ASSOCIATION OF BAY AREA GOVERNMENTS
Representing City and County Governments of the San Francisco Bay Area

ABAG

MEMO

Date: July 11, 2011

To: ABAG Executive Board

From: Ken Kirkey, ABAG Planning Director

Subject: Plan Bay Area: Alternative Scenarios

In June, the Metropolitan Transportation Commission and ABAG's Administrative Committee approved moving forward to evaluate five alternative scenarios to demonstrate how the region might achieve the Plan Bay Area performance targets adopted by MTC and ABAG earlier this year. The primary purpose of the scenario assessments is to compare and contrast the interaction between land use policy and transportation investment strategies as measured by the adopted performance targets related to the economy, the environment and equity. This information will be used to ultimately select a preferred land use forecast and transportation investment strategy that will be the basis of a preferred Sustainable Communities Strategy (SCS) alternative that MTC and ABAG will consider for adoption in Spring 2013.

In response to public comment, the Committees requested staff to consider a proposal for a sixth alternative scenario focused on "Equity, Environment and Jobs" (Letter from social equity advocates, dated June 9, 2011). Staff has refined the proposed methodology for the alternative scenarios to provide greater clarity about how social equity will be integrated into each alternative. More details about the proposed approach are described in the attached memos that were presented to the MTC Planning Committee and ABAG Administrative Committee on July 8, 2011:

- Plan Bay Area: Alternative Scenarios (July 6, 2011)
- Sustainable Communities Strategy (SCS) Land Use Scenario Assumptions (July 5, 2011)
- Response to Equity Groups Regarding Sustainable Communities Strategy (SCS) Land Use Scenario Assumptions (July 5, 2011)

ABAG and MTC staff did not present a recommendation regarding the inclusion of a sixth scenario focused on equity, environment, and jobs to the MTC Planning Committee and ABAG Administrative Committee because we are still working with representatives of equity advocacy groups to define how this task would best be achieved. Staff had several meetings with equity groups prior to the July 8 meeting, and the potential for a sixth scenario will be discussed by the SCS Equity Working Group at its July 13 meeting, with potential to spillover into a second special meeting the following Tuesday, July 19. The topic will also be discussed by the MTC Policy Advisory Committee on July 13.

The results of these discussions will be presented to members of the Executive Board as part of the presentation about the SCS Alternative Scenarios at the July 21 meeting.

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June 9, 2011

Mark Green, Chair, and Members
ABAG Administrative Committee

James P. Spering, Chair, and Members
MTC Planning Committee

Dear Chairs and Members:

We join two of your advisory bodies – MTC's Policy Advisory Council and the RTP/SCS Equity Working Group – in urging you to add a scenario that maximizes social equity to the set of alternatives that MTC and ABAG will develop and analyze this summer. The list of scenarios before you today, which was only released to the public in the past week, will be incomplete without such a scenario. Including one in the analysis is critical to your informed decision making and the public's meaningful participation.

Instead of voting to accept the set of five alternatives before you today, we ask that you **direct staff to include for analysis an additional scenario that maximizes social equity — the Equity, Environment, and Jobs Scenario (see attached) — and to ensure that *all* of the scenarios advance social equity outcomes.** Staff should then present you with an updated slate of alternatives at your July meeting.

The best Regional Transportation Plan (RTP) and Sustainable Communities Strategy (SCS) will be the one that most strongly promotes all of the "three Es": equity for low-income communities and communities of color, economic vitality, and environmental health. None of the five proposed Alternative Scenarios before you today offers that choice.

Key components of an Equity, Environment, and Jobs Scenario are summarized on the **attached sheet** and include maximizing the funds needed to operate local transit service while providing affordable housing in job-rich suburban communities as well as in the urban core. We believe that this scenario will outperform the five currently before you, not only in terms of social equity performance measures, but in terms of GHG reduction, local job creation, and other important regional goals. Hard facts support our view: research shows that transit operating expenditures create 40% more jobs than spending on capital projects, and that affordable housing near entry-level jobs improves access to economic opportunity. Similarly, investing in robust local transit operations is the most cost-effective way to maximize GHG reductions, and affordable housing near jobs directly reduces driving.

The failure to include and analyze an equity scenario will not only deprive the public and decision makers of important information about the range of choices available, but will also shut out the meaningful input of advisory groups whose work is not yet completed. The work of your Housing Methodology Committee and Equity Working Group, bodies you created to advise you on the Sustainable Communities Strategy, is ongoing and not reflected in the five scenarios now before you. These bodies should have a meaningful opportunity to inform the scenarios. Rather than voting on an incomplete set of alternatives today, we request that staff be directed to present an updated set of scenarios, including an equity-focused scenario, at your meeting next month.

We look forward to working with staff to develop the specific details of the Equity, Environment and Jobs Scenario, and of the other staff-outlined scenarios.

Sincerely,

ACCE Riders for Transit Justice

Albany Rollers & Strollers

Bay Area Regional Health Inequities Initiative (BARHII)

Bay Localize

Breakthrough Communities

Center for Progressive Action

Ella Baker Center

Genesis

Grassroots Leadership Network of Marin

Green Youth Alliance

PolicyLink

Public Advocates

Public Interest Law Firm, a project of the Law Foundation of Silicon Valley

Regional Asthma Management and Prevention (RAMP), A Project of the Public Health Institute

SF Bay Walks

SF Council of Community Housing Organizations (CCHO)

SF Walks & Rolls

United Seniors of Oakland & Alameda County

Urban Habitat

Walk&Roll Berkeley

Enclosure: Equity, Environment and Jobs Scenario features

cc: MTC Commissioners and ABAG Board Members
MTC and ABAG staff

TO: MTC Planning Committee
ABAG Administrative Committee

DATE: July 6, 2011

FR: Deputy Executive Director, Policy, MTC
Executive Director, ABAG

RE: Plan Bay Area: Alternative Scenarios

Last month, the Commission and ABAG's Administrative Committee approved moving forward to evaluate five alternative scenarios to demonstrate how the region might achieve the Plan Bay Area performance targets adopted by MTC and ABAG earlier this year. In response to public comment, the Committee and Commission requested staff to consider a proposal for a sixth alternative scenario focused on "Equity, Environment and Jobs" and to return in July with details on how the approved five alternatives address the components proposed for this sixth alternative scenario.

This memorandum and its attachments provide additional detail on how the five approved alternative scenarios address the land use and transportation components recommended by the advocates and recommends next steps for addressing equity in the alternative scenarios process.

Defining Equity

The 1994 Executive Order 12898, Federal Actions to Address Environmental Justice in Minority and Low Income Population states that "each federal agency shall make achieving environmental justice part of its mission by identifying and addressing, as appropriate, disproportionately high and adverse human health effects of its programs, policies and activities on minority populations and low income populations." The U.S. Department of Transportation directs all its federal agencies to adhere to the principles outlined in the Executive Order. As such the Executive Order applies to Regional Transportation Plans (RTPs); MTC has therefore conducted equity analyses on its RTPs since 1994.

The Regional Equity Working Group for Plan Bay Area was formed in early 2011 from the membership of the Regional Advisory Working Group and MTC Policy Advisory Council's Equity & Access Subcommittee. The purpose of the Equity Working Group is to assist in identifying and providing advice on the major equity issues in the region from a diverse range of community and professional perspectives, including housing, transportation access and affordability, public health, and infrastructure need. The Equity Working Group has met monthly since February to assist staff in the development of the equity analysis framework for Plan Bay Area.

To date the Equity Working Group developed a set of regional equity priority issues that form the conceptual framework of the five equity analysis performance measures. These are as follows and will be further refined and defined over the next several weeks:

1. **Affordable Housing and Transportation Choices** (including preservation and production of affordable housing near transit)
2. **Equitable Growth** (avoiding displacement of low-income residents/communities, creating "complete communities")
3. **Making the Jobs/Housing Connection**
4. **Healthy Communities** (public health implications of regional decision making)
5. **Equitable Mobility** (including options for seniors and people with disabilities)

The target populations involved in the equity analysis are determined in part by federal Title VI/EJ requirements. Based on input from the Equity Working Group, staff proposes to expand this definition of target populations for purposes of the equity analysis of each alternative scenario to include the low-income households and low-income or minority communities as analyzed in previous RTPs, as well as communities with concentrations of zero-vehicle households, limited-English-proficient residents, people with disabilities, and seniors over age 75.

Relationship between the Regional Housing Needs Allocation (RHNA) and Plan Bay Area

The proposed RHNA methodology being developed by ABAG staff with the help of the SCS Housing Methodology Committee combines sustainability and fair share criteria as requested by advocates of the "Equity, Environment, and Jobs Scenario". As currently proposed by ABAG, the RHNA income allocation method would give jurisdictions that have a relatively higher proportion of households in a certain income category a smaller allocation of housing units in that same category. Conversely, jurisdictions that have a lower proportion of households in an income category would receive a larger allocation of housing units in that same category.

The alternative scenarios will incorporate most of the elements of the proposed RHNA methodology, including an emphasis on growth in PDAs, the use of "quality of life" factors to distribute growth to areas outside of PDAs, the minimum threshold for growth, and the income shift. We believe this directly addresses the Land Use component #2 in advocates' scenario.

SB 375 requires RHNA to be consistent with the SCS. As such, the RHNA methodology will closely track the development of the alternative scenarios. The Preferred SCS Scenario ultimately adopted by MTC and ABAG in February 2012 will use the RHNA distribution for first 8 years of the One Bay Area plan.

Equity Considerations in the Approved Scenarios

A. Land Use Elements

The Focused Growth, Core Concentration, and Outer Bay Area Growth scenarios address the land use components requested by the equity leaders and advocates as follows:

1. *Allocation of a substantial proportion of housing growth based on jobs, high-performing schools, transit service levels, and other indicators of opportunity:*

   The SCS will pursue the development and strengthening of complete communities to enhance the quality of life in all neighborhoods and centers throughout the region. The PDA framework, in particular, emphasizes residents' access to transit, jobs, stores, quality schools, health services, and entertainment. While many PDAs might not currently have high-performing schools or strong employment growth, the purpose of the SCS is to provide additional support to those communities to address needed improvements. The alternative scenarios will identify some of the policies and investments required to achieve strong complete communities in PDAs.

   In addition, some growth in each of the constrained alternative scenarios will be directed to areas outside of the PDAs that have the characteristics of a complete community. Growth outside of the PDAs will be distributed based, in part, on factors that contribute to neighborhood quality of life, such as access to jobs, transit, services, and quality schools. Each jurisdiction will be expected to accommodate a minimum percent of the housing need it is expected to generate based on factors related to demographic change and household formation.

The approach used would be consistent with what is adopted as part of the RHNA methodology for the 2015-2022 period. As currently proposed, the RHNA methodology includes the following components: housing and job growth in PDAs from SCS Preferred Scenario, an upper housing threshold (110 percent of household formation), a minimum housing floor (40 percent of household formation), quality of life factors for growth outside of PDAs, and the income allocation (175 percent shift towards regional average)[1]

2. *Allocate extremely low, very-low, and low income housing units to cities with low numbers of low-income residents:*

   All three constrained alternative scenarios will address this equity objective by projecting a greater diversity of housing choices across jurisdictions, which is also part of the proposed RHNA methodology described above. As proposed, the income allocation method gives jurisdictions that have a relatively higher proportion of households in a certain income category a smaller allocation of housing units in that same category. Conversely, jurisdictions that have a lower proportion of households in an income category would receive a larger allocation of housing units in that same category.

The Focused Growth, Core Concentration, and Outer Bay Area Growth scenarios emphasize different equity approaches based on the underlying land use pattern. The Core Concentration scenario will provide greater access to jobs and services to a higher share of the low-income population than the other scenarios given the concentration of growth in the Inner Bay Area. The Outer Bay Area Growth scenario would increase employment opportunities and access to services and amenities for the predominantly residential neighborhoods in the Outer Bay Area. By accommodating more moderate levels of growth in PDAs throughout the region, the Focused Growth scenario provides a balance between these approaches.

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[1] More details about the RHNA methodology are available on the One Bay Area website at: http://www.onebayarea.org/plan_bay_area/housing.htm.

The attached ABAG staff memoranda provide more details for how the land use elements of the alternative scenarios address social equity, including displacement and health and safety issues. Staff believes that the proposed alternative scenarios provide a reasonable range of land use growth assumptions that can incorporate the advocate's land use components.

B. Transportation Elements

Two transportation elements are included in the five MTC/ABAG-approved alternative scenarios: (1) Transportation 2035 network (represented in Alternative Scenarios 3 and 5); and (2) T2035 plus Core Capacity Expansion (represented in Alternative Scenarios 1, 2 and 4). These elements provide a reasonable range of options that we believe can address the components of the proposed "Equity, Environment and Jobs Scenario" as follows:

1. *Maximize funding for local transit operations and prioritize service in lower-income areas.*

   The T2035 plan transit expenditures total about $140 billion, or about 65% of total funding. Of this $140 billion, about $111 billion, or 51% of total expenditures, is invested in maintaining and operating the region's existing transit system. Even with this substantial investment, a combined capital maintenance and operating need remains totaling $17 billion despite an additional $6 billion infusion of new RTP discretionary funding for transit capital replacement. The T2035 plan mainly assumes transit service expansion for the fully funded projects (both capital and operating) in Resolution 3434 (MTC's regional transit expansion plan) projects. These projects included SMART, BART/San Jose, and various light rail transit (LRT) and bus rapid transit (BRT) projects. No new bus or fixed guide way service was assumed beyond these projects due to the inability to leverage new operating funds, and due to the combined $17 billion capital maintenance and operating remaining needs.

   Despite not being able to address the T2035-projected combined maintenance and operating needs, the financially unconstrained IVS (Scenario #1) assumes service frequency increases on 70 bus and rail lines that total an estimated additional $300 million/year in net operating costs. These service increases are located primarily in high-growth PDAs, which also support the Communities of Concern that are identified by MTC as areas with high levels of minority and low-income populations. Federal statute requires that our transportation plans meet the test of financial reasonableness. With this requirement in mind, it is clear that we will need to look to ways to leverage existing funding to cover projected transit unmet needs in T2035 (Scenarios 3 and 5), and to fund desired new services beyond the T2035 envisioned in Scenarios 2 and 4.

2. *Flex more transit capital funding into transit operating and backfill transit capital with other capital funding.*

   An initial assessment of T2035 indicates that, under federal eligibility provisions, we could flex about $ 7 billion of additional capital maintenance funding for operating revenue. While this transfer reduces the T2035 transit operating need from $8 billion to $1 billion, it increases the transit capital replacement need to $7 billion (from $17 billion to $24 billion). We could also assume additional operating revenue in two ways: 1) assume transit cost containment and efficiencies consistent with the Transit Sustainability Project analysis that assumes the region could achieve up to 10% reduction in operating costs under certain cost containment strategies; and 2) determine what uncommitted revenues could be directed to

fund transit operations. As with past RTPs, this latter approach would be subject to Commission deliberations on investment tradeoffs.

3. *Include only the most cost-effective projects, including those from Community Based Transportation Plans.*

   Staff will conduct a performance assessment of all projects or project types, similar to what was done for the Transportation 2035 Plan. The assessment will be based on the performance targets previously adopted by MTC and ABAG. All "non-committed" projects are subject to a target assessment. A benefit/cost ratio analysis will be conducted on larger capacity increasing projects (greater than $50 million). These analyses will provide MTC and ABAG with sufficient information to understand tradeoffs among projects included in the alternative scenarios.

4. *Prioritize capital projects that will improve health and safety.*

   In addition to point #3 above, ABAG and MTC adopted the following three health and safety performance targets that will be used in the evaluation of each scenario:
   - Reduce premature deaths from exposure to particulate emissions/ incidence of asthma
   - Reduce the number of injuries and fatalities from all collisions (including bike and pedestrian)
   - Increase the average daily time walking or biking per person for transportation

5. *Use local road discretionary funding and other funding to support communities that provide significant portions of the region's lower-income housing.*

   The OneBayArea Grant program (to be released under Agenda Item 2 a.) is based on the premise that those local jurisdictions providing higher shares of the region's housing growth, which includes lower-income housing per RHNA, would receive more regional discretionary funding. MTC and ABAG will have extensive discussions on investment tradeoff strategies that will determine how One Bay Area Grant and its regional program elements are carried forward into a preferred long-range Plan Bay Area investment strategy expected to be approved in February 2012.

Recommendation

On July 1, MTC and ABAG staff met with representatives of groups proposing the "Equity, Environment and Jobs Scenario" to further discuss the need for this scenario. At that meeting, staff indicated that more details on the land use and transportation elements of the five approved scenarios would be presented at your July 8 meeting. These have been articulated in this memorandum and its attachments. We propose to use this information to continue discussions, review with the Policy Advisory Council and Equity Working Group, and come back to the Commission and ABAG Boards later this month.

Through these discussions, we will further clarify the transportation and land use element assumptions of each scenario to determine the best approach to address the equity components being sought in the "Equity, Environment and Job Scenario".

Staff recommends that the committees take no action on this topic on July 8 to allow staff to work further with the advocates and others in developing an approach to address equity in the alternative scenario definitions. ABAG is expected to consider this issue at its July 21, 2011 Executive Board meeting and the Commission would do so at its meeting on July 27, 2011.

Ann Flemer

Ezra Rapport

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OneBayArea

Date: July 5, 2011

To: MTC Planning Committee
ABAG Administrative Committee

From: Executive Director, ABAG

Re: Sustainable Communities Strategy (SCS) Land Use Scenario Assumptions

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This memo provides an overview of the land use assumptions that will guide development of the alternative scenarios of the Bay Area's Sustainable Communities Strategy.

Background

Under SB 375, the adopted Sustainable Communities Strategy (SCS) must be based on a forecasted land use pattern that utilizes reasonable planning assumptions. Based on the SCS Alternative Scenarios concepts, staff has developed additional details for the five alternatives.

The two unconstrained scenarios—Initial Vision Scenario and Core Concentration— are based on identifying areas within the region that could potentially meet the region's total housing need. Staff has not yet performed sufficient analysis to identify the level of public resources required to implement such a strategy, but our preliminary assessment indicates that it may exceed a reasonable forecast. Although these two scenarios may not meet the requirement that the SCS be based on a reasonable forecasted land use pattern, what we learn about the policies and resources needed for the region to meet the total housing need will inform the development of the final SCS scenario.

The remaining three scenarios (Focused Growth, Core Concentration, and Outer Bay Area Growth) are based on a more financially attainable economic and housing forecast and utilize reasonable planning assumptions. For this reason, this report focuses on these three scenarios, with some additional discussion of the unconstrained scenarios at the end of this report.

In addition, regional agencies staff have responded to concerns raised by equity advocates by explaining and adding specific equity inputs into the Focused Growth, Core Concentration, and Outer Bay Area Growth scenarios. The memo "Response to Equity Groups Regarding Sustainable Communities Strategy (SCS) Land Use Scenario Assumptions" describes in more detail how these concerns were addressed.

Forecasted Constrained Scenarios

The three moderate growth scenarios are *Focused Growth*, *Core Concentration*, and *Outer Bay Area Growth*. These three scenarios take into account reasonable planning assumptions related to funding availability. All three scenarios assume higher rates of employment growth and housing production than the Bay Area has experienced over the previous 20 years. In order to achieve these results, these scenarios assume that over the next 30 years there will be significant reforms in State and regional policies and the availability of new funding sources for affordable housing and infrastructure that replace redevelopment financing.

Land use decisions are governed by local jurisdictions and are a local responsibility. The land use assumptions utilized in the scenarios are based upon local input and strong coordination among local and regional agencies.

Land Use Patterns and Strategies

Focused Growth Scenario

This scenario maximizes the potential of the Priority Development Areas (PDAs)[1] to accommodate household and job growth across the region with an emphasis on density along several transit corridors in the Inner Bay Area (the map on page three shows how this is defined). This scenario would intensify growth in all PDAs, with an emphasis on growth in the PDAs along the major transit corridors. It is expected that around 70 percent of the housing production and around 55 percent of the employment growth would be accommodated within PDAs. Putting more homes and jobs near transit would provide residents and employees with increased access to jobs and services, while providing the densities needed to support more robust transit service.

The growth within the PDAs would be based on the place type proposed by the local jurisdiction and would be tied to input provided by local jurisdictions on the level of growth they can reasonably accommodate given their resources, local plans, and community support. Except for the major cities, where high-rise buildings are considered, most other places would be expected to build three- to five-story buildings of wood frame construction.

Core Concentration Scenario

This scenario builds upon the pattern of growth outlined in the Focused Growth scenario, but shifts additional growth toward the regional and city centers in the Inner Bay Area, to take advantage of the core transit network. This would result in a more compact development pattern, but within reasonable financial constraints. By concentrating more growth in the city centers and regional centers, it goes even further than the Focused Growth scenario in trying to maximize the use of the existing transit network and provide access to jobs and services to most of the population. It would include a higher number of steel frame buildings and higher densities in regional and city centers than in the Focused Growth or Outer Bay Area Growth scenarios.

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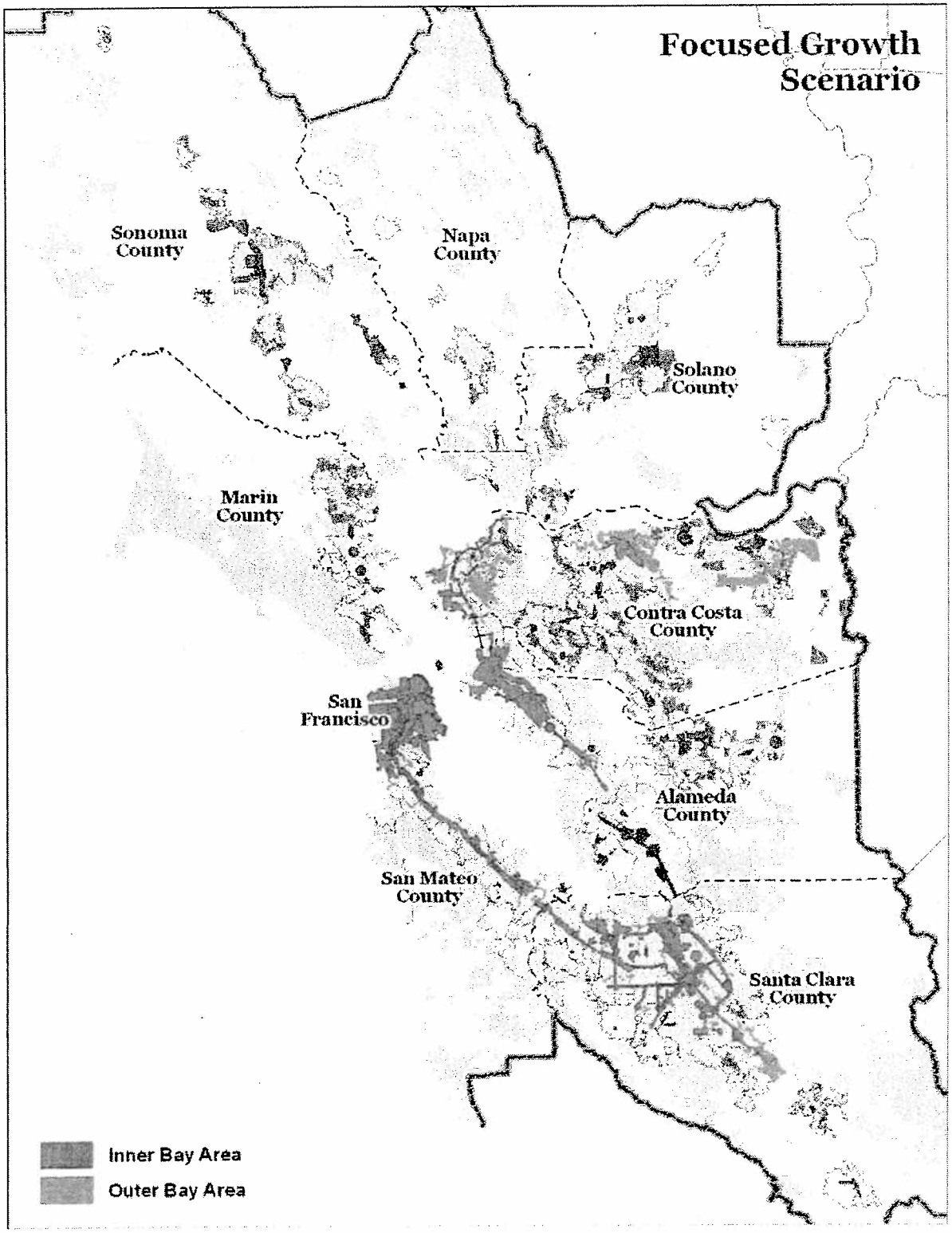
[1] ABAG/MTC staff expect to expand the PDA framework to incorporate the Growth Opportunity Areas that were identified during development of the Initial Vision Scenario. As a result, the term PDAs in this context refers to both PDAs and Growth Opportunity Areas.


Focused Growth Scenario
Sonoma County
Napa County
Solano County
Marin County
Contra Costa County
San Francisco
Alameda County
San Mateo County
Santa Clara County
Inner Bay Area
Outer Bay Area

Outer Bay Area Growth Scenario

This scenario also builds upon the Focused Growth scenario, but incorporates a regional employment analysis to address higher levels of growth in PDAs in the Outer Bay Area than those considered in Focused Growth and Core Concentration. Most of the housing production and employment growth would still be accommodated in the Inner Bay Area. However, this scenario would cluster jobs and housing in key transit-served locations as a way to promote economic development and greater access to services and amenities in the Outer Bay Area. Office parks in the Outer Bay Area would be assumed to grow faster in this scenario than the others and would be supported by increased density of PDAs and cities in the Outer Bay Area. While increased use of public transit would be very limited in the Outer Bay Area, some shorter commutes could be expected as jobs are created closer to some primarily residential communities. This scenario would consider intensifying existing office parks, downtown centers, and PDAs in the Outer Bay Area through construction of three- to five-story buildings and town houses.

Scenario Assumptions

All of the scenarios are developed based on growth and land use assumptions that pursue a pattern of sustainable and equitable development. These assumptions guide the scale and location of jobs, housing, and services included in the scenarios.

Community Building

- *Complete communities:* The SCS is intended to pursue the development and strengthening of complete communities to enhance the quality of life in all neighborhoods and centers throughout the region. Some places already have strong complete communities and could accommodate additional population; other places could accommodate growth but need additional support to strengthen their urban qualities. PDAs emphasize residents' access to transit, jobs, stores, quality schools, health services, and entertainment. They also encourage focused employment growth supported by transit, services, and amenities, with the exception of industrial and agricultural employment that have specific land and road requirements. The purpose of the complete communities framework is to use the PDA development process to enhance the quality of life for all residents and workers, current and future, without displacing the existing community. The alternative scenarios will identify some of the policies and investments required to achieve a complete community in each PDA.

  Some of the growth in each of the alternative scenarios will also be directed to areas outside of the PDAs that have the characteristics of a complete community. The proportion of growth outside of the PDAs will vary across the three constrained scenarios, depending on the extent to which growth is concentrated in the core of the Inner Bay Area. In all three scenarios, this non-PDA growth will be distributed based, in part, on factors that contribute to neighborhood quality of life, such as access to jobs, transit, services, and quality schools.

- *Place types*: In order to recognize the diversity of places with various development expectations throughout the region, we have defined ten different place types that capture a wide range of urban and rural qualities. Each place type identifies spatial, economic, and social qualities such as the concentration of jobs and housing, levels of transit service, range of building heights and densities, and the diversity of shops and services. Local jurisdictions have chosen a place type for each PDA according to the vision of growth and development they want to pursue in the area. For example, Sonoma has chosen The Springs as a *Rural Mixed-Use Corridor*, cities in San Mateo County and Alameda County have designated portions of the Grand Boulevard and San Pablo Avenue corridor as *Mixed-Use Corridors*, Santa Rosa has designated its downtown as a *City Center*, and San Jose has designated its downtown as a *Regional Center*. The designated place types will guide the distribution of growth in the alternative scenarios. Overall, more growth will be expected in regional and city centers, which will have more buildings of three to ten stories. Less growth will go to rural towns and transit neighborhoods, where most growth will be in townhouses and wood frame buildings of two to five stories.

Growth and Land Use

- *Total regional growth*: Total household and employment growth for the constrained scenarios remains to be defined in consultation with forecasting and regional planning experts. We expect to have a slower pace of growth in the early part of the 30-year period, with faster growth closer to 2040. Total household growth by 2040 would be within the range of 600,000 to 900,000 households. While striving to get as close to the housing need of approximately 900,000 units, the constrained housing forecast will be established based on an assessment of economic growth, financial feasibility, and reasonable planning strategies. Household growth will be forecasted by income level. Employment growth would range between 0.8 and 1.2 million additional jobs. This employment growth is lower than previous forecasts but higher than the trends over previous decades.

- *Population growth*: The scenarios will utilize population growth estimates informed by the 2010 Census data. Based on expected demographic changes in the region's population, it may be possible to establish different thresholds for the number of persons per household and employed residents per household in the Inner and Outer Bay Area. This is related to the growth of our senior population and minority groups. For example, given some growth of multigenerational households and some seniors aging in place, we expect higher household and employed resident density in the Inner Bay Area.

- *Housing production:* The scenarios are designed to improve the quality of housing and access to affordable housing for the entire population in the region. The production of workforce housing in PDAs will be crucial to support sustainable and equitable development. Considering the housing affordability challenges in the region, the scenarios will maximize the production of housing for the low-income and very low-income population at various place types and locations. Different levels of affordable

housing subsidies will be considered across place types. The scenarios will assume policies to retain housing affordability and minimize displacement. No decline in the very low-income or low-income population will be assumed in any of the alternatives. In alignment with the Regional Housing Need Allocation (RHNA) under state regulation, the scenarios will assume each jurisdiction will produce housing that addresses the regional needs of all income groups. No jurisdiction will be assumed to produce housing exclusively for one income group.

Employment, Environment, and Equity

- *Employment*: The scenarios will consider various options for the distribution of employment that will support economic growth across various place types. Each place type is defined by the scale and density of employment and combination of industry groups. Over the next 30 years, professional services and knowledge-based industries are expected to experience the highest growth while manufacturing will significantly slow down across the region. Major employment centers with leading industries are expected to carry a high share of the employment growth. However, scenarios will also assume that small office parks increase their employment density, services, and transit services, and small downtowns strengthen their local services.

- *Environment*: The preservation of farmland and open space can ensure that Bay Area lands will provide clean water, local food, diverse habitats to support a variety of native plants and animals, and recreational opportunities. It further presents an opportunity to remain economically viable by attracting businesses, workers, and visitors that value these lands for their contribution to the quality of life in the Bay Area. To support the goal of open space and agricultural preservation, the alternative scenarios maximize development in the urban footprint, with the benefit of decreasing development pressure on these lands.

- *Equity*: Social equity means increasing access to opportunities and improved quality of life for residents of all neighborhoods in the region. It is the fair and equitable distribution of economic benefits and costs, social benefits and costs, and environmental benefits and costs among all communities. This includes not only an equitable distribution of resources for current residents throughout the Bay Area, but also equitable provision of resources for future residents through an adequate supply of housing options, transit accessibility, and healthy and sustainable communities.

  Social equity is promoted in the alternative scenarios through the emphasis on encouraging growth in complete communities, both in PDAs and in the areas outside of PDAs. In addition, each of the alternative scenarios will also distribute growth in a way that ensures that each jurisdiction is planning to accommodate a minimum percent of the housing need it is expected to generate based on factors related to demographic change and household formation. The minimum threshold will be informed by the discussion and analysis at the SCS Housing Methodology Committee.[2]

[2] The SCS Housing Methodology Committee is currently considering a minimum threshold of 40 percent.

The three constrained alternative scenarios will also promote social equity by projecting a greater diversity of housing choices across jurisdictions. This is based on the concept embedded in RHNA that encourages access to affordable housing in all jurisdictions and seeks to avoid concentration of households by income. As proposed, the income allocation method gives jurisdictions that have a relatively higher proportion of households in a certain income category a smaller allocation of housing units in that same category.[3]

Consistency Between the SCS and RHNA

SB 375 requires the Regional Housing Need Allocation (RHNA) to be consistent with the SCS. To promote this consistency, the methodology for the RHNA allocation will be based on the growth pattern shown in the Preferred Scenario of the SCS. Here, we are also proposing that elements of the proposed RHNA methodology (including the minimum threshold for household growth, the use of "quality of life" factors to distribute growth, and the changes to the income distribution) be incorporated into the development of the alternative scenarios.

The alternative scenario evaluation will help inform the selection of a Preferred SCS. Once the Preferred SCS is selected, it will form the basis for the RHNA allocations to each jurisdiction for the period between 2015 and 2022 using the total housing need determination provided by the California Department of Housing and Community Development (HCD). As currently proposed, the RHNA methodology includes the following components:

- **Sustainability Component**
  - Housing and job growth in PDAs from SCS Preferred Scenario
- **Fair Share Elements**
  - Upper housing threshold (110 percent of household formation)
  - Minimum housing floor (40 percent of household formation)
  - Quality of life factors outside of PDAs
  - Income allocation (175 percent shift towards regional average)

More details about the RHNA methodology are available on the One Bay Area website at: http://www.onebayarea.org/plan_bay_area/housing.htm.

In conclusion, these assumptions translate into three major criteria for the development of the alternative scenarios:

(1) Sustainable and complete communities' growth would be captured in the PDAs, which is largely informed by input from local jurisdictions. This is expected to account for around 70 percent of the total household growth and 55 percent of employment growth.
(2) The complete community and quality of life criteria would be applied to the growth outside of PDAs and would include factors such as good transit service, high quality schools, or employment.
(3) Distribute household growth in a way that promotes social equity and a greater diversity of housing choices in all jurisdictions.

[3] The SCS Housing Methodology Committee is currently considering a 175 percent income shift.

Comment on the Unconstrained Scenarios

The **Initial Vision Scenario** was completed in March 2011 as the first approach to the SCS. This scenario assumed a strong economy and unconstrained resources for housing production. It assumed the transportation network proposed in the last Regional Transportation Plan (T2035) with a significant increase in bus service. This scenario was designed to meet the housing target. The analysis of greenhouse gas (GHG) emissions resulted in a reduction of 12 percent by 2035, which was short of the target of a 15 percent reduction.

The **Unconstrained Core Concentration** scenario modifies the Initial Vision Scenario to achieve the targeted 15 percent reduction in GHG by concentrating development in the Inner Bay Area and introducing additional land use policies and transportation investments. As with the Constrained Core Concentration scenario, this scenario shifts growth toward regional and city centers in the Inner Bay Area for a more compact development pattern by 2040. However, it also assumes a strong economy and unconstrained resources for housing production. It includes a higher number of steel frame buildings and higher densities than in the Initial Vision Scenario. For transportation, it assumes the transportation network proposed in T2035 as well as the resources needed to increase bus service and implement other transit and infrastructure investments. Overall, it maximizes the use of the existing transit network and provides improved access to jobs and services to most of the population.

OneBayArea

Date: July 5, 2011

To: MTC Planning Committee
ABAG Administrative Committee

From: Executive Director, ABAG

Re: Response to Equity Groups Regarding Sustainable Communities Strategy (SCS) Land Use Scenario Assumptions

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Overview

Social equity leaders and advocates have worked with regional agencies in the development of the equity analysis to be conducted for the alternative scenarios once they are completed. While some questions remain on the scope and indicators included in this equity analysis, it is our understanding that the main concern is related to the equity inputs in the design of the scenarios. Regional agencies staff have responded to this concern by explaining and adding specific equity components to the Focused Growth, Core Concentration, and Outer Bay Area Growth scenarios.

The Joint Committee also requested that staff develop a sixth alternative that would specifically explore issues related to equity, employment, and the environment. The details of this potential scenario are still under development through consultation with the equity groups, so a description of this option has not been included in this memo.

Forecasted Constrained Scenarios

The three moderate growth scenarios are *Focused Growth*, *Core Concentration*, and *Outer Bay Area Growth*. These three scenarios take into account reasonable planning assumptions related to funding availability. All three scenarios assume higher rates of employment growth and housing production than the Bay Area has experienced over the previous 20 years. In order to achieve these results, these scenarios assume that over the next 30 years there will be significant reforms in State and regional policies and the availability of new funding sources for affordable housing and infrastructure that replace redevelopment financing.

Land use decisions are governed by local jurisdictions and are a local responsibility. The land use assumptions utilized in the scenarios are based upon local input and strong coordination among local and regional agencies.

Land Use Patterns and Strategies

Focused Growth Scenario

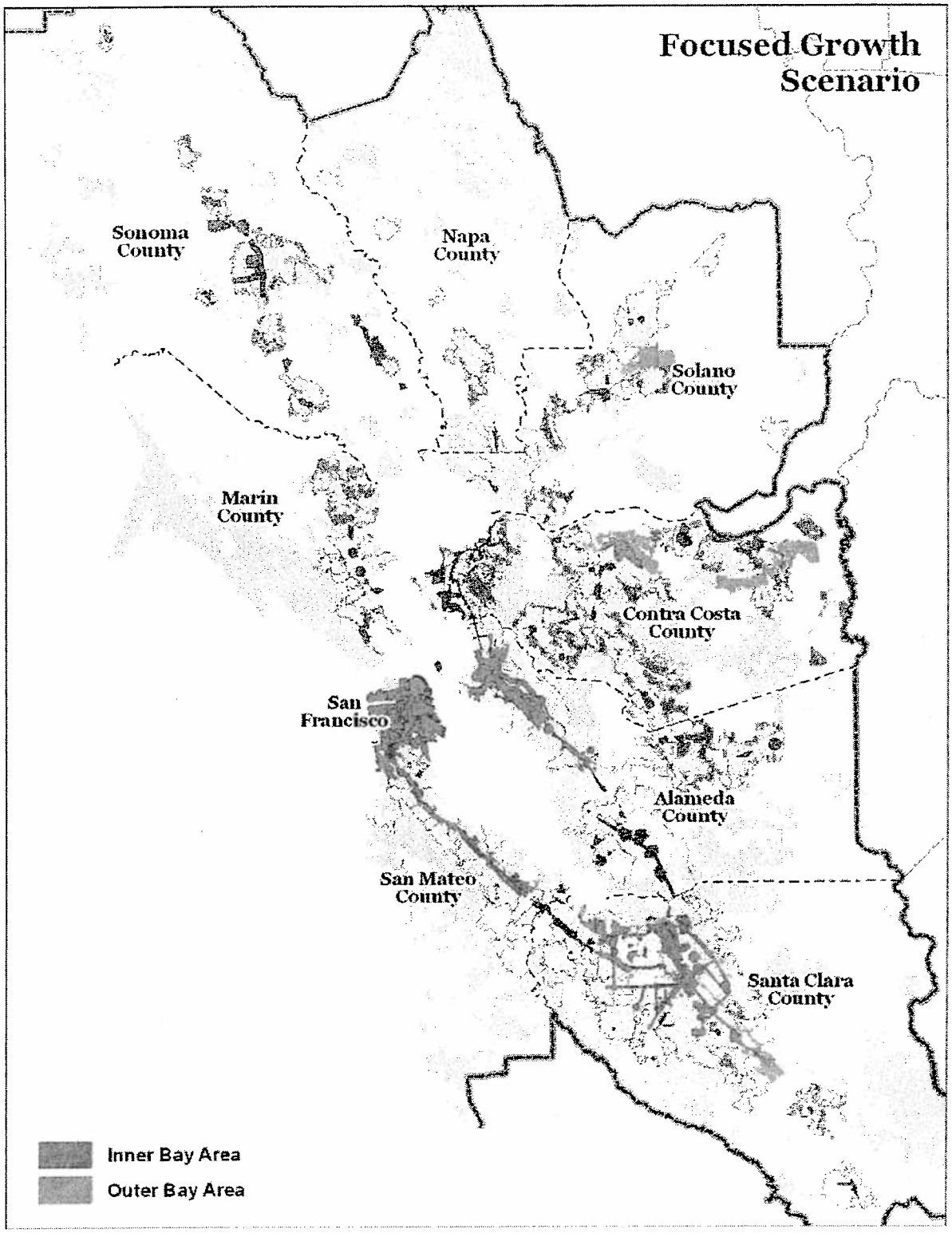
This scenario maximizes the potential of the Priority Development Areas (PDAs)[1] to accommodate household and job growth across the region with an emphasis on density along several transit corridors in the Inner Bay Area (the map on page three shows how this is defined). This scenario would intensify growth in all PDAs, with an emphasis on growth in the PDAs along the major transit corridors. It is expected that around 70 percent of the housing production and around 55 percent of the employment growth would be accommodated within PDAs. Putting more homes and jobs near transit would provide residents and employees with increased access to jobs and services, while providing the densities needed to support more robust transit service.

The growth within the PDAs would be based on the place type proposed by the local jurisdiction and would be tied to input provided by local jurisdictions on the level of growth they can reasonably accommodate given their resources, local plans, and community support. Except for the major cities, where high-rise buildings are considered, most other places would be expected to build three- to five-story buildings of wood frame construction.

Core Concentration Scenario

This scenario builds upon the pattern of growth outlined in the Focused Growth scenario, but shifts additional growth toward the regional and city centers in the Inner Bay Area, to take advantage of the core transit network. This would result in a more compact development pattern, but within reasonable financial constraints. By concentrating more growth in the city centers and regional centers, it goes even further than the Focused Growth scenario in trying to maximize the use of the existing transit network and provide access to jobs and services to most of the population. It would include a higher number of steel frame buildings and higher densities in regional and city centers than in the Focused Growth or Outer Bay Area Growth scenarios.

[1] ABAG/MTC staff expect to expand the PDA framework to incorporate the Growth Opportunity Areas that were identified during development of the Initial Vision Scenario. As a result, the term PDAs in this context refers to both PDAs and Growth Opportunity Areas.


Focused Growth Scenario
Sonoma County
Napa County
Solano County
Marin County
Contra Costa County
San Francisco
Alameda County
San Mateo County
Santa Clara County
Inner Bay Area
Outer Bay Area

Outer Bay Area Growth Scenario

This scenario also builds upon the Focused Growth scenario, but incorporates a regional employment analysis to address higher levels of growth in PDAs in the Outer Bay Area than those considered in Focused Growth and Core Concentration. Most of the housing production and employment growth would still be accommodated in the Inner Bay Area. However, this scenario would cluster jobs and housing in key transit-served locations as a way to promote economic development and greater access to services and amenities in the Outer Bay Area. Office parks in the Outer Bay Area would be assumed to grow faster in this scenario than the others and would be supported by increased density of PDAs and cities in the Outer Bay Area. While increased use of public transit would be very limited in the Outer Bay Area, some shorter commutes could be expected as jobs are created closer to some primarily residential communities. This scenario would consider intensifying existing office parks, downtown centers, and PDAs in the Outer Bay Area through construction of three- to five-story buildings and town houses.

Equity in the Constrained Alternative Scenarios

The Focused Growth, Core Concentration, and Outer Bay Area Growth scenarios address the land use components requested by the equity leaders and advocates as follows:

1. *Allocation of a substantial proportion of housing growth based on jobs, high-performing schools, transit service levels, and other indicators of opportunity:*

   The SCS will pursue the development and strengthening of complete communities to enhance the quality of life in all neighborhoods and centers throughout the region. The PDA framework, in particular, emphasizes residents' access to transit, jobs, stores, quality schools, health services, and entertainment. While many PDAs might not currently have high-performing schools or strong employment growth, the purpose of the SCS is to provide additional support to those communities to address needed improvements. The alternative scenarios will identify some of the policies and investments required to achieve strong complete communities in PDAs.

   In addition, some growth in each of the constrained alternative scenarios will be directed to areas outside of the PDAs that have the characteristics of a complete community. Growth outside of the PDAs will be distributed based, in part, on factors that contribute to neighborhood quality of life, such as access to jobs, transit, services, and quality schools. Each jurisdiction will be expected to accommodate a minimum percent of the housing need it is expected to generate based on factors related to demographic change and household formation.

The approach used would be consistent with what is adopted as part of the Regional Housing Need Allocation (RHNA) methodology for the 2015-2022 period. As currently proposed, the RHNA methodology includes the following components: housing and job growth in PDAs from SCS Preferred Scenario, an upper housing threshold (110 percent of household formation), a minimum housing floor (40 percent of household formation),

quality of life factors for growth outside of PDAs, and the income allocation (175 percent shift towards regional average)[2]

2. *Allocate extremely low, very-low, and low income housing units to cities with low numbers of low-income residents:*

   All three constrained alternative scenarios will address this equity objective by projecting a greater diversity of housing choices across jurisdictions, which is also part of the proposed RHNA methodology described above. As proposed, the income allocation method gives jurisdictions that have a relatively higher proportion of households in a certain income category a smaller allocation of housing units in that same category. Conversely, jurisdictions that have a lower proportion of households in an income category would receive a larger allocation of housing units in that same category.

The Focused Growth, Core Concentration, and Outer Bay Area Growth scenarios emphasize different equity approaches based on the underlying land use pattern. The Core Concentration scenario will provide greater access to jobs and services to a higher share of the low-income population than the other scenarios given the concentration of growth in the Inner Bay Area. The Outer Bay Area Growth scenario would increase employment opportunities and access to services and amenities for the predominantly residential neighborhoods in the Outer Bay Area. By accommodating more moderate levels of growth in PDAs throughout the region, the Focused Growth scenario provides a balance between these approaches.

[2] More details about the RHNA methodology are available on the One Bay Area website at: http://www.onebayarea.org/plan_bay_area/housing.htm.