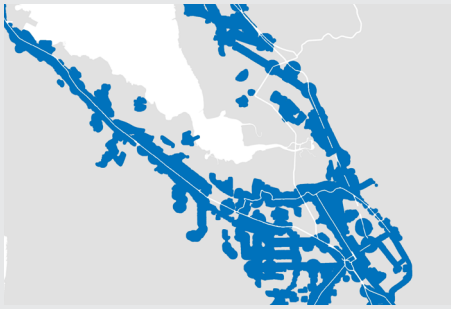
Over the mid- to long-term, the Priority Sites program is envisioned as part of an equitable regional housing ecosystem. This ecosystem would include the elements needed to envision, plan, build, and sustain healthy homes and communities: land, partnerships, expertise, financial resources, and enduring community ownership. It would encompass housing production, which the Priority Sites pilot advances, as well as protection and preservation, consistent with Plan Bay Area 2050 and the BAHFA workplan. The most notable missing element from this ecosystem—financial resources—would be added if the Bay Area adopts a regional housing measure and can weave such funds together with other discretionary funds controlled by MTC/ABAG. Access to another key element of the ecosystem—land—would be expanded by the Regional Land Network proposed in Section 2.

With a successful regional housing ballot measure, an infusion of federal funding, delegation of affordable housing finance from the State to the Bay Area, or a combination of all three, fully permitted projects on Priority Sites would be positioned to receive a predictable stream of regional housing funding managed by BAHFA. In advance of a ballot measure, the Pilot is an opportunity to expand the production-related partnerships and practices required for a regional housing ecosystem to successfully function. In addition to local governments and public agency landowners, key partners in an expanded Priority Sites program would include state agencies, utilities, major educational and health care employers, research institutions, banks, housing construction companies and trades, and developer groups. These partners would play roles ranging from prioritizing priority sites for new buildings to creating master infrastructure agreements and enabling timely delivery of modular housing.

HOW WOULD THE PILOT PROGRAM WORK?

1 ESTABLISH SITES & PROJECT PIPELINE

Bay Area cities, counties, and developers of entitled projects nominate Priority Sites. Sites are then placed into a pipeline based on progress from initial prioritization to detailed planning and production. Using a pipeline approach allows the program to tailor funding and technical support to the needs of individual sites.



Source: MTC/ABAG

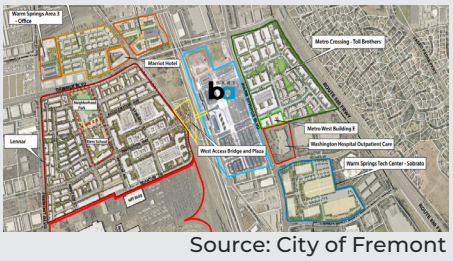
2 FUND HIGH IMPACT PROJECTS

Offer competitive funding for nominated Priority Sites with entitled projects with a significant number of new deed-restricted affordable homes in the next 3-5 years. A $30 million regional investment has the potential to bring $2 billion into the region and pave the way for up to 3,000 affordable homes. Projects would demonstrate innovation, implement Plan Bay Area, and advance racial equity.

Source: David Baker Architects

3 DELIVER TECHNICAL ASSISTANCE

Assist local governments with Priority Sites that are not yet positioned to apply for competitive funding to conduct the early-stage work necessary to envision and entitle projects.



Source: City of Fremont

4 INTEGRATE PRIORITY SITES INTO FUTURE ITERATIONS OF PLAN BAY AREA

Refine Plan Bay Area 2050 strategies and sharpen its projected growth pattern by identifying priority locations.

Source: MTC Photo Library

5 SET UP PRIORITY SITES UP FOR FUTURE SUCCESS

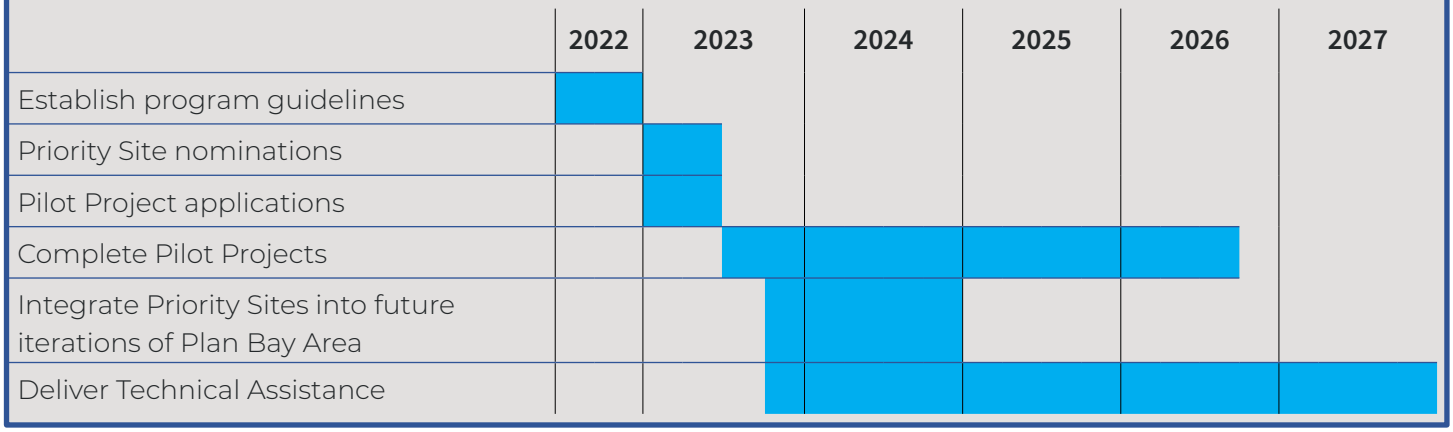
Evaluate the needs of projects on Priority Sites, such as housing subsidy gaps and required infrastructure improvements, identify existing and potential future resources to meet these needs, and advance detailed program design.

Source: MTC/ABAG

NEXT STEPS

This concept paper is intended to spur discussion about these important strategies and lay the groundwork for a Priority Sites Pilot in the months and years ahead. New and enhanced policies, partnerships, and investments will be necessary to implement the Public Land Reuse and Mall & Office Reuse strategies in Plan Bay Area 2050.

In the short term, this will involve refining the details of a Priority Sites Pilot Program and engaging local jurisdictions, developers, and other partners to identify sites and solicit applications for Pilot project funding. In the longer term, it will involve integrating Priority Sites and refining the Public Land Reuse and Mall & Office Reuse strategies in the next iteration of Plan Bay Area; collaborating with partner agencies to pursue the actions proposed in Section 2 of this paper; and establishing a project pipeline connected to regional housing expertise and financing through BAHFA. A preliminary timeline for these activities is shown below.

- **Summer 2022 through Winter 2023:** Discussion and refinement of Priority Sites Pilot concept and program guidelines; MTC approval of Priority Sites program, including Regional Early Action Program 2.0 (REAP 2.0) funding.
- **Winter 2023 through Spring 2023:** Call for local nominations of Priority Sites and applications for Pilot affordable housing project funding; Adoption of Priority Sites and funding award to Pilot affordable housing projects.
- **2023 through 2025:** Engage partners to pursue implementation actions (see Section 2); integrate Priority Sites and refined Public Land Reuse and Mall & Office Reuse strategies into next iteration of Plan Bay Area.
- **Summer 2023 through 2026:** Pilot affordable housing projects completed
- **Summer 2023 through 2027:** Deliver technical Assistance; Review outcomes from Pilot projects; Fully fund pipeline projects (pending successful ballot measure or infusion of federal or state funding).

PRIORITY SITES PROGRAM: PROPOSED TIMELINE