TO: Joint MTC Planning Committee with the ABAG Administrative Committee

DATE: September 2, 2016

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

RE: Plan Bay Area 2040: Draft Preferred Scenario – Preliminary Results for Performance Targets and Equity Measures

Background

Earlier this year, MTC and ABAG evaluated three alternative land use and transportation scenarios to better understand the effects of various strategies on the adopted goals and performance targets of Plan Bay Area 2040 (PBA 2040). Since then, staff has incorporated feedback received from the public and from policymakers to craft a *Draft Preferred Scenario* (discussed in the prior agenda items). Similar to the alternative scenarios, the *Draft Preferred Scenario* was evaluated against the thirteen performance targets, as well as six associated equity measures, to identify strengths and shortcomings with this latest iteration.

Each target and equity measure compares baseline conditions with future conditions to understand whether the region is expected to move in the right or wrong direction under a given scenario. It is important to note that the target and equity measure results discussed in this item remain preliminary until finalized later this fall, when all scenarios will be consistently evaluated against the 2040 Plan horizon year as specified in the approved targets methodology.

Draft Preferred Scenario: Preliminary Results

As the Draft Preferred Scenario combines elements and strategies from the earlier round of scenario evaluation, its performance remains in a similar range. Ultimately, the Draft Preferred Scenario generated the following results when compared to the Plan performance targets:

- **Exceeded or achieved 5 targets:** Climate Protection, Adequate Housing, Open Space and Agricultural Preservation, Middle-Wage Job Creation, Goods Movement/Congestion Reduction
- **Moving in the right direction for 5 targets:** Healthy and Safe Communities, Affordable Housing, Non-Auto Mode Share, Road Maintenance, Transit Maintenance
- **Moving in the wrong direction for 3 targets:** Housing + Transportation Affordability, Risk of Displacement, Access to Jobs

A more detailed breakdown of target results is included in **Attachment 1**, alongside results from previously analyzed scenarios.

In addition to analyzing the thirteen performance targets for the Plan, six of these targets were designated as equity measures for the purpose of the PBA 2040 Equity Analysis. The equity measures can be analyzed by income bracket or by geography in order to compare disadvantaged communities (either low-income households, lower-income households, or Communities of Concern, depending on the measure) with non-disadvantaged communities. **Attachment 2** summarizes the PBA 2040 equity measure results for each of the scenarios, showing that the Draft Preferred Scenario yields the strongest equity results for Displacement Risks and Access to Jobs and the weakest results for Housing + Transportation Affordability and Affordable Housing.

Results Discussion
Notably, the Draft Preferred Scenario performs well in terms of addressing climate change and protecting the natural environment. With per-capita greenhouse gas emissions results on par with the Connected Neighborhoods Scenario, the Draft Preferred Scenario exceeds the Senate Bill 375 greenhouse gas emissions target for year 2035 – thanks in part to robust funding of the Climate Initiatives Program. Similarly, the Draft Preferred Scenario results in nearly 12,000 fewer acres of greenfield development than under the No Project scenario, fully achieving the ambitious 100 percent agricultural preservation target.

Fiscal constraint makes it difficult to achieve other ambitious targets, however. Without new funding sources to construct significant numbers of affordable housing units, the Draft Preferred Scenario yields results similar to other previously-analyzed scenarios – only slightly growing the existing share of affordable housing in PDA, transit-rich, or high-opportunity communities (rather than doubling it per the adopted target). Limited funding also makes it difficult to maintain and modernize the region's aging transportation infrastructure. While the Draft Preferred Scenario substantially improves infrastructure conditions for motorists and transit users, it does not achieve an ideal state of good repair by year 2040. Without regional funding for highway maintenance, its performance remains significantly lower than in the Main Streets Scenario previously evaluated. At the same time, the "Fix It First" emphasis means that only 10 percent of funds remain to expand capacity-constrained freeways and transit lines, resulting in limited performance improvements for travel mode shift, public health and access to jobs.

Displacement risk and affordability remain the most vexing regional challenges under the Draft Preferred Scenario. While the latest scenario performs better than any other scenario previously analyzed for displacement risk – notably reducing the number of at-risk households by 63,000 compared to No Project conditions – it still results in elevated risk levels compared to year 2010. Displacement risk increases are forecasted to be significantly greater outside Communities of Concern in the Draft Preferred Scenario, avoiding the adverse impacts of the Big Cities Scenario in many urban low-income neighborhoods. At the same time, affordability impacts will continue to hit hardest for lower-income households. While lower-income households are expected to be most adversely affected by increasing rents and home prices, the Draft Preferred Scenario indicates that this impact will affect residents at all income levels to some degree. In summary, the performance results indicate that much more work remains to be done on the local and regional levels – as well as through federal and state policy – to tackle the Bay Area's ongoing affordability crisis in the coming years.

Next Steps
Staff will present updated performance results later this year as MTC and ABAG move closer to a preferred scenario for PBA 2040. The preferred scenario adoption is expected in November 2016, which will advance the project into the environmental review phase.

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Attachments

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Draft Performance Target Results

	Goal		Target*	%	No Project	Main Streets	Connected Neighbor-hoods	Big Cities	Draft Preferred
	Climate Protection	1	Reduce per-capita CO2 emissions	-15%	-5%	-15%	-18%	-20%	-18%
	Adequate Housing	2	House the region's population	100%	100%	100%	100%	100%	100%
	Healthy and Safe Communities	3	Reduce adverse health impacts	-10%	-0%	-0%	-1%	-1%	-1%
	Open Space and Agricultural Preservation	4	Direct development within urban footprint	100%	87%	91%	100%	100%	100%
	Equitable Access	5	Decrease H+T share for lower -income households	-10%	+14%	+13%	+13%	+13%	+13%
		6	Increase share of affordable housing	+15%	+1%	+1%	+1%	+0%	+1%
		7	Do not increase share of households at risk of displacement	+0%	+18%	+11%	+13%	+15%	+9%
	Economic Vitality	8	Increase share of jobs accessible in congested conditions	+20%	-2%	-1%	-1%	-1%	-0%
		9	Increase jobs in middle-wage industries	+38%	+43%	+43%	+43%	+43%	+43%
		10	Reduce per-capita delay on freight network	-20%	+14%	-22%	-14%	-35%	-28%
	Transportation System Effectiveness	11	Increase non-auto mode share	+10%	+2%	+2%	+3%	+4%	+3%
		12	Reduce vehicle O&M costs due to pavement conditions	-100%	+46%	-66%	-9%	+15%	-16%
		13	Reduce per-rider transit delay due to aged infrastructure	-100%	-59%	-77%	-78%	-80%	-78%

Notes: *Target results are subject to change as scenarios are further refined this fall. Note that select targets have not yet been analyzed for the final horizon year of 2040 and are currently using year 2035 as the best available proxy. Final target results released in fall 2016 will reflect the ultimate horizon year. Complete target language as adopted by the Commission and ABAG Board can be found at http://planbayarea.org/the-plan/plan-details/goals-and-targets.html. Target language shown above is summarized for brevity.

Symbols used in summary tables:

Performance moving in wrong direction from target

Performance moving in right direction, but falls well short of target

Target achieved

Draft Results for Equity Measures

	Equity Measures	Geography	%	No Project	Main Streets	Connected Neighbor-hoods	Big Cities	Draft Preferred
3	Reduce Adverse Health Impacts	High-Income Households	-10%	-1%	-1%	-1%	-1%	-1%
		Low-Income Households		-0%	-1%	-1%	-1%	-1%
5	Decrease H+T share for lower -income households	Higher-Income Households	-10%	+4%	+4%	+4%	+4%	+4%
		Lower-Income Households		+14%	+13%	+13%	+13%	+13%
6	Increase share of affordable housing	Outside Communities of Concern	+15%	+0%	+1%	+2%	+2%	+1%
		Inside Communities of Concern		+1%	+0%	+0%	-2%	-1%
7	Do not increase share of households at risk of displacement	Outside Communities of Concern	+0%	+20%	+19%	+18%	+14%	+14%
		Inside Communities of Concern		+16%	-4%	+4%	+19%	+1%
8	Increase share of jobs accessible in congested conditions	Outside Communities of Concern	+20%	-2%	-1%	-1%	-1%	-1%
		Inside Communities of Concern		-1%	-0%	-0%	-2%	+0%
9	Increase jobs in middle-wage industries	Outside Communities of Concern	+43%	+43%	+43%	+43%	+43%	+43%
		Inside Communities of Concern		+43%	+43%	+43%	+43%	+43%

Notes: Equity measure results are subject to change as scenarios are further refined this fall. Note that select equity measures have not yet been analyzed for the final horizon year of 2040 and are currently using year 2035 as the best available proxy. Final equity measure results released in fall 2016 will reflect the ultimate horizon year. For equity measures #3 and #5, low-income households earn less than $30,000 in year 2000 dollars, lower-income households earn less than $60,000 in year 2000 dollars, high-income households earn more than $100,000 in year 2000 dollars, and higher-income households earn more than $60,000 in year 2000 dollars. For equity measures #6 and #7, the measures are specific to Priority Development Areas, Transit Priority Areas, or High-Opportunity Areas. Note that Communities of Concern do not generally overlap with High-Opportunity Areas.

Symbols used in summary tables:

- **Stronger** performance in Communities of Concern or for lower-income households
- **Weaker** performance in Communities of Concern or for lower-income households
- **Similar** performance in Communities or Concern or for lower-income households