



Association of Bay Area Governments
Bay Area Air Quality Management District
Bay Conservation and Development Commission
Metropolitan Transportation Commission

Joseph P. Bort MetroCenter
101 Eighth Street
P.O. Box 2050
Oakland, CA 94607-4756
(510) 464-7900
fax: (510) 464-7985
info@abag.ca.gov
www.abag.ca.gov/jointpolicy

JOINT POLICY COMMITTEE — REGIONAL PLANNING PROGRAM

Date: November 9, 2012
To: Joint Planning Committee
From: Will Travis and Bruce Riordan, JPC Consultants
Subject: **Regional Economic Development Strategy Work Plan**

We recommend that the Joint Policy Committee endorse the following plan for the work that will be undertaken over the next few months on a regional economic development strategy. The JPC Executive Committee endorsed this work plan on November 8, 2012.

Work Plan

The JPC consultants and JPC agency staff will: (1) meet with the Bay Area Business Coalition, Bay Area Legislative Caucus, and Bay Area Council Economic Institute to get input on the scope of the elements that should be included in a regional economic development strategy; (2) assess the scope of ongoing regional economic development efforts prepared by ABAG's staff (see below); and (3) based on this assessment, define the tasks, budget and funding for the efforts that could be undertaken by the JPC.

Overview of ongoing regional economic development efforts

The efforts currently underway include research and analysis to develop strategies for local and regional collaboration involving the public, private, and non-profit sectors. These efforts are summarized below to assist the Joint Policy Committee in considering the regional economic development strategy work plan.

The Bay Area: An Economic Assessment

A Regional Economic Assessment of the San Francisco Bay Area is a recently completed study prepared by the Bay Area Council Economic Institute at the request of the JPC and leaders in the Bay Area's business community. This study highlights the substantial wage premium in the Bay Area relative to other regions and its relationship to inadequate workforce housing at diverse prices proximate to key employment centers. Despite wage premiums and lack of sufficient workforce housing, the study finds that the Bay Area enjoys unique economic assets that have enabled it to prosper across economic cycles. It finds that a strategic focus on the sectors where it is most competitive and which have defined its global leadership offers the best opportunity to

Regional Economic Development Strategy Work Plan

November 9, 2012

2

generate future jobs and growth. It also finds growing economic inequality, and a risk that significant parts of the population won't share in the region's general economic success. Some of the report's recommendations include:

- Identify a public-private focal point for a regional economic strategy;
- Focusing economic development efforts more on supporting the survival and growth of young companies than on attracting businesses from other regions and jurisdictions;
- Developing a stronger regional focus on workforce training and development;
- Harmonizing local regulations across the region; and
- Engaging business earlier in regional planning efforts

The full report has been provided to the JPC and is available on the Bay Area Council Economic Institute website at: <http://www.bayareaeconomy.org/media/files/pdf/BAEconAssessment.pdf>

Bay Area Regional Prosperity Plan

The Bay Area Regional Prosperity Plan (Prosperity Plan) is a recently launched collaboration between the regional agencies, business and non-profit communities, and local jurisdictions to develop a set of actions to enhance economic opportunity and workforce housing supply across the Bay Area. The Prosperity Plan is made possible by a \$5 million grant from the U.S. Department of Housing and Urban Development (HUD) to ABAG and MTC.

The Prosperity Plan will include two major, interconnected areas of work over a three-year period: (1) a community-rooted process to develop and implement a regional Economic Opportunity Strategy to expand economic opportunities for low and moderate income people; and (2) implementation of a strategy for Housing the Workforce by creating and preserving housing affordable to low income workers. Underpinning these two areas of work will be an extensive outreach and engagement process to ensure that underrepresented groups most in need of affordable housing and jobs have a voice in the development and implementation of the Plan. The Prosperity Plan will build off of local and regional planning efforts such as FOCUS and Plan Bay Area to address the needs of people who face the greatest barriers to economic opportunity and are least likely among all population groups to participate in local and regional planning and decision-making processes.

More specifically, the objectives of the Economic Opportunity Strategy (the "Strategy") are to: (1) create a regional analysis and framework for economic growth and inclusion; (2) create new job and small business opportunities or improved job and small business access in both transit-served job centers and in communities with a strong concentration of unemployment and poverty; (3) steer investment of regional infrastructure into these communities to create jobs and enhance opportunity-structures; (4) enhance the strengths and leadership of Bay Area firms demonstrating success at employing a diverse workforce and procuring from diverse firms; and (5) develop workforce and small business expansion pathways to channel workers and firms into this growth.

The Strategy will address these objectives through access to "Industries of Opportunity" and investments in "Places of Opportunity." Industries of Opportunity are those that provide living

Regional Economic Development Strategy Work Plan

November 9, 2012

3

wage jobs with career pathways and put low- and moderate-income workers on a clearly defined career pathway to economic self-sufficiency, are close to transit, and are accessible to low-income communities. Places of Opportunity are neighborhoods or districts well positioned to support small businesses and local jobs through guided investments that can benefit the community, expand jobs and businesses, minimize displacement, and foster the firms that are most likely to locate (or are already located) in lower-opportunity communities.

The Strategy will include a new business, industry, and job analysis that will identify key strategies and catalytic project. In addition to the Strategy, more than \$1 million in grants will be issued on a competitive basis to implement pilot projects. It is anticipated that four to six projects will be funded over the course of this project. These pilot projects will inform any refinements or updates to the Strategy after spring 2015.

A more detailed description of the Bay Area Prosperity Plan and the Economic Prosperity Strategy has been provided to the JPC.

Sustainable Communities Strategy (SCS) Economic Development Strategies Policy Background Report

ABAG's staff is currently preparing a policy background report that will highlight key economic development priorities and strategies for SCS implementation. The report will build off of ABAG's regional forecasting analysis to arrive at the Bay Area's employment projections through 2040, which is based on full employment assumptions in the United States. The report will emphasize the spatial component of employment, particularly the link between industry type and land uses, and highlight the synergies amongst place, industry, work force, and accessibility of employment. It will address strategies for supporting economic growth in suburban locations and within the agricultural sector, as well as office park retrofit. The report is also intended to provide background, context, and framing on regional employment growth to support identification of potential Industries of Opportunity and Places of Opportunity for the Regional Prosperity Plan Economic Opportunity Strategy. This report will be completed by the end of 2012.