TO: MTC Commissioners
ABAG Administrative Committee

DATE: June 16, 2011

FR: Executive Director, MTC
Executive Director, ABAG

RE: Plan Bay Area: Proposed Alternative Scenarios

Staff requests that the MTC Commission and ABAG's Administrative Committee approve moving forward on evaluation of the proposed five scenarios, which are constructed from five land use options, three transportation options, and several policy initiatives, to demonstrate how the region might achieve its adopted performance targets. Your approval of these proposed alternative scenarios will allow staff to begin defining detailed land use patterns and transportation networks and performing the technical work that will guide the development and selection of a draft preferred Sustainable Communities Strategy (SCS) early next calendar year.

This memorandum primarily addresses two subjects raised by recent public comments. First, we address the question of the region's responsibilities for housing future population growth under SB 375. Second, staff is not recommending including a separate "equity, environment, and jobs" scenario as requested by several advocacy groups for reasons described later in this memorandum.

Statutory Housing Requirements

The development of alternative scenarios is intended to lead to the selection of the Preferred Land Use Scenario by early 2012. Under the SB 375 statute, the land use scenario must be a "forecasted development pattern for the region" that is feasible to achieve, and it is further subject to federal reasonableness requirements that are imposed on the Regional Transportation Plan (RTP). In addition, SB 375 requires the regional agencies to "identify areas within the region sufficient to house all the population of the region, including all economic segments of the population, over the course of the planning period of the regional transportation plan taking into account net migration into the region, population growth, household formation and employment growth." MTC and ABAG staffs note that both Option #1 (the Initial Vision Scenario) and Option #2 (the Core Concentration Scenario) address this latter requirement by virtue of the fact that they are "unconstrained," meaning that these scenarios do not take into account economic market feasibility, entitlement issues, and deficits in public investment that are needed to support such elevated levels of housing construction.

Land Use Options #3 through #5 will be designed to meet the forecasted and reasonable assumption standard for the land use development pattern that must be taken into account when choosing the Preferred Land Use Scenario. Nonetheless, the unconstrained and aspirational nature of Options #1 and #2 will provide a great deal of information that will be useful in constructing a forecasted Preferred Land Use Scenario.

Item 3

All of the proposed alternative scenarios utilize the Priority Development Area (PDA) framework that the region and local communities have been developing over the last five years. This framework has a strong emphasis on social equity that is achieved through neighborhood-level planning for the development of "Complete Communities." In addition, all of the alternative scenarios will assume that the ABAG Executive Board adopts a Regional Housing Needs Allocation (RHNA) methodology that continues to use the strategy known as the "175 percent income redistribution". This part of the RHNA methodology shifts the income distribution in each jurisdiction to be more similar to the region's income distribution. It 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. This ensures that communities with a high percentage of households in the above-moderate income category plan for housing affordable to very low-, low-, and moderate-income households. Correspondingly, it ensures that communities with a high percentage of lower income households are not overburdened with the provision of affordable housing. The Complete Community framework, along with the affordable housing strategy of RHNA, is the primary method by which social equity is built into the land use scenarios.

Staff has been working over the last three months with our respective advisory committees to define conceptual alternative scenarios that demonstrate how the region can achieve the greenhouse gas (GHG), housing, and other adopted performance targets. While the Initial Vision Scenario (IVS), gets us close to the greenhouse gas targets, it still falls short of the GHG and other targets adopted by MTC and ABAG.

Since the release of the IVS, staff has been focused on defining alternative scenarios reflecting varying land use options, with supportive transportation investment and policy options, to demonstrate how the Bay Area can achieve its 15 percent per-capita greenhouse gas emission reduction target, stipulated by the California Air Resources Board, and other ABAG/MTC adopted performance targets. Staff has identified a range of alternative scenarios that feature different combinations of land use, transportation investments, and policy strategies. The intent of the scenario evaluation is to find the right combination of strategies that maximize target achievement and support a draft preferred SCS.

MTC and ABAG staffs have been reviewing various alternative scenario concepts with our SCS Regional Advisory Working Group and Partnership Technical Advisory Committee since April 2011. In addition, we also received feedback through the Plan Bay Area/You Choose Bay Area public workshops that concluded in May 2011. Staff also sought comments from ABAG's Regional Planning Committee and MTC's Policy Advisory Council in June 2011. Lastly, we have held two joint MTC Planning Committee and ABAG Administrative Committee meetings on the alternative scenarios in May and June 2011.

The five proposed land use options reflect the need to achieve to the extent practicable the MTC/ABAG performance targets and meet the realism requirements of SB 375. Transportation funding constraints are relatively well understood and have been a primary investment and policy consideration in previous RTPs. The development of a Sustainable Communities Strategy as part of the next Regional Transportation Plan requires that the regional agencies work to (1) identify a sustainable land development pattern; (2) identify the constraints to the preferred land development pattern; and (3) provide a forecast that outlines what level of development can be expected based upon reasonable planning assumptions related to funding availability, policy or

regulatory impediments and market constraints. Inadequate funding for affordable housing, neighborhood infrastructure, and market factors within various communities and sub-regions, as well as other funding and policy constraints, are likely to yield a gap between identified housing need and housing production.

Proposed Social Equity Scenario

Several advocacy groups, in addition to MTC's Policy Advisory Council, have requested that we include a separate social equity scenario "that maximizes social equity." Key components of the equity scenario requested by the advocacy groups would include "maximizing funds needed to operate local transit service while providing affordable housing in job-rich suburban communities and in the urban core."

To the extent that your adopted performance targets (see Attachment A) are rooted in the same concept of balancing the "Three Es" (Equity, Environment and Economy), staff believes that the key components of the advocates' proposed equity scenario will be adequately addressed in all the staff-proposed scenarios in four ways.

First, several of the adopted performance targets have equity elements intended to address current priority concerns:

- Target 2: House 100% of the region's projected 25-year growth by income level (very-low, low, moderate, above-moderate) without displacing current low-income residents
- Target 3: Achieve greater particulate-matter reductions in highly impacted areas
- Target 7: Decrease by 10% the share of low-income and lower-middle income residents' household income consumed by transportation and housing

Second, all of the staff-proposed scenarios are designed to address social equity elements sought by the advocacy groups:

- focus more housing and job growth in the urbanized areas or job-rich suburban areas with established transit systems
- distribute the housing demand among all economic sectors
- minimize displacement of established communities
- identify resources and policies that support more workforce housing in urban areas
- support effective local transit service in job-rich suburban communities as well as in Priority Development Areas and locally defined growth opportunity areas in the inner Bay Area

Third, staff will be conducting a stand-alone equity analysis of all the scenarios. This analysis will evaluate how the scenarios distribute benefits and burdens between various populations of concern and the rest of the region. While the targets analysis will reveal how the scenarios perform in addressing current disparities affecting certain target populations within the broader policy context of the Three Es, the results of the equity analysis should reveal which scenario(s) performs best overall with respect to maximizing distributive equity benefits while minimizing burdens across a range of five equity performance measures staff is developing with the SCS Equity Working Group (see Attachment B).

Finally, staff proposes to use key elements of the Regional Housing Needs Allocation (RHNA) methodology to inform the housing distribution in the alternative scenarios. As noted above, this primarily includes the 175 percent income redistribution that adjusts jurisdictions' initial proportion of households in each income category by 175 percent of the difference between their

proportion and the regional distribution. It will also include a consideration of growth outside of, but proximate to, PDAs and Growth Opportunity Areas that on a more modest scale could serve to complement and reinforce a pattern of focused growth in the region while also providing additional housing in communities that provide access to transit and employment as well as high quality schools, services and amenities.

In addition to a separate social equity scenario assessment, advocacy organizations have requested that we ensure that all of the alternative scenarios "advance social equity outcomes." Staff supports this approach. Staff's primary equity goal is to plan and develop Priority Development Areas as Complete Communities, working with jurisdictions to identify their critical investment and policy needs to support both existing and future residents. These needs will be addressed moving forward and form the basis for discussion of the subsidies and investments needed to produce a realistic preferred scenario.

In conclusion, staff does not recommend that we structure a stand-alone "equity" scenario, nor do we recommend that we develop an "economy" or "environmental" scenario. The Three Es provide a useful framework for evaluating all the scenarios we have proposed, and bringing these three values into the best possible balance will be the key challenge for MTC and ABAG policy makers in identifying a preferred SCS scenario by early 2012.

Other Public Comments Heard

Staff received other public comments requesting consideration of specific elements in the proposed alternative scenarios. These comments and staff responses are all discussed in Attachment C.

Next Steps

Once the scenarios have been approved for evaluation, staff will begin defining detailed land use/transportation scenario combinations and conducting the necessary technical work. We also expect that some of the alternative concepts may evolve over time as performance information is developed.

Staff will conduct the technical analysis between July and September 2011, and we will present the scenario analysis and results to the joint MTC Planning and ABAG Administrative Committees in October 2011. This will mark the beginning of a public process to review and comment on the alternative scenarios. Input received will help us identify a draft preferred scenario that is slated for approval by MTC and ABAG in early 2012. Following that step, the draft preferred scenario would be subject to environmental review and other analyses throughout the remainder of 2012. Plan Bay Area is slated for final adoption in April 2013.

Steve Heminger

Ezra Rapport

SH/ER:DK

J:\COMMITTE\Commission\2011\06 - June 2011\ProposedAlternativeScenario_finaldraft.ADW.06.16.11_1.doc

Attachment A

Adopted Performance Targets

GOAL: CLIMATE PROTECTION	
Target #1:	Reduce per-capita CO_2 emissions from cars and light-duty trucks by 15%
GOAL: ADEQUATE HOUSING	
Target #2:	House 100% of the region's projected 25-year growth by income level (very-low, low, moderate, above-moderate) without displacing current low-income residents
GOAL: HEALTHY AND SAFE COMMUNITIES	
Target #3:	Reduce premature deaths from exposure to particulate emissions: • Reduce premature deaths from exposure to fine particulates (PM2.5) by 10% • Reduce coarse particulate emissions (PM10) by 30% • Achieve greater reductions in highly impacted areas Associated Indicators * • Incidence of asthma attributable to particulate emissions • Diesel particulate emissions *MTC, ABAG and the BAAQMD will monitor the indicators by collecting data on actual conditions over time. These are distinguished from the targets, which will be forecast for the scenarios in 2011 using regional land use, travel and air quality models.
Target #4:	Reduce by 50% the number of injuries and fatalities from all collisions (including bike and pedestrian)
Target #5:	Increase the average daily time walking or biking per person for transportation by 60% (for an average of 15 minutes per person per day)
GOAL: OPEN SPACE AND AGRICULTURAL PRESERVATION	
Target #6:	Direct all non-agricultural development within the ~~current~~ urban footprint (existing urban development and urban growth boundaries)
GOAL: EQUITABLE ACCESS	
Target #7:	Decrease by 10% the share of low-income and lower-middle income residents' household income consumed by transportation and housing
GOAL: ECONOMIC VITALITY	
Target #8:	Increase gross regional product (GRP) by 90% – an average annual growth rate of approximately 2% (in current dollars)
GOAL: TRANSPORTATION SYSTEM EFFECTIVENESS	
Target #9:	• Decrease average per-trip travel time by 10% for non-auto modes • Decrease automobile vehicle miles traveled per capita by 10%
Target #10:	Maintain the transportation system in a state of good repair: • Increase local road pavement condition index (PCI) to 75 or better • Decrease distressed lane-miles of state highways to less than 10% of total lane-miles • Reduce average transit asset age to 50% of useful life

Attachment B: Proposed Equity Analysis Measures

Theme/Measure	Key Questions Addressed	Proposed Target Population Breakout
Theme: Affordable Housing and Transportation Choices		
1. Housing + Transportation Affordability	• *Which scenario(s) reduce the share of income spent on housing and transportation by the greatest amount for the target population?* • *Which scenario(s) provide similar or better results for the target population compared to the rest of the population?*	• Low-income households (all) vs. non-low-income households • Low-income/minority communities of concern vs. remainder of region • Limited English proficiency/limited educational attainment communities vs. remainder of region • Low-mobility communities vs. remainder of region
Theme: Growing Equitably		
2. Displacement Analysis	• *Which scenario(s) result in zero displacement of low-income households?* • *Which scenario(s) accommodate the greatest number of low-income households?*	• Low-income households (all)
Theme: Making the Jobs/Housing Connection		
3. Jobs-Housing Fit Analysis	• *Which scenario(s) provide the best fit for low-income households and entry-level jobs?*	• Low-income households (all)
Theme: Healthy Communities		
4. Vehicle Emissions (PM2.5 and PM10)	• *Which scenario(s) reduce emissions by the greatest amount for the target populations?* • *Which scenario(s) provide similar or better results for the target populations compared to the rest of the population?*	• Low-income/minority communities of concern vs. remainder of region • Limited English proficiency/limited educational attainment communities vs. remainder of region • Low-mobility communities vs. remainder of region
Theme: Equitable Mobility		
5. Non-commute Travel Time	• *Which scenario(s) reduce average trip time to non-work destinations by the greatest amount for the target populations?* • *Which scenario(s) provide similar or better results for the target populations compared to the rest of the population?*	• Low-income households (all) vs. non-low-income households • Low-income/minority communities of concern vs. remainder of region • Limited English proficiency/limited educational attainment communities vs. remainder of region • Low-mobility communities vs. remainder of region

Attachment C

Responses to Additional Comments Related to Scenarios

1. Comment: Maximize social equity to the set of alternatives that MTC and ABAG will develop and analyze.

Response: The results of the equity analysis should provide a meaningful accounting not just of each scenario overall but also of the equity trade-offs *within* each scenario. Staff will then be able to consider these results in the development of a Preferred SCS Scenario, which will also be subject to another equity analysis before the final Plan Bay Area is adopted.

2. Comment: Distribute a substantial proportion of overall housing growth to communities based on job density, high-performing schools, and transit services.

Response: SB 375 requires that the new 8-year Regional Housing Needs Allocation (RHNA – covering the years 2014 - 2022) be consistent with the SCS. ABAG is currently developing a RHNA methodology that may include several of these measures as part of its housing allocation formula. The approach being developed for areas outside of PDAs and Growth Opportunity Areas through the RHNA methodology will inform the alternative scenarios.

3. Comment: Allocate to cities with disproportionately low numbers of lower-income residents a proportionately higher percentage of lower income housing.

Response: RHNA is required by law to allocate housing among all income sectors. Staff proposes to use key elements of the Regional Housing Needs Allocation (RHNA) methodology to inform the housing distribution in the alternative scenarios. This primarily includes the 175 percent income redistribution that adjusts jurisdictions' initial proportion of households in each income category by 175 percent of the difference between their proportion and the regional distribution.

4. Comment: Maximize local transit services in lower income communities.

Response: The land use scenarios developed by staff will identify housing demand across all income sectors. The local transit services defined in the transportation scenarios will be designed to support the land use options.

5. Comment: Prioritize transit funds for rehabilitation rather than expansion.

Response: The transportation scenarios will evaluate several combinations of transit maintenance and expansion combinations. The Commission will then assess appropriate funding levels for each after trade-off discussions prior to making any investment decisions starting in fall 2011.

6. Comment: Include only the most cost-effective transit expansion projects.

Response: Our project performance evaluation will assess cost-effectiveness of all transit expansion projects over $50 million.

7. Comment: Give more local streets and roads funding to those cities providing more low-income housing.

Response: This comment will be addressed by a financial incentive proposal that the regional agencies will release for public review in July 2011.

8. Comment: Every scenario should strive to maximize housing production for a strong economy.

Response: We agree.

9. Comment: Design scenarios to meet housing target and identify barriers to target achievement.

Response: Our goal is to try and achieve the housing goal with each scenario. However, it is unlikely that the constrained scenarios will meet the housing target due to financial and policy constraints. Policy tools and funding measures will be defined to ensure viability of the various land use options.

10. Comment: Ensure the land-use scenarios achieve social equity goals.

Response: Each alternative scenario will be analyzed against a comprehensive set of Performance Targets and Equity Measures. All of the Scenarios will assume an affordable housing strategy known as the "175% income redistribution" that is part of the Regional Housing Needs Allocation (RHNA) process. This part of the RHNA methodology serves to ensure that housing is planned for very low, low, and moderate income households in communities with a high percentage of households in the above-moderate income category. Correspondingly it ensures that communities with a high percentage of lower income households are not overburdened with the provision of affordable housing.

12. Comment: Conduct a sensitivity analysis as part of the scenario assessments that models only transit service levels can be afforded.

Response: Past long-range plans have modeled the continuation of existing service levels. In Transportation 2035, there was a projected shortfall for existing service levels given the assumptions about cost growth and fare revenue growth provided by transit operators. The Commission launched the Transit Sustainability Project (TSP) soon after Transportation 2035 was adopted to better understand and identify solutions to create a more sustainable transit system for the Bay Area. The TSP is exploring cost containment strategies, revenue options, and service levels. The scenario assessments for Plan Bay Area will, to the extent possible, model transit service levels that are within the financial envelope assumed for the scenario. The methodology for this assessment will likely include cost, fare revenue, and service level assumptions, and will be applied to the scenario evaluation.

13. Comment: Consider job gains/losses/access impacts in the project performance assessment.

Response: We will measure gross regional product (GRP) as our economic development target (see Target #9). The GRP calculation will take into consideration the impacts of changes in access to jobs and travel time on business productivity, employment and wages. The project performance assessment will also consider improvements in access to jobs.

14. Comment: Include an Express Lane network that focuses on lane conversion and decreases transportation costs for low income commuters through net revenues that can pay for increased transit services.

Response: MTC staff is currently re-assessing the cost and feasibility of a toll-supported Express Lane network. Staff expects to bring a proposed CTC application to the MTC Planning Committee in September that will feature a smaller network than is included in the Transportation 2035 Plan. The CTC will be asked to authorize MTC, by the end of 2011, to develop the network. Staff will also analyze the network proposed in the CTC application in the Plan Bay Area project performance assessment. Given the Bay Area's extensive existing HOV system, the Express Lane network will consist predominantly of converted HOV lanes rather than newly constructed express lanes.

15. Comment: Modify the Initial Vision Scenario (IVS) to include appropriate Policy Initiatives.

Response: The recommended five land use scenarios are designed to incorporate most of the IVS growth assumptions. The Policy Initiatives will be assessed and then applied to the various scenario combinations.

16. Comment: Post details about each scenario definition and outcomes.

Response: Staff will post alternative scenario definitions on OneBayArea.org as they are developed in July/August 2011, and we will have robust discussions on both scenario definitions and results starting in October 2011.