

MEMO

To: Regional Planning Committee
From: Paul Fassinger, Research Director
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Date: January 27, 2009
Subject: Projections 2009: Performance of Land Use Alternatives

Summary

During the fall of 2008, regional agency staff met with local governments to discuss *Projections 2009*, the current update to the region's biennial forecast of population, jobs and housing. We discussed alternative land use patterns for the region and how those alternatives perform against ABAG Board adopted, long-term, provisional "performance targets," including: to reduce driving, congestion, transportation-related greenhouse gas (GHG) emissions, particulate matter, land consumption and to increase region-wide transit access. (See Attachment 1 for detailed performance targets.)

The magnitude of change required if we realistically expect to move toward the targets, especially the GHG target, was conveyed through two alternative development scenarios. The first, **Scattered Success**, showcased what can likely be achieved through some marginal success in creating new developments near transit, in addition to adding more auto-oriented, out-lying developments to our urban footprint. The second scenario, **Focused Future**, took a more intensive approach toward planning and developing at infill locations and near transit.

This staff report briefly summarizes the two development scenarios and the local government feedback received on these scenarios. We summarize this feedback through a series of policy issues. These policy issues will need RPC member consideration as we move forward with this and future *Projections* updates.

At the end of the memo, we also list a series of next steps for the *Projections 2009* process, particularly that staff will be requesting approval of *Projections 2009* at the March 2009 Executive Board meeting.

The Scenarios at a Glance

For each of the scenarios, we project that by 2035 over nine million people will live in the San Francisco Bay Area, two million more than today. By 2035, households will increase by an estimated 595,000, for a total of nearly 3.3 million households. For the initial scenarios, created in the summer of 2008, we projected over 5.2 million jobs would be in the Bay Area. While we recognized a slowing economy, we expected that by 2035 job growth would generally recover to the levels in our *Projections 2007* forecast. Since then, we have revised this estimate. We are now forecasting net job losses in the second half of 2008 through 2009, and in the first part of 2010. The amount of job losses and the length of the slowdown translate into a slower long run job trend. As a result, we have decreased the regional job total in 2035 by over 100,000 jobs, for a total of 5.1 million jobs. (Note: This change, as well as comments on population, household and job estimates from local jurisdictions, will be incorporated into the draft *Projections 2009* forecast.)

In each of the alternative growth scenarios, **Scattered Success** and **Focused Future**, we kept the regional totals constant. What differs between the scenarios is only the location of growth. Each scenario is based upon a unique set of assumptions about where new housing and jobs will be located within the Bay Area in the year 2035. The **Scattered Success** scenario is consistent with *Projections 2007* – which was developed as a realistic assessment of growth in the region. The *Projections 2007* forecast recognizes emerging trends in the economy and demographics, while also assuming that some local policies will be implemented to promote growth in infill locations.

The **Focused Future** scenario, like **Scattered**, is based on *Projections 2007*. The primary difference is the degree to which local policy changes are expected to take place throughout the region and the success we will have in implementing these changes. We assume that at both a county and city level, there will be a significant shift away from developing in non-transit communities and in places where there is a relatively small job base, as compared to other parts of the region. We assume that the region's North Bay counties, including Marin, Napa, Solano and Sonoma, will take on significantly less growth than they are projected to under **Scattered**. We also assume that communities in eastern Contra Costa County and in southern Santa Clara County will limit growth over the next 25 years, as compared to **Scattered**.

Need to Consider Both Growth Inducing and Limiting Policies

Development patterns and access to transportation alternatives greatly affect the amount of driving we do, and therefore our transportation-related GHG emissions. In communities with some density, transit and jobs, household greenhouse-gas emissions from transportation activities can be as low as 17 pounds on an average weekday. In outer, more remote parts of the Bay Area, where travel options are limited, emissions can be as high as 53 pounds per day. Staff took this correlation between the location and intensity of development, transportation, and emissions into account in developing the two alternative land use scenarios, **Scattered Success** and **Focused Future**.

The scenarios and their performance demonstrated clearly that policies enacted by local governments to intensify development in urban locations, where there is direct access to jobs or public transit, could effectively reduce region-wide driving or VMT, and therefore carbon-emissions from cars and light trucks. However, as the two scenarios demonstrated, getting the VMT reductions will not only require encouraging growth in our more urban places, but also limiting growth in the more remote parts of the region.

The **Focused Future** scenario has more development occurring within our urban communities, including San Francisco, San Jose and Oakland. More growth is also projected for Fremont, Hayward, Union City, San Leandro, Richmond, Walnut Creek, Daly City, San Mateo, Redwood City, and Mountain View. Conversely, growth is severely limited in relatively more rural, primarily North Bay counties and in eastern Contra Costa County. It is the redirection of growth, i.e. increasing it in some portions of the region and reducing it in others, that offers the greatest impact on the VMT and GHG targets.

Some urban communities were comfortable with increased levels of growth, however many could not conceive growing to the extent described in **Focused Future**. The Cities of Oakland, Emeryville, Fremont, Pittsburg, Fairfield, Novato, Foster City, Mountain View, and San Mateo expressed a willingness to move toward the growth levels in **Focused**. San Francisco may be able to go beyond what is projected in the **Scattered** scenario, but may not achieve the levels of growth in **Focused**. Other cities, where growth was reduced under **Focused**, such as in San Ramon and Vacaville, felt the estimates were inconsistent with their plans and requested that we modify the numbers.

The crucial policy question of where to and not to locate growth will need to be further explored with local governments, especially as we embark on the Sustainable Communities Strategy, as required by SB375.

Location of Employment – Regional Jobs/Housing Balance

In our discussions with local governments, there was continued concern about the location of jobs through out the region. The location of jobs greatly influences travel behavior in the region. We estimate an addition 1.6 million jobs will be located in the Bay Area by 2035. The **Focused Future** scenario makes realistic assumptions about the degree to which we foresee jobs being shifted around the region. Market forces, such as agglomeration economies, where like business locate near one another, prevent more wide scale movement of jobs, for example from the Silicon Valley to Solano County.

Local and regional policy makers may want to consider further discussions regarding the location of employment and the extent to which regional or local development policies can be pursued to actually shift employment locations. In addition, beyond the location of employment, the design and density of employment centers, within the policy objective of reducing VMT, ought to be discussed.

Incentives Will Make it Real

The Bay Area’s FOCUS program has been a successful start in establishing an incentive-based approach for promoting region-supporting development. Nearly \$7.5 million dollars has been awarded to local governments with “priority development areas” – neighborhoods with transit and access to jobs. However, during our outreach, we continuously heard that most of our urban communities have infrastructure needs that total well into the billions of dollars. If the region expects these areas to take on significantly more growth, than significant more capital dollars will also have to be directed to these areas.

Through the current Transportation 2035 process, MTC has increased the Transportation for Livable Communities (TLC) account to approximately \$2.2 billion dollars. Programming and allocating these funds within the next couple of years will demonstrate the region’s commitment to supporting local governments that take on more growth near their transit stations and job centers, i.e. within priority development areas.

Land Use Necessary, Not Sufficient

A key challenge during our fall outreach was to convey the inter-relationship between land use, infrastructure, pricing, technology, and individual behavior in meeting the regional targets. While powerful, land-use changes alone will not be sufficient in reducing our transportation-related emissions. Reducing emissions from the transportation sector will require new transportation infrastructure, like rail extensions, more buses and even some freeway improvements. Reducing emissions will also require technological improvements to our cars so that they burn cleaner and use less gasoline per mile. We will also need to implement pricing measures - like parking fees, toll lane charges and bridge tolls - so that more people become inspired through their wallets to use their cars less. We will need a major shift in personal behavior, where more people simply choose, for whatever reason, to drive less, walk or take transit over driving.

If we seriously intend to reduce this region’s transportation carbon emissions, each of these strategies will be necessary. There is no one solution. There will be no easy answers. And in all actuality, land use, infrastructure, technology, pricing, and behavioral changes are highly dependent on one another for any one measure to succeed. For transit to succeed, sufficient densities need to be in place. If driving becomes

more expensive, then we need to have affordable options available. If we want people to choose walking or transit, we have to build our communities at a pedestrian scale and have real transit options available.

This point was discussed extensively at each meeting with local governments. We have been asked to expand upon this point in any written documents we prepare, as most found it a crucial point to our regional dialogue on reducing GHGs, and in developing the Sustainable Communities Strategy, per SB375, in the coming years.

Next Steps

The *Projections 2009* process is expected to be completed this spring.

1. Staff is currently working on a revised forecast for *Projections 2009*. Revised numbers take into account local government input on the two alternative development scenarios. Draft *Projections 2009* county-level numbers have been distributed to local governments for comment.
2. Local government review of draft *Projections 2009* forecast will occur through February 20, 2009.
3. Staff will make final revisions to draft *Projections 2009* forecast, through early March 2009.
4. Staff will request ABAG Executive Board approval of *Projections 2009* at the March 2009 meeting.
5. Staff to begin work on the final *Projections 2009* document. This document will also include detailed information on the region's FOCUS program, i.e. the region's Priority Development and Conservation Areas. Estimated completion date is April 2009.

Attachment 1

Provisional Regional Performance Targets

Bay Area communities have made substantial progress toward moving away from a “business as usual” development pattern. We have had some success in planning and developing more transportation efficient communities near our BART stations, VTA transit areas, MUNI stops and ferry terminals. The **Scattered Success** scenario largely documents this progress. Scattered extends our current level of success twenty-five years out into the future. However, as you read how that future scenario plays out, it will quickly become clear that we need to get **Focused**, and do more.

When and how will we know when we have done enough?

We can only know we have achieved success by setting clear, measurable goals and then working toward those goals. The Association of Bay Area Governments and the Metropolitan Transportation Commission¹ have set such goals. We have set provisional long-term targets to reduce region-wide driving, greenhouse gases, to improve air quality, protect our land resources and to promote equity. These targets are mostly based on existing California laws, including Assembly Bill 32, California’s Global Warming Solutions Act of 2006.

Specifically, by 2035 we aim to:

- ⇒ Reduce driving per person by 10 percent below today’s levels
- ⇒ Reduce traffic congestion, measured by hours of delay, by 20 percent below today’s levels.
- ⇒ Reduce carbon dioxide emissions by 40 percent below 1990 levels.
- ⇒ Reduce PM2.5 (fine dust particles) emissions by 10 percent below today’s levels.
- ⇒ Reduce PM10 (coarser particulate mater) by 45 percent below today’s levels.
- ⇒ Limit greenfield development to 900 acres per year over the next 25 years.
- ⇒ Increase access to jobs and essential services via transit or walking by 20 percent above today’s levels.

¹ The performance targets listed here were adopted by ABAG’s Executive Board on May 15, 2008. They have been modified from those originally drafted by the Metropolitan Transportation Commission. The “Limit greenfield development” target was added by ABAG’s Board. The equity target was changed from reducing transportation and housing costs to increasing non-auto dependent access to jobs and services.