



Date: May 11, 2016  
To: ABAG Executive Board  
From: Miriam Chion, ABAG Planning & Research Director  
Subject: **Plan Bay Area 2040 Scenarios Update**

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Over the past nine months, ABAG and MTC have been collaborating to produce scenarios for Plan Bay Area 2040 that will be the subject of a series of public workshops in late May and early June. MTC and ABAG play distinct roles in developing the Plan, reflecting the policies and legal mandates of each agency established by Senate Bill 375. MTC is responsible for the transportation aspects of the Plan. ABAG is responsible for land use aspects of the Plan. Both agencies adopt the same forecasted development pattern and transportation network for the region.

In fall 2015, ABAG and MTC adopted performance targets for the scenarios and Plan Bay Area. ABAG hosted a series of meetings with elected officials, local staff, and stakeholders that led to three thematic scenario concepts with unique visions for the region's future: Main Streets (Scenario 1), Connected Neighborhoods (Scenario 2), and Big Cities (Scenario 3) (see attachment, page 2). MTC solicited projects from transportation agencies for assessment and inclusion in the scenarios. ABAG adopted the regional forecast of population, jobs, and housing for 2010 through 2040 in January 2016. The scenarios represent three different options for how the Bay Area can accommodate the expected growth in ways that meet our goals for a more prosperous, sustainable, and equitable region.

To evaluate each scenario against the performance targets, MTC utilizes a transportation model that estimates outcomes such as GHG emissions. MTC calculates some of the other performance measures from a model called UrbanSim<sup>1</sup>, which is a microsimulation model of household, business, and developer location choices based on market factors, development policies, and investment assumptions. UrbanSim can provide information regarding real estate market feasibility. To produce the land use scenarios, ABAG relies upon input from local jurisdiction planning staff, UrbanSim, and a variety of sustainability and equity factors.

For the purpose of the upcoming public workshops (May 26 to June 14), the scenarios discussion will focus on overarching policies, strategies, and investments across scenarios. Public, stakeholder and jurisdiction input has been captured in issue papers on Increasing Housing Choices and Affordability, Expanding Economic and Workforce Prosperity, Protecting and Enhancing Natural Assets, Improving Air Quality, and Building Resilient Communities. The discussion of growth allocation by jurisdiction and Priority Development Area (PDA) will focus now on a Preliminary Preferred Scenario and will take place between June and July.

### **ABAG Develops Draft Scenarios for Local Review**

Beginning last September, ABAG staff has worked closely with local planners to obtain their input and ensure that the regional agencies develop three scenarios that offer ambitious but realistic visions of

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<sup>1</sup> More information about UrbanSim can be found at <http://www.urbansim.com/urbanism>.

growth that attempt to achieve our GHG reduction goals and other performance targets. In December 2015, ABAG released preliminary draft land use scenarios for review by planning staffs from all 109 jurisdictions.

Based upon jurisdiction feedback and additional research, ABAG provided direction to MTC staff to include this information for UrbanSim to model the three scenarios. ABAG conveyed to MTC the understanding that UrbanSim would be one of a number of inputs (such as local plans, proximity to transit, trends, jurisdiction input, and the results of the *PDA Development and Feasibility Assessment*) into the scenarios. The UrbanSim output would then be adjusted by ABAG regional planners based on these inputs to create the land use scenarios (see attachment, pages 1-5).

### **MTC Releases Model Outputs**

Last week, MTC decided to release the UrbanSim output as the three land use scenarios for Plan Bay Area 2040 without all the necessary adjustments to correspond to the original scenario narratives and local input. The UrbanSim-generated scenarios take into account some of the local input gathered by ABAG over the past six months, but include some aspects of development that are not consistent with the scenario concepts or growth ranges ABAG staff had previously discussed with some jurisdictions. Apparently, it was very difficult for UrbanSim to produce satisfactory results within the allotted time frame, and rather than further delay Plan Bay Area 2040, a decision was made to proceed with publishing the UrbanSim scenarios.

The MTC scenarios are reflected in the [staff report](#) for the May 13 MTC Planning Committee meeting and have been used to conduct performance assessments of potential transportation investments. The staff report does not provide data about job or housing growth at the county, city, or PDA level in each scenario. This information will be critical to assessing the local implications and realism of the preferred scenario that will be the focus of the next stage of our work.

The UrbanSim model produces the scenarios by applying theoretical land use policies such as upzoning and property tax assessments across large areas of the region. While UrbanSim is a very good tool to analyze a set of general conditions that balance land value and capacity, the tool by itself is not sufficient to produce feasible and meaningful growth patterns that recognize local policies or community visions. The results of this approach are some inconsistent patterns of growth that do not conform well to the approved concepts or existing or planned local conditions. For example, housing growth in Oakland is lowest in the “Big Cities” scenario, which was intended to explore the implications of focusing growth in the region’s three largest jurisdictions. A number of jurisdictions, including some in strong real estate markets, have negative growth in households, jobs, or both over the 30-year scenario period. Conversely, some jurisdictions have unrealistically high growth in households (e.g., unincorporated Solano County) or jobs (e.g., Orinda non-PDA area). Another anomaly is the inclusion of mega-projects such as a nearly 40,000-unit development in Mountain View’s North Bayshore area that would more than triple the city’s population.

Given where we are in the schedule, however, it makes more sense for both agencies to focus on the Preferred Scenario rather than spend time trying to correct portions of the three initial scenarios. To that end, ABAG and MTC staffs believe there is still time to appropriately merge local jurisdictional input with UrbanSim to achieve a solid Preferred Scenario. This will involve adjustments to the UrbanSim

output to reflect a plan that is based on economic realities as well as the priorities voiced by the jurisdictions.

### **Towards a Preferred Scenario for Plan Bay Area 2040**

ABAG will work with MTC to produce a Preferred Scenario that takes into account local input and will serve as the basis for Plan Bay Area 2040. Through this process, staff will be able to present a single set of numbers for discussion with local jurisdictions that balances feedback received to date, the need to achieve our region’s GHG reduction and other performance targets, market trends, as well as the real estate insight of UrbanSim. For the other aspects of the Plan, MTC will prepare the performance targets analysis and transportation analysis. ABAG and MTC will jointly prepare the Plan’s policies and strategies; MTC will focus on transportation as its expertise, ABAG will focus on housing, jobs, open space, and resilience.

### **Upcoming Milestones**

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| May-June:         | Public Workshops   |
| May 13 – June 13: | Gather local and stakeholders input to inform Preferred Scenario |
| July:             | Release of Preferred Scenario                                    |
| July-August:      | Feedback on Preferred Scenario & final revisions                 |
| September:        | Joint ABAG/MTC Board meeting –Preferred Scenario Approval        |

### **Requested Action**

Direct staff to develop a preferred scenario that takes into account local input and maximizes the goals of Plan Bay Area in line with the Sustainable Communities and Climate Protection Act of 2008 (SB 375).