AGENDA

ADMINISTRATIVE COMMITTEE
Friday, July 8, 2011, 10:00 AM to 12:00 PM
Special Meeting

Location
MetroCenter, 101—8th Street, Auditorium, Oakland, CA

For additional information, please call:
Fred Castro, (510) 464 7913

Agenda and attachments available at:
www.abag.ca.gov

1. **Call to Order**
2. **Plan Bay Area. Joint Meeting with Metropolitan Transportation Commission. [Combined Agenda Item 2]**
   A. **OneBayArea Grant Proposal****
   Information/ACTION. Doug Kimsey, MTC Planning Director, and Craig Goldblatt, MTC Planning Staff Member, will provide an overview of a proposed consolidated grant program to be considered for Plan Bay Area and will request that the Committees approve its release for public review.

   B. **Defining Alternative Scenarios****
   Information/ACTION. Doug Kimsey, MTC Planning Director, and Ken Kirkey, ABAG Planning Director, seek Committees' approval on addressing social equity in the Alternative Scenarios assessment that will occur over the Summer 2011, leading to selection of a preferred SCS in February 2012.

Committee may act on any item on this agenda. **Attachment included.

3. Public Comment

4. Adjournment

Ezra Rapport
Secretary-Treasurer

Committee may act on any item on this agenda. **Attachment included.

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

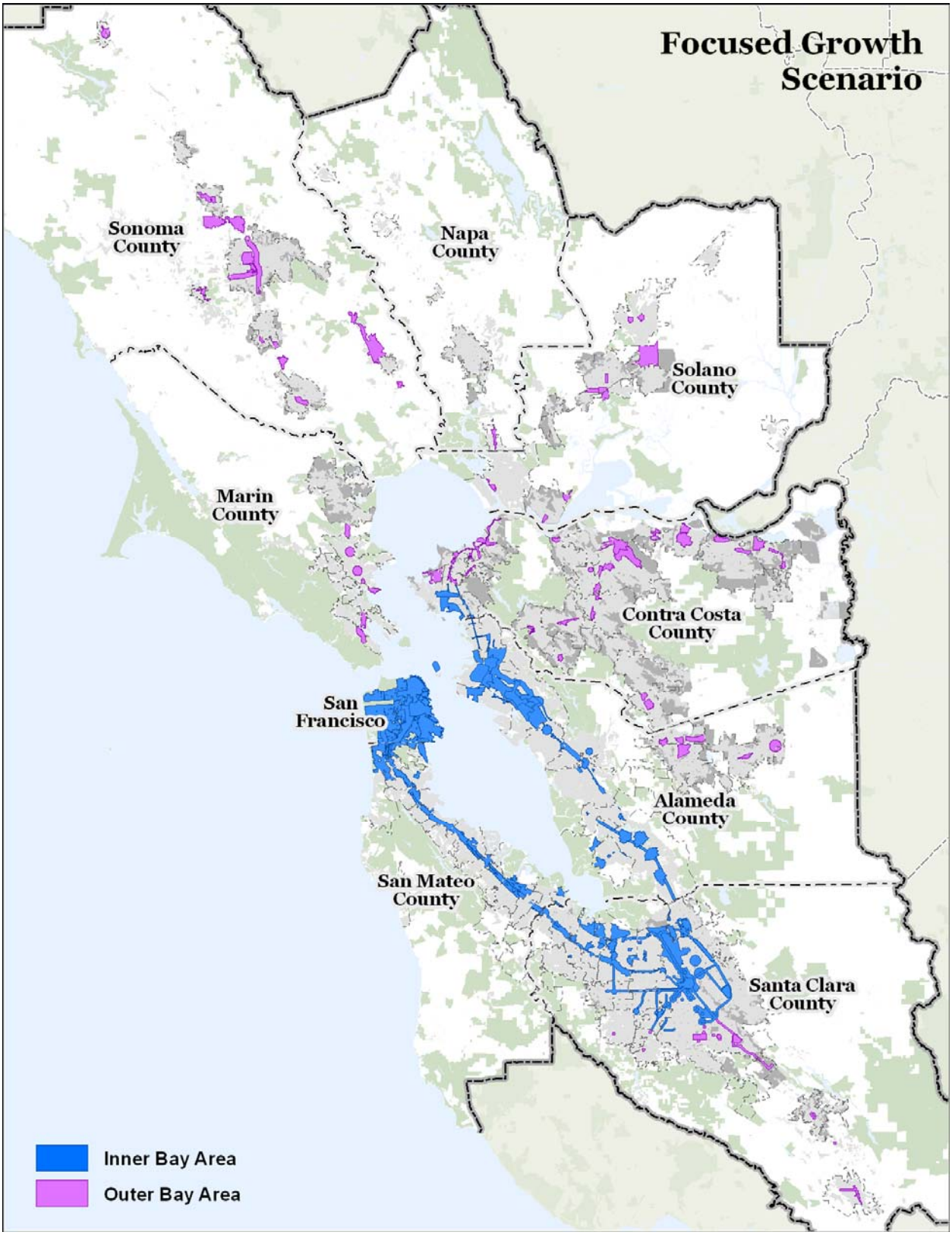
This scenario maximizes the potential of the Priority Development Areas (PDAs)[1] to accommodate household and job growth across the region with an emphasis on density along several transit corridors in the Inner Bay Area (the map on page three shows how this is defined). This scenario would intensify 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.

[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.

TO: MTC Planning Committee /
ABAG Administrative Committee

DATE: July 8, 2011

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

RE: OneBayArea Grant — Cycle 2 STP/CMAQ Funding

Staff recommends the initial release of the OneBayArea Grant proposal as outlined in this memorandum for public review and discussion.

Federal Transportation Funding and Program Policies (Attachment A)
Approximately every six years, U.S. Congress enacts a surface transportation act. The current act (SAFETEA) originally scheduled to expire on September 30, 2009 is still in effect through several legislative extensions. The funding provided to our area through this legislation includes Surface Transportation Program (STP) and Congestion Mitigation and Air Quality (CMAQ) funds.

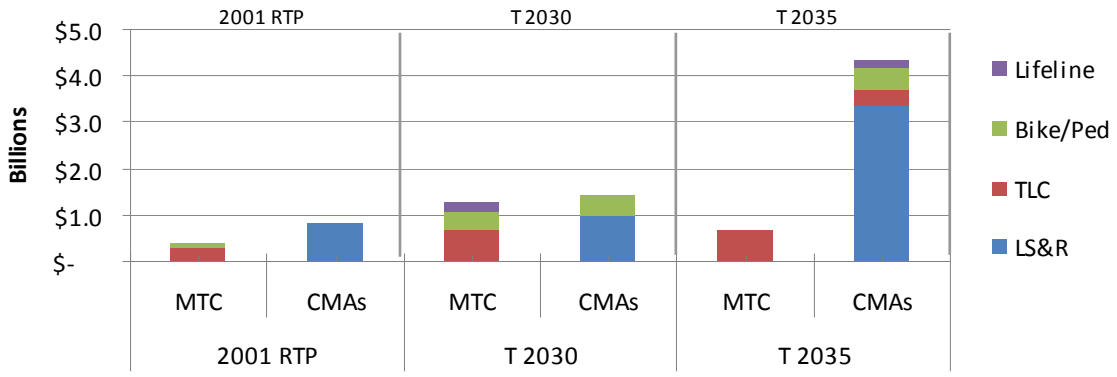
In December 2009 the Commission adopted an overall framework directing how approximately $1.4 billion in STP and CMAQ funds were to be allocated over the following six years (2010-2015). The first three years (Cycle 1) of this period were committed to projects and programs and the overall framework provided policy direction for the second three years (Cycle 2).

Staff proposes an alternative to the current Cycle 2 framework that better integrates the region's federal transportation program with land-use and housing policies by providing incentives for the production of housing with supportive transportation investments. Attachment A summarizes this framework and proposal for Cycle 2.

OneBayArea Grant Program
As shown in the chart below, over time the county congestion management agencies (CMAs) have been given increased responsibility for project selection for an increasing share of funding coming to the region.

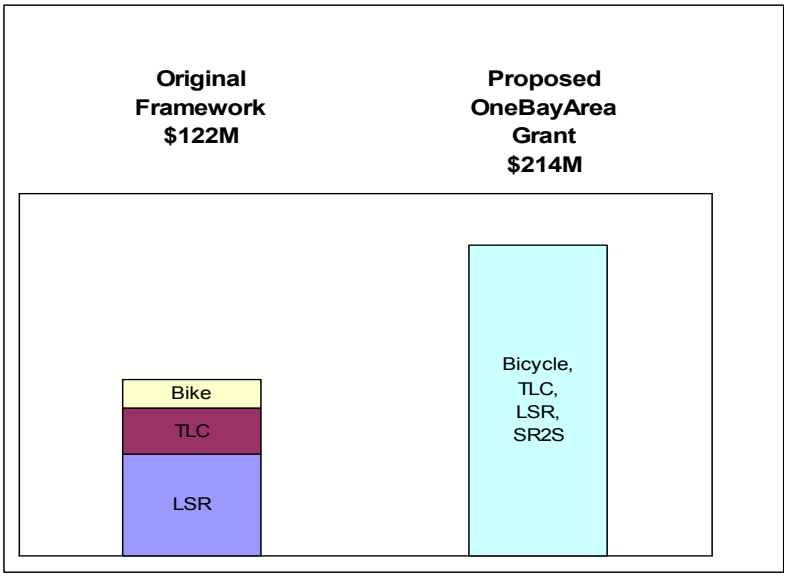
Program and Project Selection Evolves over Past Two Decades

Past Long Range Plan Discretionary Funding Assignments



For Cycle 2, staff proposes to continue this trend by shifting a larger portion of discretionary federal funding to local jurisdictions for taking on a larger share of the region's housing production. Further, additional flexibility is proposed for CMAs to address their respective transportation needs. Specifically, the proposal would:

- Shift more Funding to Locally Managed OneBayArea Grant Program: Dedicate $214 million or roughly 40% of the Cycle 2 funding program to a new OneBayArea Grant. The funding for the OneBayArea Grant is the result of merging many of the programs in the Cycle 2 framework into a single flexible grant program and is roughly a 70% increase in the funding distributed to the counties as compared to the Cycle 2 framework adopted by the Commission. By comparison, the status quo approach for Cycle 2 would result in 22% going to County Congestion Management Agency (CMA) programs down from 30% in Cycle 1
- Add Flexibility by Eliminating Program Categories: The One Bay Grant proposal provides additional flexibility under Cycle 2 by eliminating required program categories and combining funding for TLC, Bicycle, Local Streets and Roads Rehabilitation, and Safe Routes to School. See figure illustrating this change on the following page. Project selection will be limited to a degree by the project eligibility limitations of CMAQ which will make up approximately half of the funds that each county will receive.



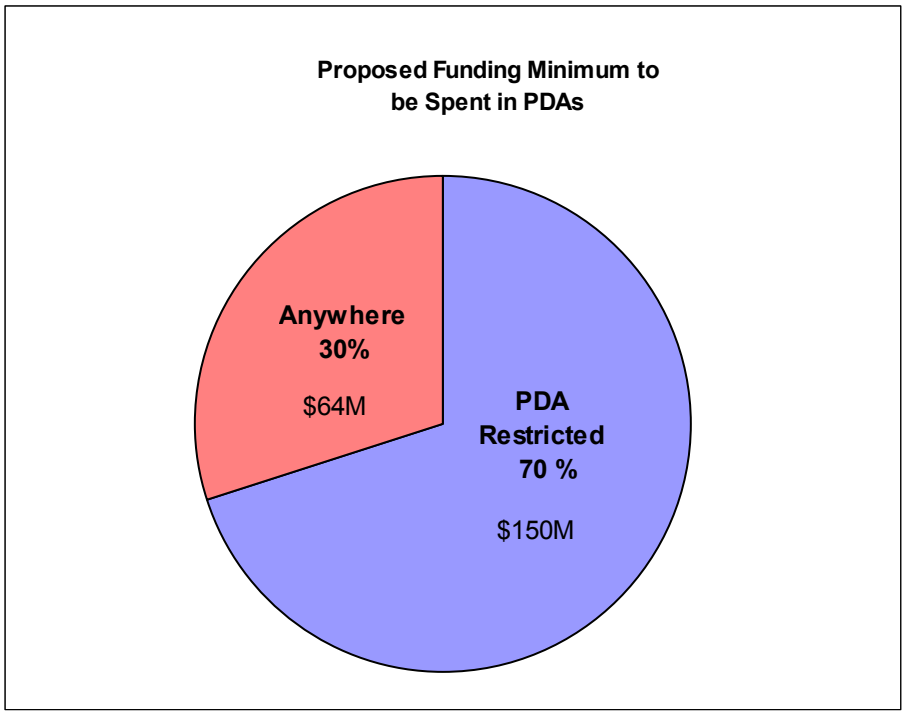
- Leverage Outside Funds to Grow Program and Meet More Objectives: Additional opportunities could be sought through other regional programs, other non-federal sources for affordable housing, and other local funds to augment program objectives. As a start, the Air District proposes $6 million from its Regional Transportation for Clean Air (TFCA) Program. TFCA eligibility considerations will be guiding the use of these funds in the overall program.
- Continue Key Regional Programs: The remaining funding is targeted to continue regional programs such as Regional Operations, Freeway Performance Initiative, and Transit Capital Rehabilitation. Refer to Attachment A-2 for a description of these regional programs.
- Establish a Priority Conservation Area Planning Program: This new $2 million program element will provide financial incentives for counties with populations under 500,000 for preservation of resource area and farmland, as defined in California Government Code Section 65080.01.

Distribution Formula for the OneBayArea Grant (Attachments B, C, D)
Staff proposes a distribution formula for OneBayArea Grant funding (Attachment B) that includes housing incentives to support the SCS and promote effective transportation investments that support focused development. In order to ease the transition to this new funding approach, staff is also recommending a 50% population share factor in the formula:

1. Formula to Counties: The proposed distribution formula to the counties includes three components: 50% population, 25% Regional Housing Needs Allocation (RHNA) for 2007-2014, and 25% actual housing production. This approach provides incentives for both future housing commitments and actual housing production. The fund distribution will be refined using the new RHNA to be adopted by ABAG next spring along with the SCS. The new RHNA being developed, which covers years 2015-2022, places a greater emphasis on city centered growth. As a result, refinements are likely to result in modest

revisions to the funding distribution consistent with these revised development patterns. The proposed OneBayArea Grant formula also uses actual housing data from 1999-2006, and has been capped such that each jurisdiction receives credit for housing up to its RHNA allocation. Subsequent funding cycles would rely on housing production from ABAG's next housing report to be published in 2013.

2. Priority Development Area (PDA) Minimum: Require that at least 70% of funding be spent on projects in Priority Development Areas (planned, potential and growth opportunity areas). Growth opportunity areas are tentatively considered as PDAs until ABAG completes final PDA designations next fall. See Attachment C for PDA program minimums for each county and Attachment D for a map and a list of the PDAs.



The OneBayArea Grant supports Priority Development Areas while providing flexibility to fund transportation needs in other areas.

Performance and Accountability

As noted at the outset, housing allocation according to RHNA and housing production will be the primary metric for distributing the OneBayArea Grant funding. In addition, staff recommends the following performance and accountability requirements.

1. Supportive Local Transportation and Land-Use Policies: Staff recommends that local agencies be required to have at least two of the following four policies adopted in order to be eligible for grant funds:

    a) Parking/pricing policies (e.g. cash out, peak pricing, on-street/off street pricing differentials, eliminate parking minimums, unbundled parking) and adopted city and/or countywide employer trip reduction ordinances
    b) Adopted Community Risk Reduction Plans (CRRP) per CEQA guidelines
    c) Have affordable housing policies in place or policies that ensure that new development projects do not displace low income housing

d) Adopted bicycle/pedestrian plan and complete streets policy in general plans pursuant to Complete Streets Act of 2008

2. Approved Housing Element: Also, a HCD-approved housing element consistent with RHNA/SB375 law is a proposed condition for any jurisdiction receiving Cycle 2 OneBayArea grants. This may be met as follows: 1) adoption of a housing element that meets the current RHNA before the new RHNA is adopted, or 2) the adoption of a housing element that meets the new RHNA after its approval early in 2012. Jurisdictions have 18 months after the adoption of the SCS to meet the new RHNA; therefore, compliance is expected and required by September 2014. Any jurisdiction failing to meet either one of these deadlines will not be allowed to receive grant funding. Lastly any jurisdiction without adopted housing elements addressing the new RHNA by September 2014 will be ineligible to receive any funding after Cycle 2 until they have adopted a housing element.

Implementation Issues
Below are issues to be addressed as we further develop the OneBayArea Grant concept:

1. Federal Authorization Uncertainty: We will need to closely monitor development of the new federal surface transportation authorization. New federal programs, their eligibility rules, and how money is distributed could potentially impact the implementation of the OneBayArea Grant Program as proposed.
2. Revenue Estimates: Staff assumes a steady but modest nominal revenue growth rate of 4% annually. Given the mood of Congress to downsize federal programs, these estimates are potentially overly optimistic if there are significant reductions in STP / CMAQ apportionments over the Cycle 2 time period. Staff recommends continuing to move forward with the conservative revenue assumptions and make adjustments later if needed.

Preliminary Timeline and Next Steps
Staff recommends the Committees release the OneBayArea Grant proposal for public review. Staff will seek feedback from stakeholder and technical working groups over the next several months. The preliminary timeline for development and approval of the OneBay Area Grant is shown on the next page.

July – Sept. 2011	▪ The Joint MTC Planning Committee / ABAG Administrative Committee release of OneBay Area Grant proposal for public review ▪ *ABAG releases preliminary draft concepts for RHNA methodology* ▪ Working Group Discussions of Cycle 2/OneBay Area Grant approach
Fall 2011	▪ Follow-up Committee Presentation of OneBayArea Grant and Cycle 2 approach ▪ *ABAG releases draft RHNA methodology*
December 2011	▪ *Adoption of Cycle 2 approach based on draft RHNA methodology* ▪ *MTC/ABAG releases draft Preferred SCS* ▪ Commission adoption of Cycle 2 funding commitments for MTC Regional Programs
February 2012	▪ *MTC/ABAG approves draft preferred SCS*
March 2012	▪ Commission adoption of Cycle 2/OneBay Area Grant with Final RHNA
April 2012 – Feb. 2013	▪ CMA Project Selection Process
April 2013	▪ Final SCS adopted

Ann Flemer

Ann Flemer

Ezra Rapport

Attachments

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Attachment A

OneBayArea Grant Proposal

New Act STP / CMAQ Cycle 2 Draft Funding Proposal

June 22, 2011

(amounts in millions $)

Funding Available: Cycle 1: $466M (after $54M Carryover) Cycle 2: $548M Air District: $6M	Existing Framework						
	Cycle 1		Cycle 2 Status Quo		Cycle 2 One Bay Area		
	MTC	CMA Block Grant	MTC	CMA Grant	MTC	One Bay Area Grant*	Cycle 2 Total
1 Regional Planning *	23		26		5	21	26
2 Regional Operations	84	0	74	0	74	0	74
3 Freeway Performance Initiative (FPI)	51	0	66	0	66	0	66
4 Transit Capital Rehabilitation *	0	0	125	0	125	0	125
5 Local Streets and Roads Rehabilitation*	6	94	7	70	3	74	77
6 Climate Initiatives *	80		40		25	15	40
7 Regional Bicycle Program *	0	20	0	20	0	20	20
8 Transportation for Livable Communities (TLC) *	51	28	64	32	15	85	102
9 Transportation Oriented Development (TOD) Fund	10	0	0	0			
10 Priority Conservation Area Planning Pilot					2		
11 MTC Res 3814 Transit Payback Commitment	6	0	25	0	25	0	25
Total	324	142	426	122	340	214	554
	70%	30%	78%	22%	61%	39%	

Grant Totals:	Cycle 1 Block Grant		Cycle 2 Status Quo		Cycle 2 One Bay Area	
	142	30%	122	22%	214	39%

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* Air District funding of $6 million adds capacity to suppport OneBay Area Grant.

1) Regional Planning:

$21M ($7M per year) for CMA Planning to be distributed to CMAs through OneBayArea Grant.

4) Transit Capital Rehabilitation:

100% Transit Rehab assigned as Regional Transit Rehabilitation, as Transit is network based and regional

5) Local Streets and Roads Rehabilitation

$3M for a scaled back PTAP program

6) Climate Initiative:

$5M for SFGo in Regional. Eastern Solano CMAQ to Solano TA part of OneBayArea Grant.

7) Regional Bicycle Program:

$20M as CMAQ rather than TE as originally proposed in Framework

8) Transportation for Livable Communities (TLC)

TLC program eliminated - All TLC funds to OneBayArea grant

Attachment A-2: Regional Programs

Regional Planning to support planning activities in the region carried out by the Association of Bay Area Governments (ABAG), the San Francisco Bay Area Conservation and Development commission (BCDC), and MTC. CMAs would access their OneBayArea grant to fund planning activities.

Regional Operations: This program includes Clipper, 511, Incident Management and a scaled-back Pavement Technical Assistance Program (PTAP).

Freeway Performance Initiative This program emphasizes the delivery of ramp metering projects on the State Highway System throughout the Bay Area to gain the most efficiency out of the existing highway network.

Priority Conservation Area Planning: Staff is recommending a new pilot for the development priority conservation area (PCA) plans for counties with populations under 500,000 to ameliorate outward development expansion and maintain their rural character.

Transportation for the Livable Communities (TLC) and the Affordable Transportation Oriented Development (TOD) Housing Fund: The bulk of the TLC Program's funding will shift to the OneBayArea Grant. The remaining funds under MTC's management are proposed to continue station area planning and/or CEQA assistance to PDAs and support additional investments in affordable housing.

Climate Initiatives: The objective of the Climate Initiatives Program launched in Cycle 1 was to make short-term investments that reduce transportation-related emissions and vehicle miles traveled, and encourage the use of cleaner fuels. Through the innovative projects selected and evaluation process, the region is building its knowledge base for the most effective Bay Area strategies for the Sustainable Communities Strategy and next long-range plan. The proposed funding for the Cycle 2 Climate Initiative Program would allow some continuation of these efforts at the regional level and protect a prior commitment to the SFGo project.

Transit Capital Rehabilitation: The Commission deferred transit rehabilitation needs from Cycle 1 to Cycle 2 in order to allow more immediate delivery of some of the other programs. The program objective, as in the past, is to assist transit operators to fund major fleet replacements, fixed guideway rehabilitation and other high-scoring capital needs that cannot be accommodated within the FTA Transit Capital Priorities program.

MTC Resolution 3814 Transit Payback Commitment: Consistent with the Cycle 2 framework, MTC is proposing to program $25 million to Lifeline, small operators, and SamTrans right-of-way settlement to partially address a commitment originally envisioned to be met with state spillover funds.

Attachment B
PROPOSAL

OneBayArea Grant Distribution Formula
Cycle 2 (FYs 2013, 2014, 2015)

County	50%-25%-25% (Pop. RHNA - Housing Production Capped)	Status Quo Grant Program
Alameda	$43.0	$25.4
Contra Costa	$31.9	$16.6
Marin	$6.4	$5.0
Napa	$4.2	$2.9
San Francisco	$25.0	$11.8
San Mateo	$17.4	$11.1
Santa Clara	$56.1	$28.1
Solano	$14.0	$9.0
Sonoma	$16.0	$12.3
Bay Area Total	**$214.0**	**$122.1**

Difference From Status Quo Grant Program

County	50%-25%-25% (Pop. RHNA - Housing Production Capped)	Status Quo Grant Program
Alameda	$17.7	-
Contra Costa	$15.3	-
Marin	$1.5	-
Napa	$1.3	-
San Francisco	$13.2	-
San Mateo	$6.3	-
Santa Clara	$28.0	-
Solano	$5.0	-
Sonoma	$3.7	-
Bay Area Total	**$91.9**	**-**

% Change From Status Quo Grant Program

County	50%-25%-25% (Pop. RHNA - Housing Production Capped)	Status Quo Grant Program
Alameda	70%	-
Contra Costa	92%	-
Marin	29%	-
Napa	45%	-
San Francisco	112%	-
San Mateo	57%	-
Santa Clara	100%	-
Solano	55%	-
Sonoma	30%	-
Bay Area Total	**75%**	**-**

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Notes:

Status quo program based on framework for Cycle 2 adopted by the Commission and continuation of Cycle 1 county block grant policies.

RHNA is based on current 2007-20014 targets

Population data from Department of Finance, US Census 2010

Housing production 1999-2006 is capped at 1999-2006 RHNA thresholds

Attachment C

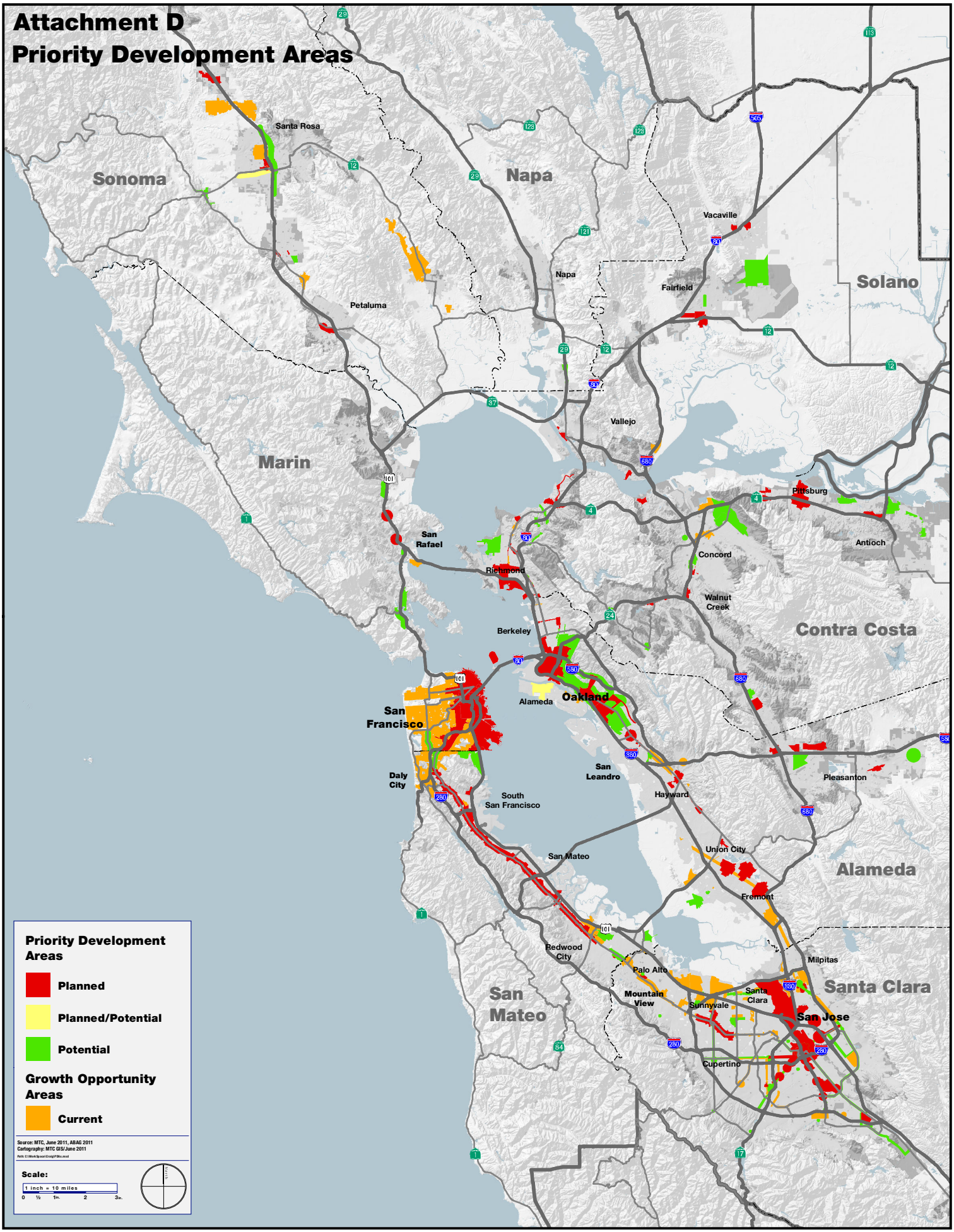
PROPOSAL

PDA Investments for the OneBayArea Grant

50%-25%-25% (Pop.- RHNA - Actual Housing Production Capped) Distribution

		Allocation Areas	
Apportionment Area	**County Grant Amount**	**PDA 70% Minimum**	**Anywhere in County**
Alameda	$43.0	$30.1	$12.9
Contra Costa	$31.9	$22.4	$9.6
Marin	$6.4	$4.5	$1.9
Napa	$4.2	$2.9	$1.3
San Francisco	$25.0	$17.5	$7.5
San Mateo	$17.4	$12.2	$5.2
Santa Clara	$56.1	$39.3	$16.8
Solano	$14.0	$9.8	$4.2
Sonoma	$16.0	$11.2	$4.8
Regional Total	$214.0	$149.8	$64.2

Attachment D
Priority Development Areas



Attachment D: Priority Development Areas

Alameda County

Jursidiction or Area Name	PDA Status
Alameda	
Naval Air Station	Planned/Potential
Northern Waterfront	*Growth Opportunity Area*
Albany	
San Pablo Avenue & Solano Avenue	*Growth Opportunity Area*
Berkeley	
Adeline Street	Potential
Downtown	Planned
San Pablo Avenue	Planned
South Shattuck	Planned
Telegraph Avenue	Potential
University Avenue	Planned
Dublin	
Downtown Specific Plan Area	Planned
Town Center	Planned
Transit Center	Planned
Emeryville	
Mixed-Use Core	Planned
Fremont	
Centerville	Planned
City Center	Planned
Irvington District	Planned
Ardenwood Business Park	*Growth Opportunity Area*
Fremont Boulevard & Warm Springs Boulevard Corridor	*Growth Opportunity Area*
Fremont Boulevard Decoto Road Crossing	*Growth Opportunity Area*
South Fremont/Warm Springs	*Growth Opportunity Area*
Hayward	
Downtown	Planned
South Hayward BART	Planned
South Hayward BART	Planned
The Cannery	Planned
Carlos Bee Quarry	*Growth Opportunity Area*
Mission Corridor	*Growth Opportunity Area*
Livermore	
Downtown	Planned
Vasco Road Station Planning Area	Potential
Newark	
Dumbarton Transit Oriented Development	Potential
Old Town MIxed Use Area	Potential
Cedar Boulevard Transit	*Growth Opportunity Area*
Civic Center Re-Use Transit	*Growth Opportunity Area*

Oakland	
Coliseum BART Station Area	Planned
Downtown & Jack London Square	Planned
Eastmont Town Center	Planned
Fruitvale & Dimond Areas	Planned
MacArthur Transit Village	Planned
Transit Oriented Development Corridors	Potential
West Oakland	Planned
Pleasanton	
Hacienda	Potential
San Leandro	
Bay Fair BART Transit Village	Potential
Downtown Transit Oriented Development	Planned
East 14th Street	Planned
Union City	
Intermodal Station District	Planned
Mission Boulevard	*Growth Opportunity Area*
Old Alvarado	*Growth Opportunity Area*
Alameda County Unincorporated	
Castro Valley BART	*Growth Opportunity Area*
East 14th Street and Mission Boulevard Mixed Use Corridor	*Growth Opportunity Area*

Contra Costa County

Jursidiction or Area Name	PDA Status
Antioch	
Hillcrest eBART Station	Planned
Rivertown Waterfront	Potential
Concord	
Community Reuse Area	Potential
Community Reuse Area	Potential
Downtown BART Station Planning	*Growth Opportunity Area*
North Concord BART Adjacent	*Growth Opportunity Area*
West Downtown Planning Area	*Growth Opportunity Area*
El Cerrito	
San Pablo Avenue Corridor	Planned
Hercules	
Central Hercules	Planned
Waterfront District	Planned
Lafayette	
Downtown	Planned
Martinez	
Downtown	Planned
Moraga	
Moraga Center	Potential
Oakley	
Downtown	Potential
Employment Area	Potential
Potential Planning Area	Potential
Orinda	
Downtown	Potential
Pinole	
Appian Way Corridor	Potential
Old Town	Potential
Pittsburg	
Downtown	Planned
Pittsburg/Bay Point BART Station	Planned
Railroad Avenue eBART Station	Planned
Pleasant Hill	
Buskirk Avenue Corridor	Potential
Diablo Valley College	Potential
Richmond	
Central Richmond	Planned
South Richmond	Planned
23rd Street	*Growth Opportunity Area*
San Pablo Avenue Corridor	*Growth Opportunity Area*
San Ramon	
City Center	Planned
North Camino Ramon	Potential

Walnut Creek	
Walnut Creek: West Downtown	Planned
Contra Costa County Unincorporated	
Contra Costa Centre	Planned
Downtown El Sobrante	Potential
North Richmond	Potential
Pittsburg/Bay Point BART Station	Planned
West Contra Costa Transportation Advisory Committee: San Pablo Avenue Corridor	Planned/Potential

Marin County

Jursidiction or Area Name	PDA Status
San Rafael	
Civic Center/North Rafael Town Center	Planned
Downtown	Planned
Marin County Unincorporated	
Urbanized 101 Corridor	Potential
San Quentin	*Growth Opportunity Area*

Napa County

Jursidiction or Area Name	PDA Status
American Canyon	
Highway 29 Corridor	Potential

San Francisco County

Jursidiction or Area Name	PDA Status
San Francisco	
19th Avenue	Potential
Balboa Park	Planned
Bayview/Hunters Point Shipyard/Candlestick Point	Planned
Downtown-Van Ness-Geary	Planned
Eastern Neighborhoods	Planned
Market & Octavia	Planned
Mission Bay	Planned
Mission-San Jose Corridor	Planned
Port of San Francisco	Planned
San Francisco/San Mateo Bi-County Area (with City of Brisbane)	Planned
Transbay Terminal	Planned
Treasure Island	Planned
Citywide	*Growth Opportunity Area*

San Mateo County

Jursidiction or Area Name	PDA Status
Brisbane	
San Francisco/San Mateo Bi-County Area (with San Francisco)	Potential
Burlingame	
Burlingame El Camino Real	Planned
Daly City	
Bayshore	Potential
Mission Boulevard	Potential
Citywide	
East Palo Alto	
Ravenswood	Potential
Woodland/Willow Neighborhood	
Menlo Park	
El Camino Real Corridor and Downtown	Planned
Millbrae	
Transit Station Area	Planned
Redwood City	
Downtown	Planned
Broadway	*Growth Opportunity Area*
Middlefield	*Growth Opportunity Area*
Mixed Use Waterfront	*Growth Opportunity Area*
Veterans Corridor	*Growth Opportunity Area*
San Bruno	
Transit Corridors	Planned
San Carlos	
Railroad Corridor	Planned
San Mateo	
Downtown	Planned
El Camino Real	Planned
Rail Corridor	Planned
South San Francisco	
Downtown	Planned
Lindenville Transit Neighborhood	*Growth Opportunity Area*
CCAG of San Mateo County: El Camino Real	Planned/Potential

Santa Clara County

Jursidiction or Area Name	PDA Status
Cambell	
Central Redevelopment Area	Planned
Winchester Boulevard Master Plan	*Growth Opportunity Area*
Gilroy	
Downtown	Planned
Los Altos	
El Camino Real Corridor	*Growth Opportunity Area*
Milpitas	
Transit Area	Planned
Hammond Transit Neighborhood	*Growth Opportunity Area*
McCandless Transit Neighborhood	*Growth Opportunity Area*
McCarthy Ranch Employment Center	*Growth Opportunity Area*
Midtown Mixed-Use Corridor	*Growth Opportunity Area*
Serra Center Mixed-Use Corridor	*Growth Opportunity Area*
Tasman Employment Center	*Growth Opportunity Area*
Town Center Mixed-Use Corridor	*Growth Opportunity Area*
Yosemite Employment Center	*Growth Opportunity Area*
Morgan Hill	
Morgan Hill: Downtown	Planned
Mountain View	
Whisman Station	Potential
Downtown	*Growth Opportunity Area*
East Whisman	*Growth Opportunity Area*
El Camino Real Corridor	*Growth Opportunity Area*
Moffett Field/NASA Ames	*Growth Opportunity Area*
North Bayshore	*Growth Opportunity Area*
San Antonio Center	*Growth Opportunity Area*
Palo Alto	
Palo Alto: California Avenue	Planned
Palo Alto: El Camino Real Corridor	*Growth Opportunity Area*
Palo Alto: University Avenue/Downtown	*Growth Opportunity Area*
San Jose	
Berryessa Station	Planned
Communications Hill	Planned
Cottle Transit Village	Planned
Downtown "Frame"	Planned
East Santa Clara/Alum Rock Corridor	Planned
Greater Downtown	Planned
North San Jose	Planned
West San Carlos and Southwest Expressway Corridors	Planned
Bascom TOD Corridor	*Growth Opportunity Area*
Bascom Urban Village	*Growth Opportunity Area*
Blossom Hill/Snell Urban Village	*Growth Opportunity Area*
Camden Urban Village	*Growth Opportunity Area*
Capitol Corridor Urban Villages	*Growth Opportunity Area*

Capitol/Tully/King Urban Villages	*Growth Opportunity Area*
Oakridge/Almaden Plaza Urban Village	*Growth Opportunity Area*
Saratoga TOD Corridor	*Growth Opportunity Area*
Stevens Creek TOD Corridor	*Growth Opportunity Area*
Westgate/El Paseo Urban Village	*Growth Opportunity Area*
Winchester Boulevard TOD Corridor	*Growth Opportunity Area*
Santa Clara	
Central Expressway Focus Area	*Growth Opportunity Area*
El Camino Real Focus Area	*Growth Opportunity Area*
Great America Parkway Focus Area	*Growth Opportunity Area*
Lawrence Station Focus Area	*Growth Opportunity Area*
Santa Clara Station Focus Area	*Growth Opportunity Area*
Tasman East Focus Area	*Growth Opportunity Area*
Sunnyvale	
Downtown & Caltrain Station	Planned
El Camino Real Corridor	Planned
Lawrence Station Transit Village	Potential
East Sunnyvale ITR	*Growth Opportunity Area*
Moffett Park	*Growth Opportunity Area*
Peery Park	*Growth Opportunity Area*
Reamwood Light Rail Station	*Growth Opportunity Area*
Tasman Station ITR	*Growth Opportunity Area*
VTA Cores, Corridors, and Station Areas (estimate)	Potential

Solano County

Jursidiction or Area Name	PDA Status
Benicia	
Downtown	Planned
Northern Gateway	*Growth Opportunity Area*
Dixon	
Fairfield	
Downtown South (Jefferson Street)	Planned
Fairfield-Vacaville Train Station	Potential
North Texas Street Core	Potential
West Texas Street Gateway	Planned
Rio Vista	
Suisun City	
Downtown & Waterfront	Planned
Vacaville	
Allison Area	Planned
Downtown	Planned
Vallejo	
Waterfront & Downtown	Planned
Solano County Unincorporated	

Sonoma County

Jursidiction or Area Name	PDA Status
Cloverdale	
Downtown/SMART Transit Area	Planned
Cotati	
Downtown and Cotati Depot	Planned
Healdsburg	
Petaluma	
Central, Turning Basin/Lower Reach	Planned
Rohnert Park	
Sonoma Mountain Village	Potential
Santa Rosa	
Downtown Station Area	Planned
Mendocino Avenue/Santa Rosa Avenue Corridor	Potential
Sebastopol Road Corridor	Planned/Potential
North Santa Rosa Station	*Growth Opportunity Area*
Sebastopol	
Nexus Area	Potential
Sonoma	
Windsor	
Redevelopment Area	Planned
Sonoma County Unincorporated	
8th Street East Industrial Area	*Growth Opportunity Area*
Airport/Larkfield Urban Service Area	*Growth Opportunity Area*
Penngrove Urban Service Area	*Growth Opportunity Area*
The Springs	*Growth Opportunity Area*

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Provided by ABAG 6/6/2011

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

---

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

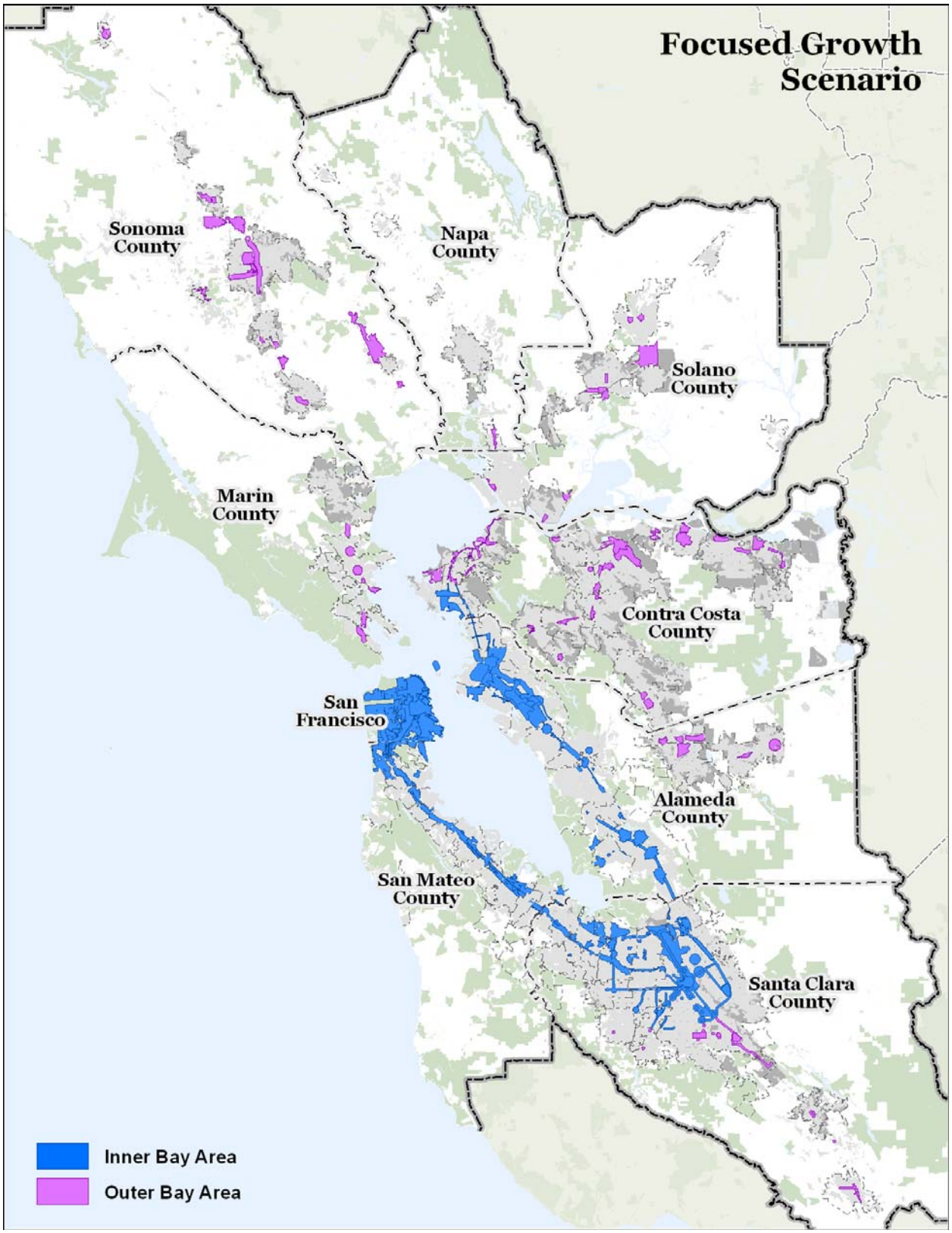
This scenario maximizes the potential of the Priority Development Areas (PDAs)[1] to accommodate household and job growth across the region with an emphasis on density along several transit corridors in the Inner Bay Area (the map on page three shows how this is defined). This scenario would intensify 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.

Alternative Scenarios Follow-Up

Joint MTC Planning Committee and ABAG Administrative Committee
July 8, 2011

Scenario Action & Follow-Up

(from June 22, 2011 Commission/ABAG Administrative Committee Meeting)

Action Taken

Directed staff to move forward with the evaluation of the five (5) alternative scenarios

Notes

1. **Transportation Option #3: Expanded Network was deleted**
2. **Land Use Option #5: Outer Bay Area Growth now matched with Transportation Option #1: Transportation 2035 Investment Strategy**

Follow-Up in July

Directed staff to report back on the following:

1. **Details on the land use, infrastructure and policy initiatives assumed under each of the 5 alternative scenarios**
2. **How the components of the proposed equity-focused scenario are reflected in the 5 alternative scenarios**
3. **Details on the proposed equity-focused scenario based upon consultation with equity stakeholder groups**

Equity, Environment and Jobs Scenario

Request for an "Equity, Environment, and Jobs" scenario that includes following key features:

Land Use

1. **Distribute substantial proportion of the region's overall housing growth to high-opportunities communities based on presence of jobs, high-performing schools, transit service levels**
2. **Allocate to cities with low numbers of lower-income residents a higher percentage of lower-income housing**

Transportation

3. **Maximize existing and new funding for local transit operations & prioritize operating assistance for low-income communities**
4. **Prioritize capital funds that cannot be shifted to transit operations for maintenance over capital expansion**
5. **Include only the most cost-effective transit expansion projects, including those from Community-Based Transportation Plans**
6. **Prioritize capital projects that will improve health and safety, especially in Communities of Concern**
7. **Set aside a portion of local streets and roads/other funds to reward local jurisdictions that accommodate and build low-income housing**

SCS: Land Use

- Land Use Scenarios
- Regional Housing Need Allocation and the SCS
- Addressing Equity

Land Use Scenario Assumptions

- Community Building
- Demographic and Economic Growth
- Employment, Environment, Equity

Land Use Scenario Assumptions

- **Community Building**
  - **Complete Communities** – provide a range of housing options, transit accessibility, employment opportunities, and amenities
  - **Place Types -** recognizes the diversity of places and development expectations throughout the region

Regional center

Suburban center

Rural town center

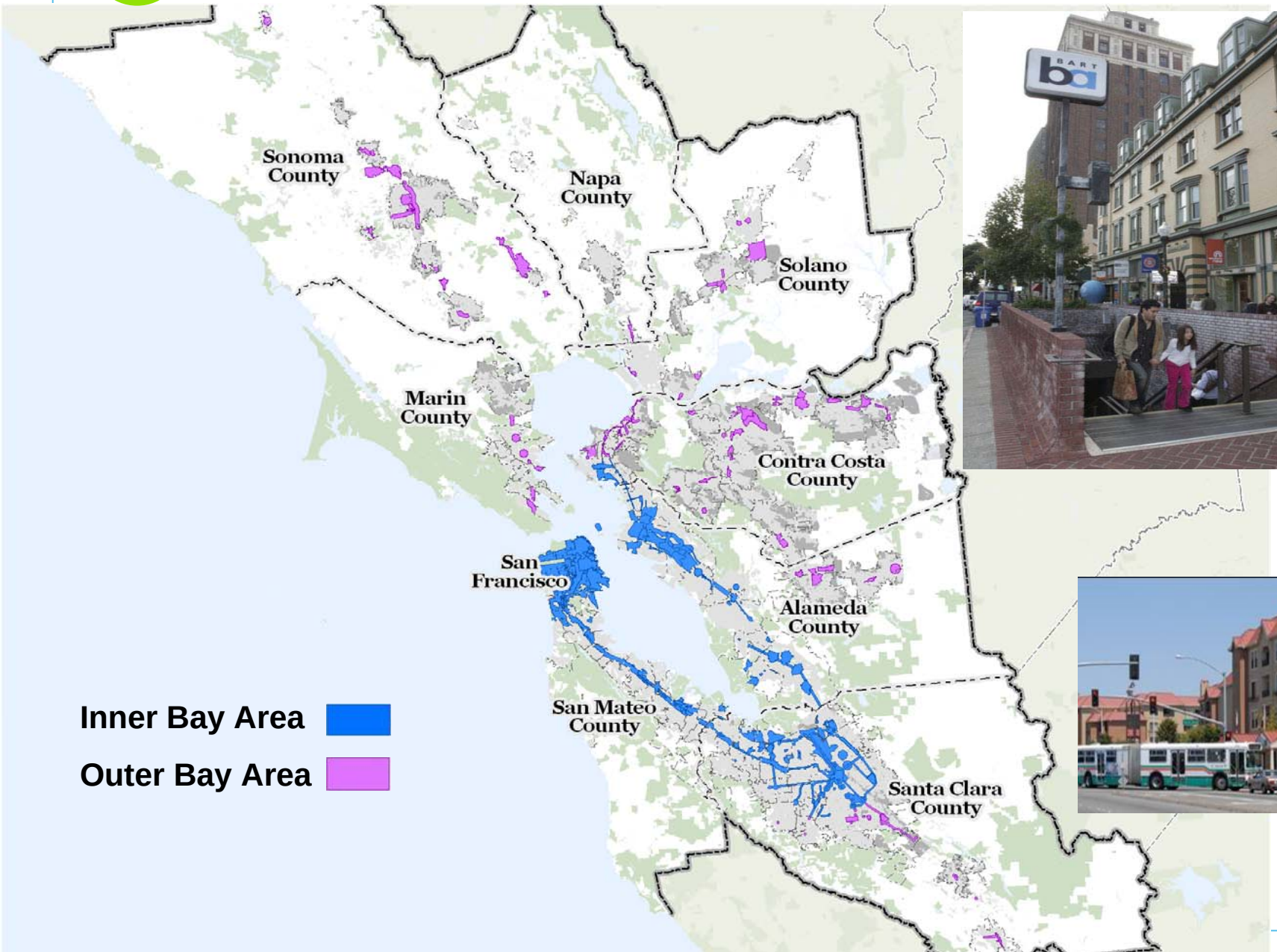
Land Use: Alternative Scenarios

- **Unconstrained resources and policies**
  1. Initial Vision Scenario
  2. Core Concentration Scenario

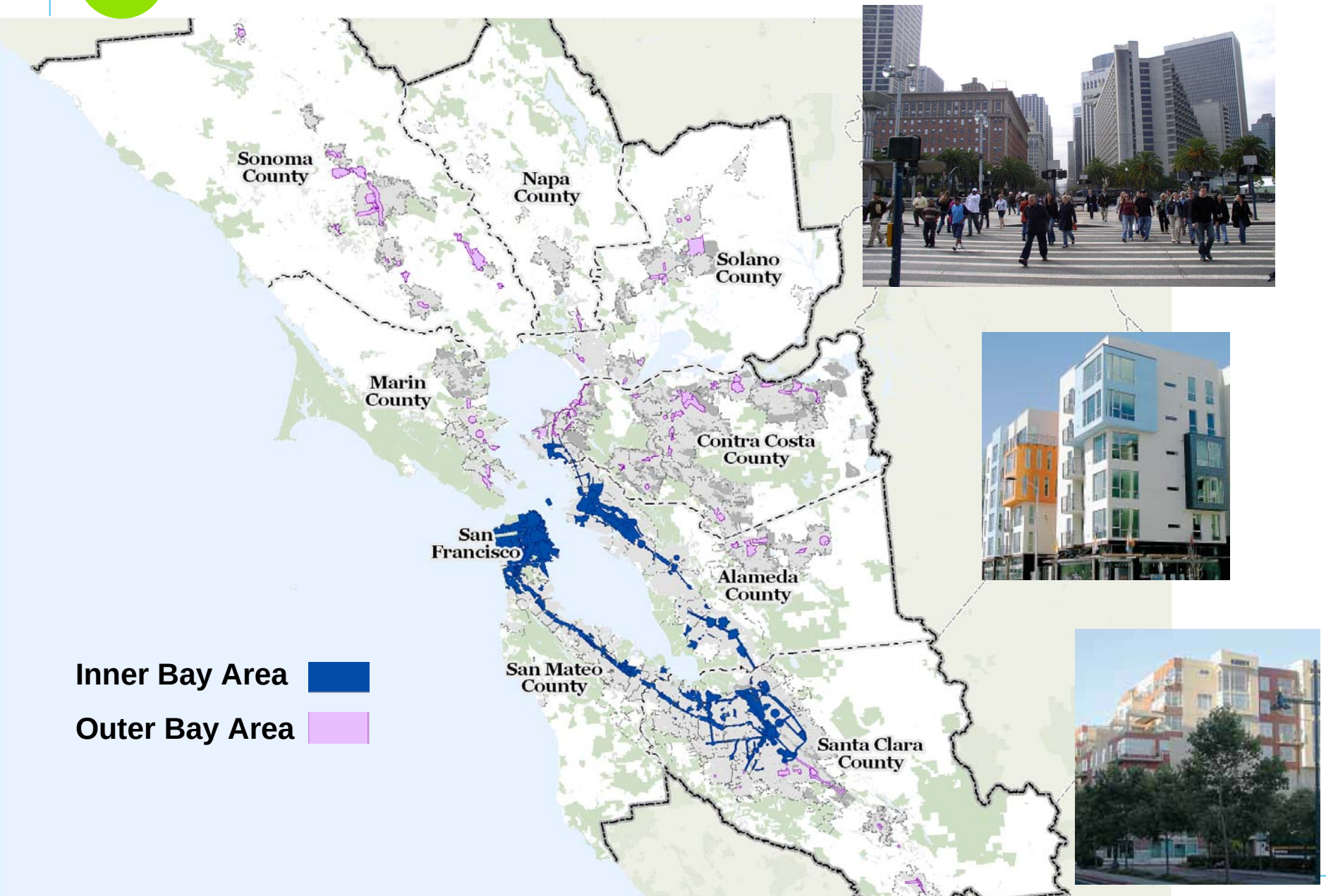
- **Constrained resources and reasonable planning**
  3. Focused Growth Scenario
  4. Core Concentration Scenario
  5. Outer Bay Area Growth Scenario

3

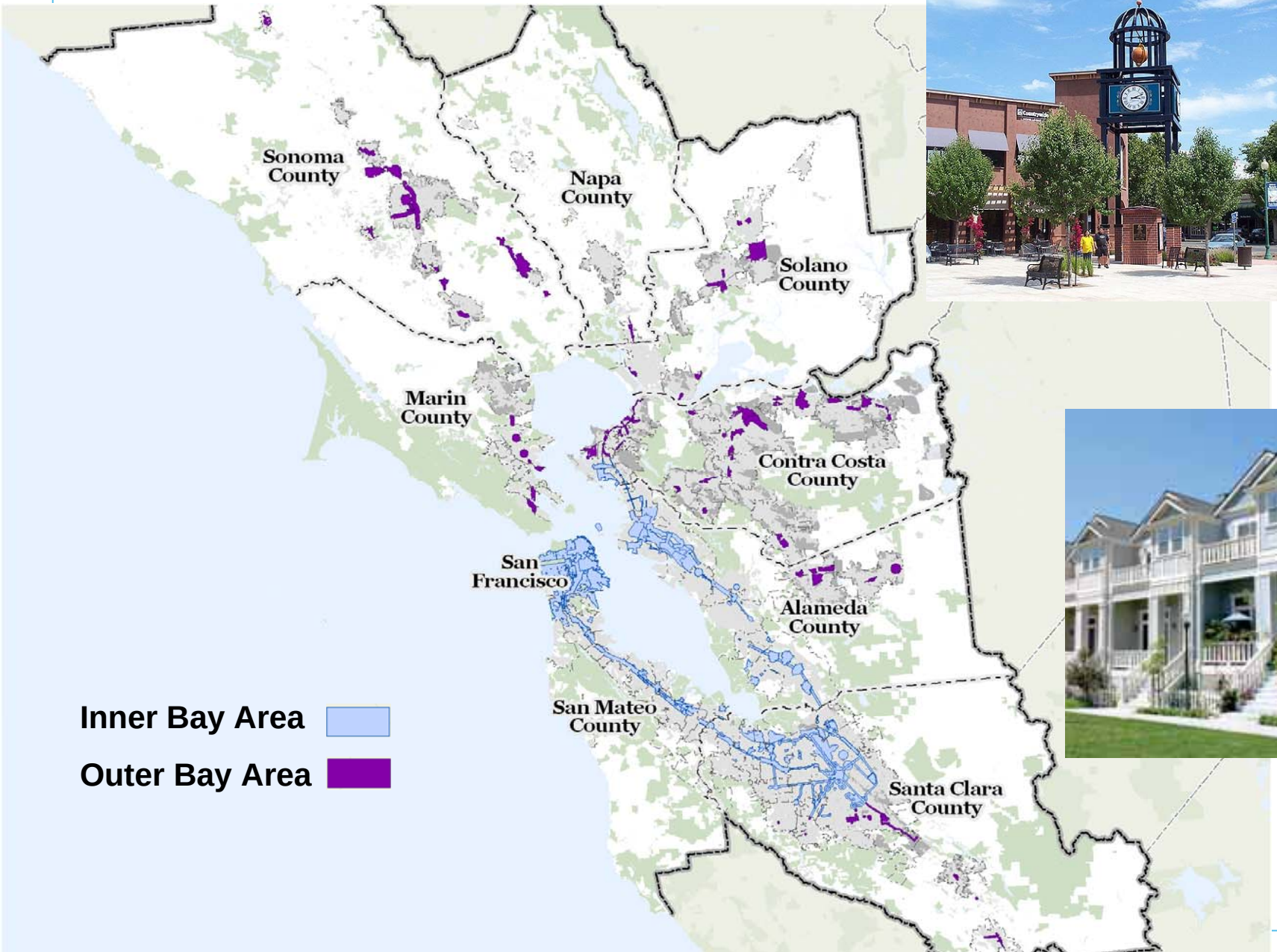
Focused Growth Scenario



4 Core Concentration Scenario



5 Outer Bay Area Growth Scenario

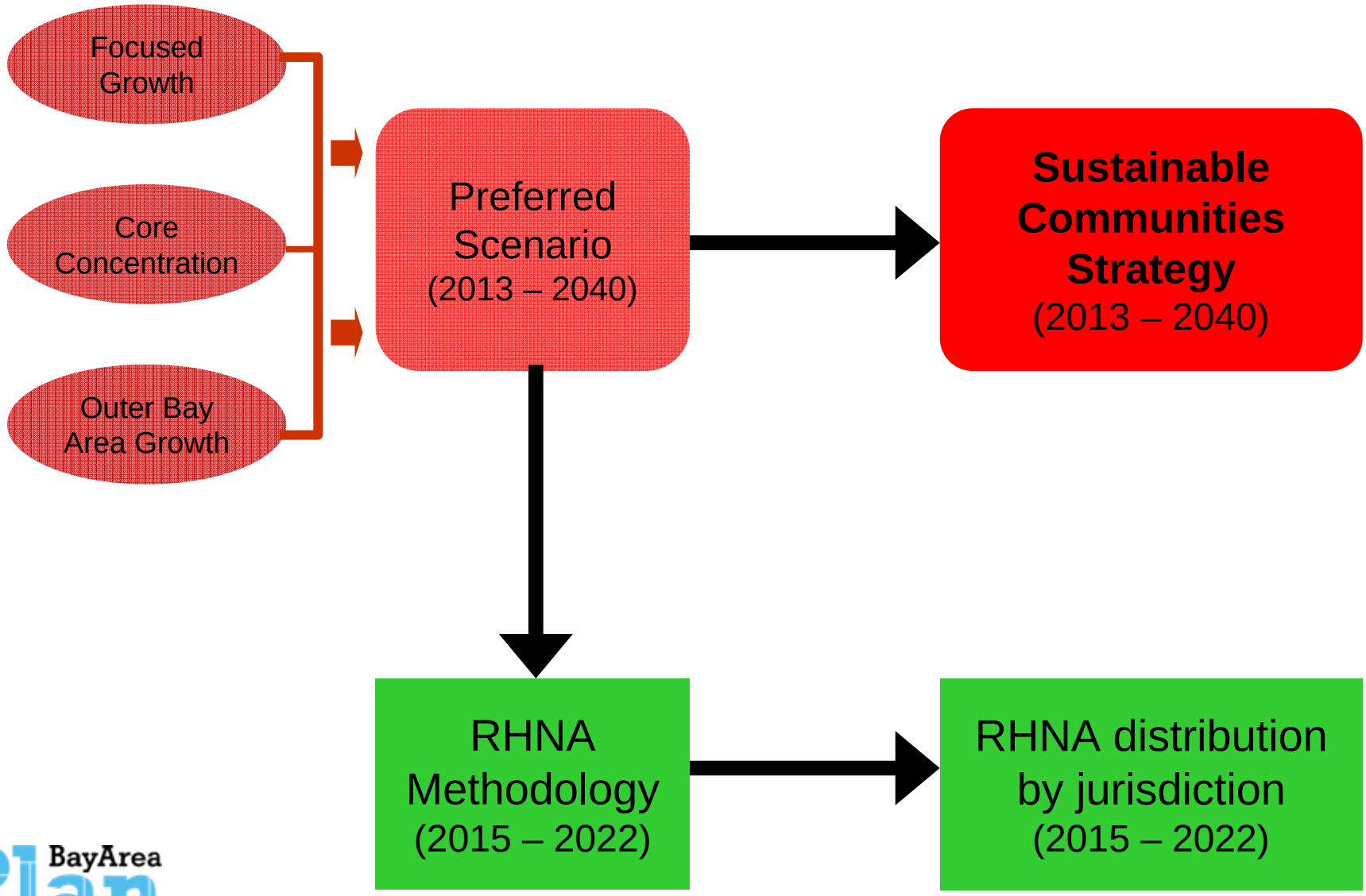


Regional Housing Need Allocation

- **Determines how much housing of all levels of affordability must be provided by each jurisdiction**

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

SCS and RHNA


Focused Growth
Core Concentration
Outer Bay Area Growth
Preferred Scenario (2013 – 2040)
Sustainable Communities Strategy (2013 – 2040)
RHNA Methodology (2015 – 2022)
RHNA distribution by jurisdiction (2015 – 2022)

Land Use: Addressing Equity

All scenarios are based on equity components

Equity advocates' concerns	Inclusion of equity components in scenarios
Access to opportunities	▪Complete Communities ▪Quality of life factors
Reduce income disparities	▪Minimum housing floor ▪Income redistribution

Land Use: Addressing Equity

Scenarios allow analysis of different equity strategies

3 Focused Growth

- Increased access to public transit in PDAs across place types

4 Core Concentration

- High share of low income population gain greater access to jobs, services, and transit

5 Outer Bay Area Growth

- Economic development in areas with limited jobs and services

Transportation Assumptions

1 **Initial Vision Scenario**

1. Based on T-2035 network
   - Existing transit service (2005)
   - Backbone Express Lane Network (approx. 500 miles)
   - Fully funded Resolution No. 3434 projects
2. Increase in transit headways/service in high-growth PDAs (mirrors Communities of Concern)
   - New dedicated bus lanes in SF and SJ

2 **Unconstrained Core Concentration**

1. Same as T-2035 network in IVS
2. Further increase in transit headways/service in high-growth PDAs/city centers/ in Inner Bay Area – increased service in Communities of Concern – than in Scenario 1

Transportation Assumptions

3 **Focused Growth**

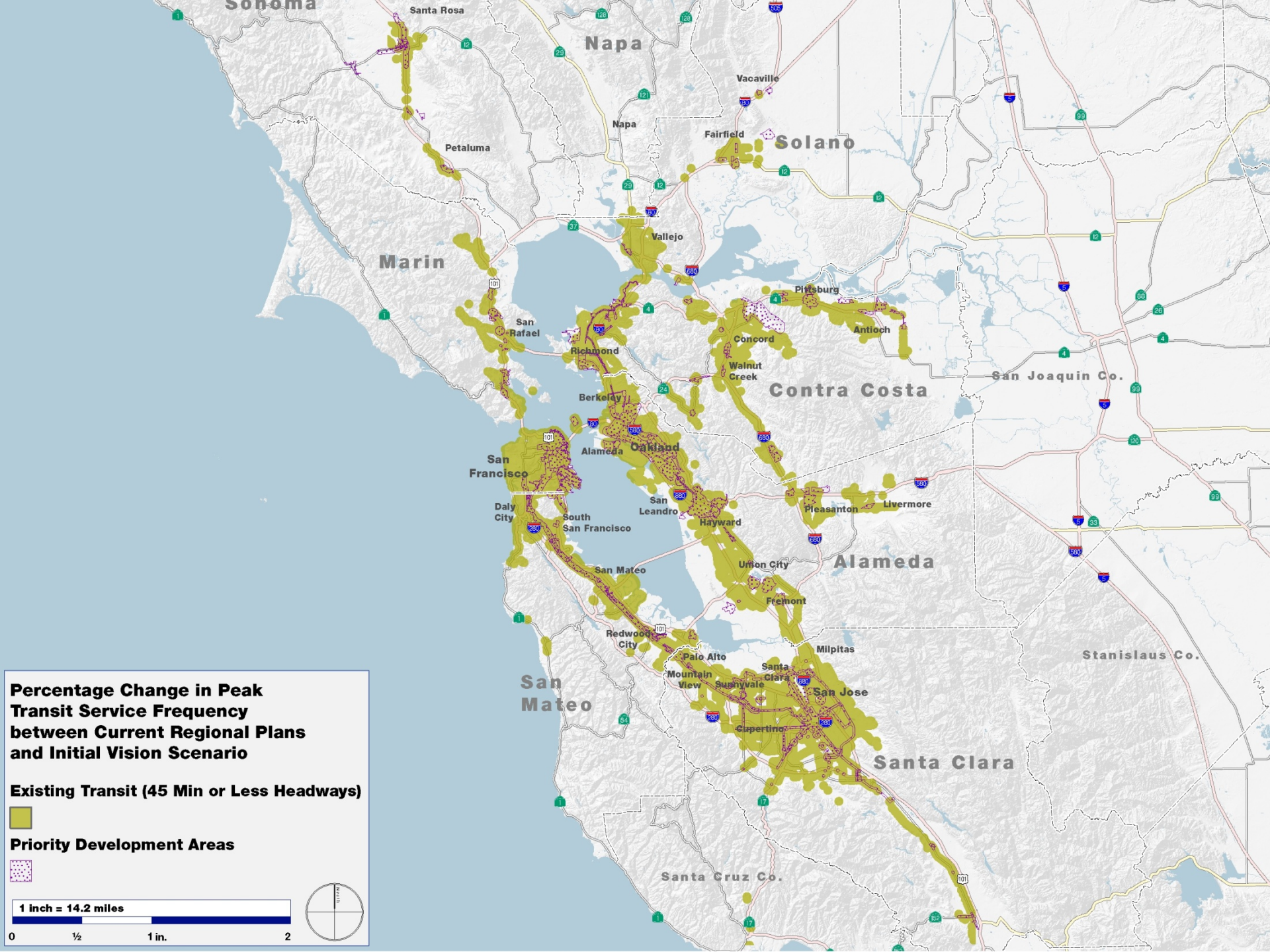
1. Same as T-2035 network in IVS
2. Smaller increase in transit headways/service in high-growth PDAs/city centers/ in Inner Bay Area than in Scenarios 1 & 2

4 **Core Concentration**

1. Same as T-2035 network in IVS
2. Smaller increase in transit headways/service in high-growth PDAs/city centers/ in Inner Bay Area than in Scenario 2, but larger increase than Scenarios 1 & 2

5 **Outer Bay Area Growth**

1. T-2035 network in IVS with full Express Lane Network buildout
2. Smaller increase in transit headways/service in high-growth PDAs/city centers – more express bus between Inner/Outer Bay Area than in Scenarios 1 - 4


Percentage Change in Peak Transit Service Frequency between Current Regional Plans and Initial Vision Scenario
Existing Transit (45 Min or Less Headways)
Priority Development Areas
1 inch = 14.2 miles
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Pittsburg
Antioch
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San Joaquin Co.
Berkeley
Oakland
Alameda
San Francisco
Daly City
South San Francisco
San Leandro
Hayward
Pleasanton
Livermore
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Union City
Fremont
San Mateo
Redwood City
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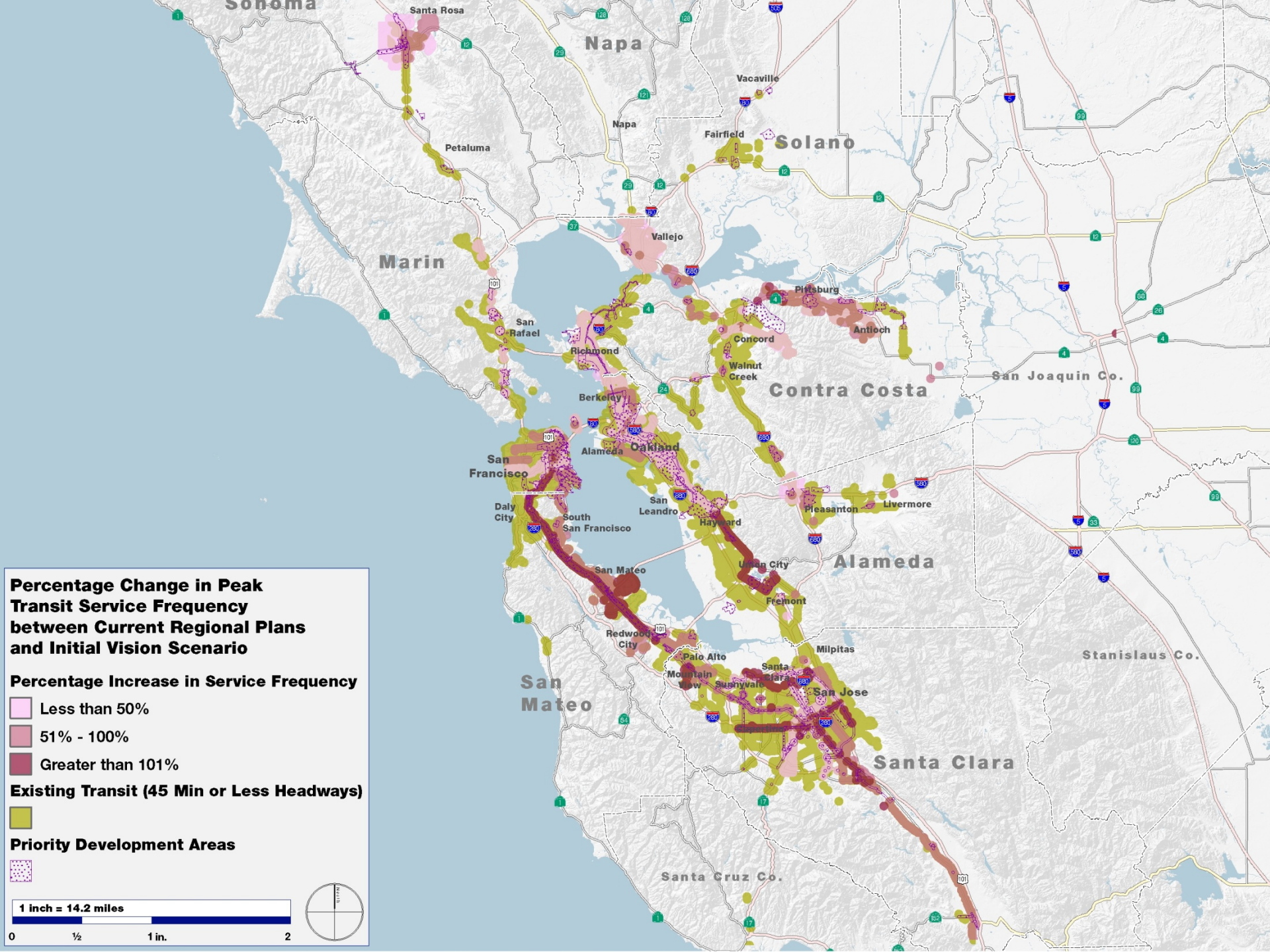
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Stanislaus Co.
Mountain View
Sunnyvale
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San Jose
San Mateo
Santa Clara
Santa Cruz Co.
Percentage Change in Peak Transit Service Frequency between Current Regional Plans and Initial Vision Scenario
Percentage Increase in Service Frequency
Less than 50%
51% - 100%
Greater than 101%
Existing Transit (45 Min or Less Headways)
Priority Development Areas
1 inch = 14.2 miles
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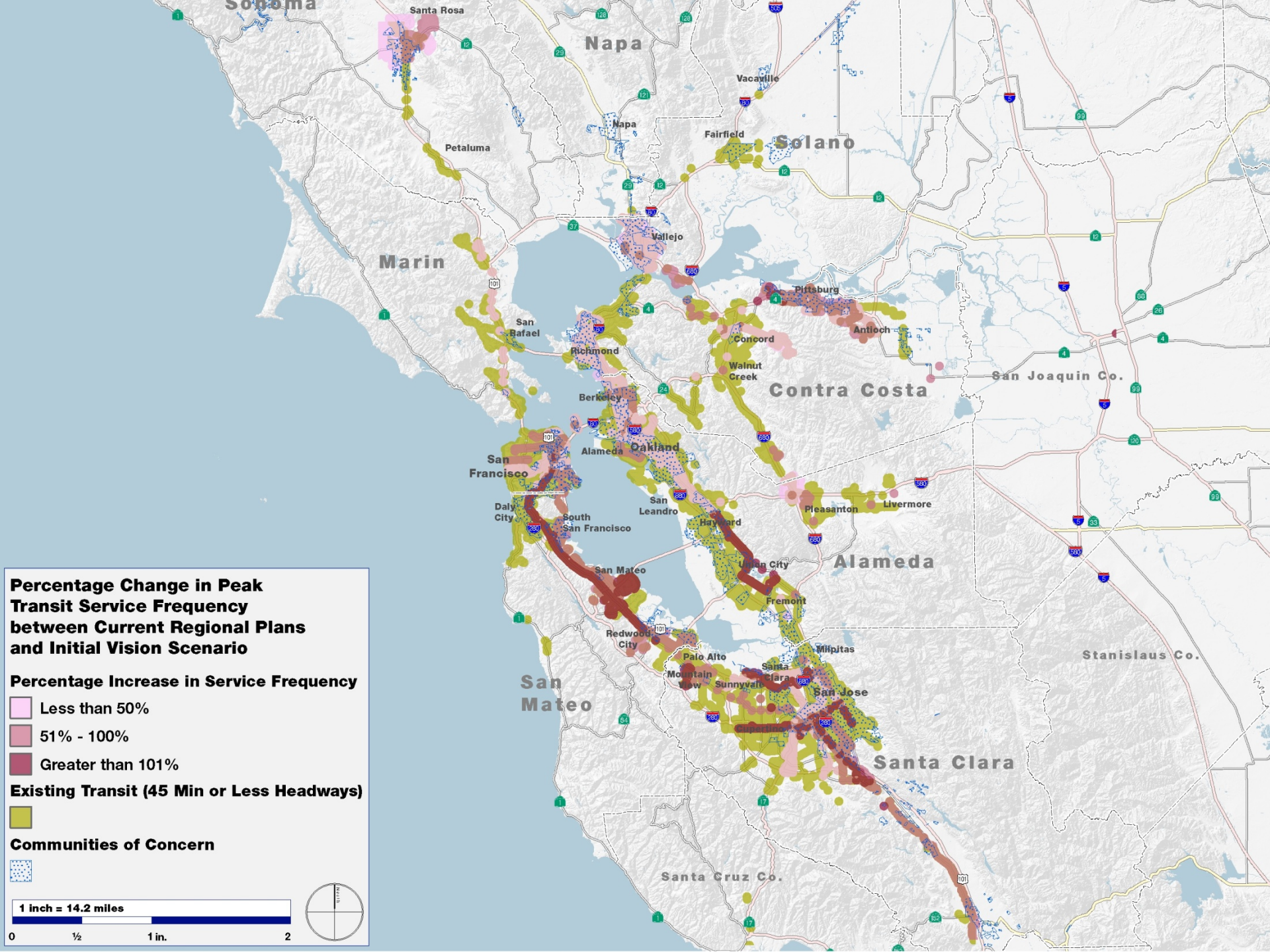
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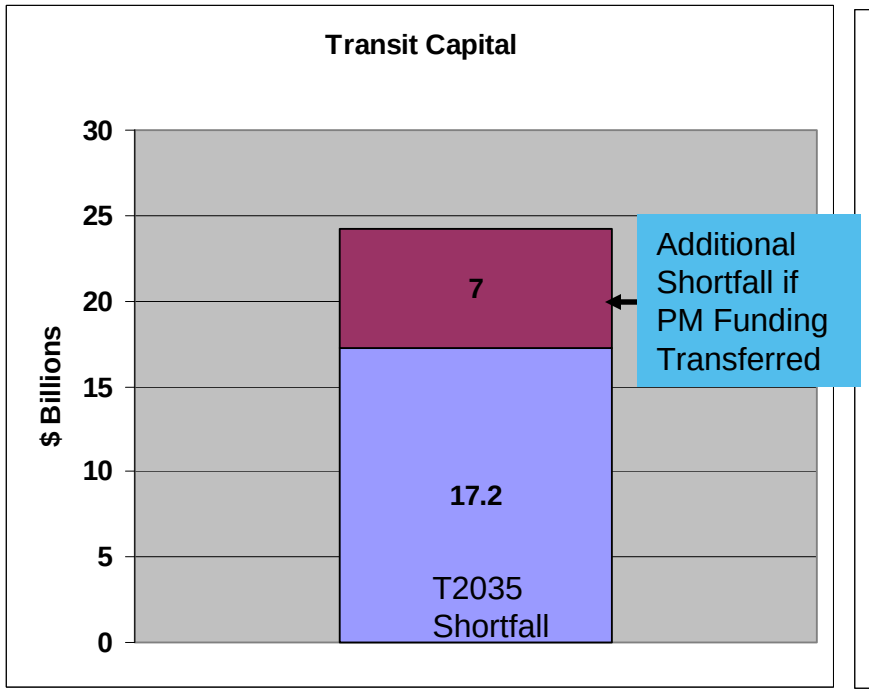
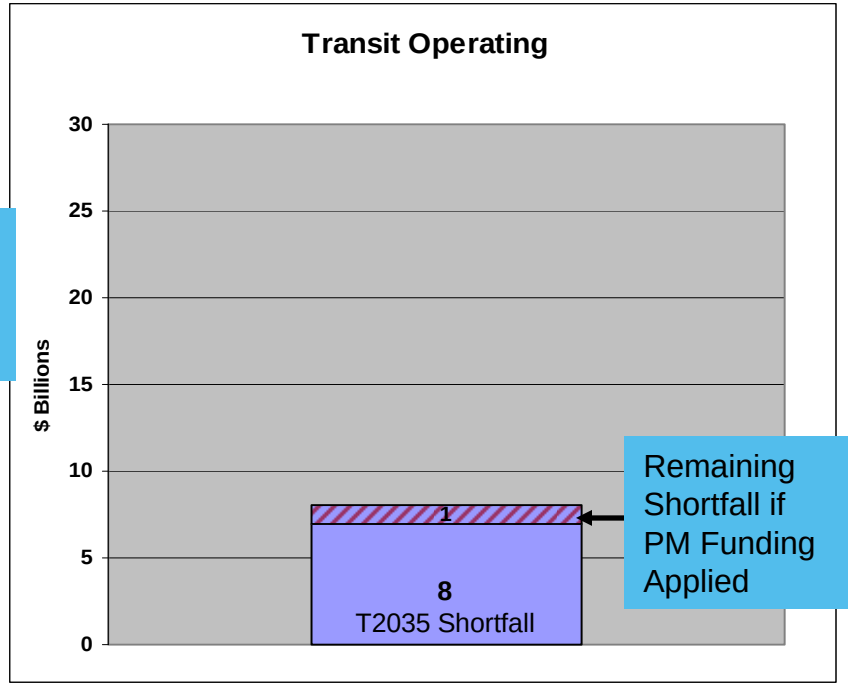
Cupertino

T2035 Transit Shortfalls





Capital Shortfall: $17.2 Billion

Additional Shortfall if PM Funding (5307/5309) Transferred: $7 Billion

Potential New Shortfall: $24.2 Billion

- *Eligible potential backfill sources: STP, RTIP*

Operating Shortfall: $8 Billion

Max PM Funding Applied (5307/09 transferred from capital): $7 Billion

Potential New Shortfall: $1 Billion

Transportation Assumptions

Include cost-effective transit expansion in low-income communities

- **Over 900 projects submitted for consideration in the Plan in response to MTC's Call for Projects in February 2011**
- **All projects/programs, including transit expansion projects from Community-Based Transportation Plans (CBTPs), are subject to project performance assessment with exception of the 150+ committed projects**

Transportation Project Performance Assessment

- **Identify projects and programs that advance Plan Bay Area targets, support the land use strategy, and are cost-effective**
- **Evaluate projects and programs submitted through the Call for Projects**
- **Initial results will inform transportation projects to be included in scenarios**
- **Final results will inform the Commission's discussions of trade-offs of various investment strategies when selecting a set of projects for inclusion in the preferred scenario**

Equity Analysis

- **Assess how each scenario distributes benefits and burdens in communities of concern and rest of the region using target definitions developed by Regional Equity Working Group**

Project Performance Assessment

BENEFIT-COST ASSESSMENT

Compare benefits and costs

- Evaluate projects with greater than $50 million in costs and/or regional impacts
- Quantify project support for equity by comparing aggregate benefits for low-income travelers and for the rest of the population:
  - out-of-pocket cost savings
  - travel time savings

TARGETS ASSESSMENT

Determine performance against all adopted performance targets

- Evaluate all projects
- Capture key equity issues:
  - Adequate Housing – accessibility provided to areas with planned housing growth, including affordable housing
  - Particulate Matter – PM emissions in CARE communities
  - Equitable Access – transportation costs for low-income households

All Scenarios Subject to Equity Analysis

Proposed Equity Analysis

Themes	Equity Analysis to be Performed	Key Questions Addressed
Affordable Housing & Transportation Choices	**Housing + Transportation Affordability** Percent of average share of household income spent on housing and transportation costs combined	Which scenario reduces the share of income spent on housing and transportation by the greatest amount for the target population?
Growing Equitably	**Displacement Analysis** Comparison of forecasted number of low-income households to current year	Which scenario (a) results in zero displacement of low-income households and (b) accommodates greatest number of low-income households?
Making Jobs/ Housing Connection	**Jobs-Housing Fit Analysis** Comparison of low-income households to entry-level jobs	Which scenario provides best fit for low-income households and entry-level jobs?
Healthy Communities	**Vehicle Emissions Analysis** Estimation of emissions of fine and coarse particulates per day per roadway	Which scenario reduces emissions by the greatest amount for the target population?
Equitable Mobility	**Non-Commute Travel Time** Average travel time for non-commute trips, reflecting trips to shopping, childcare, health/medical, and social/recreation	Which scenario reduces average trip time to non-work destinations by the greatest amount for the target population?

Transportation Assumptions

Proposed One Bay Area Grants

- **Would allocate Cycle 2 STP/CMAQ funds to reward counties whose jurisdictions produce housing (using RHNA formula)**
- **Most funding directed to Priority Development Areas that are expected to accommodate significant portion of the region's housing growth**

Alternative Scenario Timeline

Start alternative scenarios analysis	July 2011
Release alternative scenarios results	October 2011
Seek public review and comment on alternative scenarios results	October 2011
Release preferred land use scenario to conform with RHNA schedule	November 2011
Review preferred scenario with MTC and ABAG	January 2012
Approval of preferred scenario by MTC and ABAG	February 2012

Next Steps

- **Meet with Policy Advisory Council and Equity Working Group to review Alternatives Assumptions**
- **Consult with Advocates of the Equity, Environment and Jobs Scenario**
- **Policy Board Schedule:**
  - ABAG Executive Committee – July 21, 2011
  - Commission – July 27, 2011