

# A G E N D A

**PLEASE NOTE:** The **Regional Hazards Resilience Council** will meet at 11:15  
There will also be a demonstration of the **Urban-SIM** modeling tool at 12:15  
**Lunch will be provided**

## **REGIONAL PLANNING COMMITTEE**

**METROCENTER Auditorium**

**1:00-3:00 P.M. Wednesday, October 3, 2012**

1. **Call to Order**
2. **Public Comment**
3. **Approval of Regional Planning Committee Meeting Minutes**
  - August 1, 2012
  - July 10, 2012 \*Special Meeting\*
  - June 6, 2012
4. **Oral Reports/Comments**
  - a. Committee Members
  - b. Staff
5. **INFORMATION: PDA Roles & Responsibilities**

Sailaja Kurella, ABAG Regional Planner, will provide information and seek input on the role of Priority Development Areas (PDAs) and Investment Areas in the various regional planning and implementation efforts to date, and expectations in terms of planning and funding support going forward.
6. **INFORMATION: Regional Policy Background Papers**
  - a. **Housing Report**

Johnny Jaramillo, ABAG Regional Planner, will present information and seek input on the region's future housing needs, including: recent trends and challenges in housing production across the Bay Area; projected housing growth in future decades, including opportunities to better connect homes and jobs and anticipated obstacles to meeting demand across income categories and strategies to increase housing production and affordability.
  - b. **Conservation and Open Space Report**

Mark Shorett, ABAG Regional Planner and Laura Thompson, San Francisco Bay Trail Project Manager, will present information and seek input on Bay Area's network of natural habitat and water resources, agricultural land, and parks and open spaces, including: the

elements of the network; present trends; the region's accomplishments and opportunities for regional agencies to work in partnership with local jurisdictions, special districts, state and federal agencies, stakeholders, and other organizations to preserve and maintain the region's unique natural environment and rural economy.

**ADJOURN**

**Next meeting: Wednesday, December 5, 2012**



Date: October 3, 2012

To: Regional Planning Committee

From: Miriam Chion, Interim Planning Director

Subject: **Role of PDAs and Investment Areas in Plan Bay Area development and implementation**

## **Summary**

This item explains the role of Priority Development Areas (PDAs) and Investment Areas in the various regional planning and implementation efforts to date, and expectations in terms of planning and funding support going forward.

## **Background**

Since establishment of the FOCUS Program, PDAs, and more recently Investment Areas, have taken on an increasingly prominent role in regional planning efforts, particularly in Plan Bay Area. Staff have been asked by Executive Board and Regional Planning Committee members to clarify the role of PDAs in the Sustainable Communities Strategy, the Regional Housing Needs Allocation, local planning efforts, and regional funding programs, including the newly established OneBayArea Grant program.

## **Recommendation**

None

Attachment(s):

Staff Report: Role of PDAs and Investment Areas in Plan Bay Area development and implementation

# BayArea Plan

## Role of PDAs & Investment Areas in Plan Bay Area

ABAG RPC  
October 3, 2012

### Outline

- **FOCUS overview**
- **PDAs & Investment Areas**
- **Role in Plan Bay Area planning components**
  - Jobs-Housing Connection Strategy
  - Regional Housing Needs Allocation
- **Role in Plan Bay Area implementation**
  - Local planning
  - Regional funding

## FOCUS Program, PDAs, & Investment Areas



### FOCUS Overview

- Launched in 2007
- Incentive-based program
- Complete community development with focus on housing, linked to open space preservation
- Voluntary participation – locally-identified infill areas with transit



## Priority Development Areas (PDAs)

- **166 PDAs**
  - 73 jurisdictions
  - All nine counties
- **PDA Status:** Planned vs. Potential



## Priority Development Areas (PDAs)

- **Place Type**
  - Tool for local elected officials and staff
  - Guidelines for type, scale and character of planned growth
  - Range of Place Types – high density to moderate density



## Investment Areas

- Established in 2012 as counterparts to housing-focused PDAs
- 14 Rural Community Investment Areas
- 9 Employment Investment Areas



## Rural Community Investment Areas

Centers of economic & community activity surrounded by agricultural, resource, or protected conservation lands that can be strengthened by connectivity and public realm improvements & diversity of land uses.



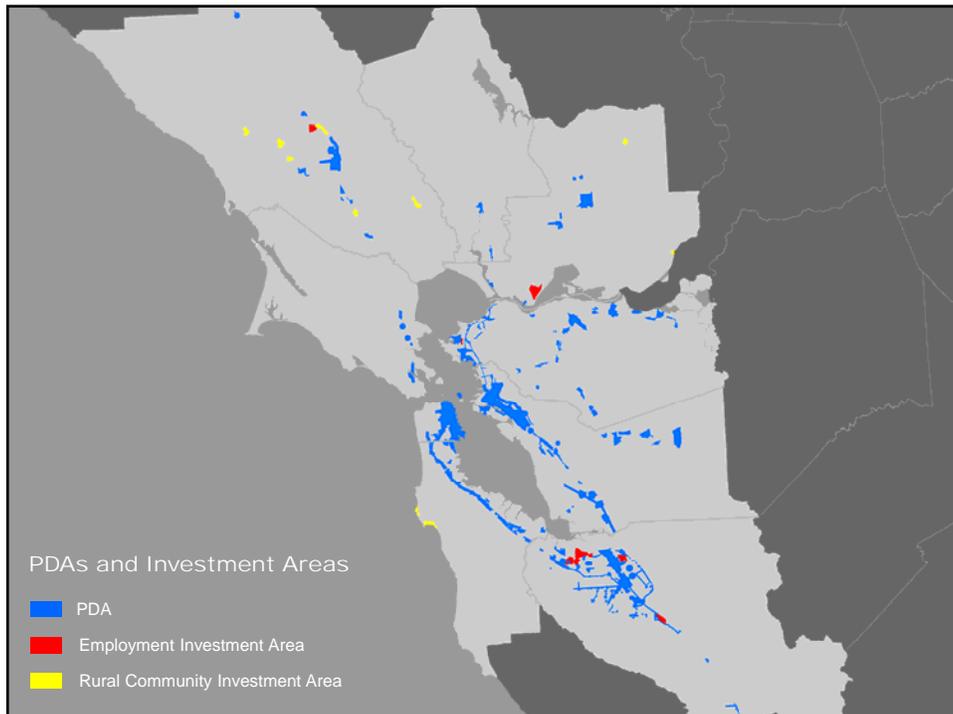
Photo: Ed Walsh

## Employment Investment Areas

Significant centers of economic activity that can be enhanced by local-serving retail, pedestrian and bike access improvements, focused growth, and “last mile” transportation solutions.



BayArea  
**Plan**



# PDA & Investment Area Designation

## Criteria for Designation

	PDA	Employment Investment Area	Rural Comm. Investment Area
Location	Existing community near transit	Existing or planned office, R&D area	Existing community, within urban footprint and growth boundary
Size	100 acres min.	n/a	20-160 acres
Transit	Fixed rail; bus w/20 min. headway	Fixed rail w/in ½ mile; bus/shuttle to fixed rail w/20 min headways	n/a
Housing	Planned to average minimum Place Type density	Residential okay, but not required	Moderate-density residential okay, but not required
Other	Mix of local serving land uses	Commercial FAR target of 1.5 (1.0 required for \$)	Mix of local serving land uses
	Connectivity improvements	Mix of local serving land uses Connectivity improvements	Connectivity improvements

## PDA's in Plan Bay Area

*Jobs Housing Connection Strategy & RHNA*

## PDAs in Plan Bay Area

*Jobs-Housing Connection Strategy*

- **Growth based on:**

- Local plans
- Transit
- Jobs
- Employment trends



- **PDAs key focus of employment and housing distribution**

- 80% of housing growth
- 66% of job growth



## PDAs in Plan Bay Area

*RHNA 2014-2007*

- **Consistent with SCS land use pattern**

- **Sustainability component**

- 70% of allocation within PDAs

- **Fair Share component**

- Ensures cities with large amount of growth in PDAs not overburdened



## PDA in Implementation Efforts

*Local Planning & Regional Funding*



## PDA in Plan Bay Area implementation

*Local Planning*

- **SB 375:** Regional agencies have no legal authority to supersede local land use control
- **RHNA:** Jurisdictions need not plan for housing in 2014 Housing Elements consistent with PDA geographies
- **However,** jurisdictions may choose to conform to Plan Bay Area and prioritize PDAs, Investment Areas:
  - Improve quality of life of their neighborhoods
  - Benefit from regional funding incentives



## PDA in Plan Bay Area implementation *Regional Funding Programs*

	PDA Planning	Technical Assistance	TLC
Funding Type	Neighborhood planning for PDAs, station areas	Planning for PDAs: implementation focus	Capital: complete streets, accessibility projects in/near PDAs
# Grants	53	12	104
Total Funded	\$19 M	\$579 K	\$117 M



## PDA in Plan Bay Area implementation *OneBayArea Grant (OBAG)*

- Cycle 1 (FY 2012/13 – 2015/16) – \$320 M
- Shift from regional to local management (CMAs)
- Increased flexibility
- 70% / 50% to PDAs



## PDA's in Plan Bay Area implementation

*OneBayArea Grant (OBAG)*

### County Distribution

County	4-Year Total	PDA %
Alameda	\$63	70%
Contra Costa	\$44	70%
Marin	\$10	50%
Napa	\$6	50%
San Francisco	\$38	70%
San Mateo	\$26	70%
Santa Clara	\$87	70%
Solano	\$18	50%
Sonoma	\$23	50%

## PDA's in Plan Bay Area implementation

*PDA Investment & Growth Strategies*

- **Key component of implementation**
- **Developed by CMAs in consultation with jurisdictions**
- **ABAG & MTC support**
- **Ensure CMAs have funding framework supportive of PDAs**
  - On-going planning efforts
  - Local infrastructure needs
  - Housing element progress – production & policies

OBAG, PDA Investment & Growth Strategy Process		
MTC/ABAG Staff	Timeline	CMAs
Neighborhood planning for PDAs, station areas	<b>September/October</b>	Call for Projects
Assessment of Development Readiness/Needs for selected PDAs	<b>December 2012</b>	
Provide data, analysis and comments	<b>January-April 2013</b>	Review Draft Strategies with Regional Staff; Request Additional Data & Support
	<b>May 2013</b>	Short Term PDA Strategy Reports Due
	<b>June 30, 2012</b>	Project List Due
	<b>Summer/Fall 2013</b>	Short Term PDA Strategy Presentations to Reg. Boards
Provide data, analysis and comments	<b>May 2014</b>	Long Term PDA Strategy Reports Due

## Next Steps

- On-going engagement with local officials
- Assist CMAs with PDA Investment & Growth Strategies
- Identify funding for Investment Areas
- Continue administering PDA Planning & Technical Assistance grants
- Future PDA & Investment Area applications

Questions?



BayArea  
**Plan**



Date: October 3, 2012  
To: ABAG Regional Planning Committee  
From: Miriam Chion, Interim Planning Director  
Subject: Role of PDAs and Investment Areas in Plan Bay Area development and implementation

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The San Francisco Bay Area is nearing completion of Plan Bay Area, an integrated land use and transportation plan required per California law, Senate Bill 375. Plan Bay Area combines the region's first Sustainable Communities Strategy (SCS), the Regional Transportation Plan (RTP), and the Regional Housing Needs Allocation (RHNA) into a single long-range plan. With Plan Bay Area, the regional agencies for the first time are closely linking long-term land use planning, transportation investments, and housing production to achieve the region's sustainability goals.

Central to Plan Bay Area are Priority Development Areas (PDAs) and Investment Areas. These areas provide the framework for achieving regional goals, informed by local planning efforts. It is anticipated that most of the region's growth will occur in the PDAs and Investment Areas, areas that existing communities have identified for focused housing and employment growth, improved accessibility, and complete community development. Given the prominent role of PDAs and Investment Areas in Plan Bay Area, the regional agencies are working to provide increased resources and funding for jurisdictions to address local needs and support neighborhood development in these areas.

This memo clarifies the role of PDAs and Investment Areas in the various regional planning and implementation efforts to date and expectations in terms of planning and funding support going forward.

## **I. PDA Overview**

In 2007, four regional agencies<sup>1</sup> launched the FOCUS Program, a regional incentive-based development and conservation strategy that promotes a more compact land use pattern for the Bay Area. FOCUS links land use and transportation by encouraging the development of complete communities and promotes conservation of the region's most significant resource lands through Priority Development Areas and Priority Conservation Areas (PCAs). PDAs are locally-identified, infill development opportunity areas within existing communities where there is local commitment to developing more housing along with amenities and services to meet the day-to-day needs of residents in a pedestrian-friendly environment served by transit. PCAs are areas of regional significance where there is urgent need and broad community support for protection.

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<sup>1</sup> FOCUS is led by the Association of Bay Area Governments and the Metropolitan Transportation Commission in coordination with the Bay Area Air Quality Management District and the Bay Conservation and Development Commission. See [www.bayareavision.org](http://www.bayareavision.org) for more information.

Even prior to formal establishment of the FOCUS Program and PDAs, local jurisdictions have embarked on neighborhood planning efforts with the goal of promoting development of compact, mixed-use commercial and residential development that is walkable, bikeable and close to transit. With the PDA program, local jurisdictions have been able to formalize these planning areas in order to be better positioned for regional, state, and federal planning and infrastructure funding.<sup>2</sup>

Since 2007, the regional agencies have approved 166 PDAs throughout the Bay Area, in 73 jurisdictions and within all nine counties.

### **PDA designation criteria**

Local governments interested in designating PDAs submit an application for an area within their jurisdiction. Participation in this designation process is voluntary. In the past, applications have been reviewed by staff and forwarded to the ABAG RPC and Executive Board for designation on a quarterly basis. ABAG staff proposes continuing the PDA designation process currently in place.

As noted in the PDA Application Guidelines, areas proposed as PDAs must meet all of the following criteria for designation:

- Location: the area is within an existing community.
- Transit: the area is near existing or planned fixed transit (or served by comparable bus service).
- Housing: the area is currently planned or is being planned for more housing.

The following definitions clarify the designation criteria for **PDAs**:

Area - means the planning area being proposed for designation as a priority development area under the FOCUS program. Since the program seeks to support neighborhood-level planning, the recommended area size is 100 acres, which is approximately a ¼ mile radius.

Existing Community – means that the area is within an existing urbanized area, lies within an urban growth boundary or limit line if one is established, and has existing or planned infrastructure to support development that will provide or connect to a range of services and amenities that meet the daily needs of residents.

Housing – means the area has plans for a significant increase in housing units *to an average minimum density of the selected place type* from the Station Area Planning Manual,<sup>3</sup> including affordable units, which can also be a part of a mixed use development that provides other daily services, maximizes alternative modes of travel, and makes appropriate land use connections.

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<sup>2</sup>The identification of PDAs as sustainable growth areas in alignment with regional goals has allowed local jurisdictions to compete for recent U.S. Department of Transportation (DOT) TIGER capital grants (<http://www.dot.gov/tiger/>), as well as state Strategic Growth Council ([http://sgc.ca.gov/planning\\_grants.html](http://sgc.ca.gov/planning_grants.html)) and federal Partnership for Sustainable Communities neighborhood-level planning grants. The Partnership for Sustainable Communities was launched in 2009 by three federal agencies, the U.S. Department for Housing and Urban Development, the U.S. DOT, and the U.S. Environmental Protection Agency (<http://www.epa.gov/smartgrowth/partnership/index.html>).

<sup>3</sup> 2007 MTC Station Area Planning Manual.

[http://www.mtc.ca.gov/planning/smart\\_growth/stations/Station\\_Area\\_Planning\\_Manual\\_Nov07.pdf](http://www.mtc.ca.gov/planning/smart_growth/stations/Station_Area_Planning_Manual_Nov07.pdf)

Near Transit – means (1) the area around an existing rail station or ferry terminal (typically a half-mile around the station), (2) the area served by a bus or bus rapid transit corridor with minimum headways of 20 minutes during peak weekday.

#### PDA Status

PDA's can be designated as either "Planned" or "Potential" PDA's. Planned PDA's have an adopted neighborhood-level land use plan, and thus are closer to implementing a specific vision for growth. Potential PDA's are those for which a neighborhood-level land use plan has not yet been completed. Over time, it is expected that the Potential PDA's will complete plans and transition to Planned status.

#### PDA Place Type

Every PDA in the Bay Area faces a unique set of challenges and will require specially tailored strategies for creating high-quality transit-oriented development. Some are located in bustling downtowns at the heart of the regional economy; others are located in residential neighborhoods where transit provides a convenient means for commuters to travel to and from work. Some are experiencing rapid pressures to grow and change, while others are more established where change will be incremental. However, across many different types of PDA's (with different types of transit station areas), similar characteristics begin to emerge. These similarities, or "Place Types", can help planners, citizens, and elected officials quickly and easily understand the key planning considerations and expectations for the character, role, and function of different types of places.

The 2007 MTC Station Area Planning Manual was developed to provide guidance to jurisdictions on the characteristics of PDA's and station areas (such as level of transit service and role as an employment or housing center), and the type and scale of growth (such as land use mix, development densities, and building type) that will serve to meet each community's long-term vision. The seven PDA Place Types identified in the Station Area Planning Manual range from high-density ("Regional Center"), medium density ("Mixed-use Corridor"), to moderate density ("Transit Town Centers").

Jurisdictions are asked to identify a Place Type for each PDA to clarify the character and function of the PDA within their community and the region. The Place Types are a tool that helps jurisdictions and regional agencies to understand the diversity of neighborhoods in the region and better address challenges and resource needs for specific types of places. The Place Types do not supersede local plans.

## **II. Rural Community and Employment Investment Areas Overview**

The Rural Community and Employment Investment Areas were formally established in 2012 as counterparts to the transit- and housing-focused PDA's.<sup>4</sup> Both of the Investment Area types were conceived in consultation with local jurisdictions as opportunities to address the specific needs of different parts of the region while supporting a larger regional growth pattern that helps achieve environmental, economic, and equity goals.

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<sup>4</sup> ABAG Executive Board Meeting, July 19, 2012: Agenda Item 8. <http://www.abag.ca.gov/abag/events/agendas/e071912a-Item%2008%20Investment%20Areas%20and%20PDAs.pdf>

Rural Community Investment Areas are centers and corridors of economic and community activity surrounded by agricultural, resource, or protected conservation lands. These districts present an opportunity to preserve a rural character and scale while integrating a range of housing types, local retail, and cultural and civic activities. In some cases, these elements are already in place, while in others additional planning and investment can help create a more complete community. In addition to a diversity of land uses and an inviting public realm, strong pedestrian and bicycle connectivity between the area and surrounding neighborhoods are key components of Rural Community Investment Areas. These areas are not intended for large amounts of housing or job growth, but serve to complement PCAs by accommodating much of the (limited) new economic activity and development anticipated in rural areas, reducing development pressure on the greenbelt.

Employment Investment Areas are significant centers of economic activity that can be enhanced by local-serving retail, pedestrian and bicycle access improvements, focused growth around station areas, and “last mile” transportation solutions. Planning for Employment Investment Areas provides an opportunity to increase travel options for commuters, focus new jobs in locations accessible to the region’s workforce—including transit dependent households—and allow employees to walk to daytime destinations, such as restaurants and coffee shops, that today would require auto trips. Employment Investment Areas are not intended for housing growth.

In July, the ABAG Executive Board approved nine Employment Investment Areas and fourteen Rural Community Investment Areas.

### **Investment Area designation criteria**

The key designation criteria for **Rural Community Investment Areas** include:

- Location: the area is a focal point of a community’s social, economic and civic activity, not contiguous with other urban communities, and within the existing urban footprint and an established urban growth boundary (or comparable policy protected area).
- Size: the area is between 20-160 gross acres.
- Land Use: the area contains or is being planned for a mix of local-serving commercial, cultural, civic, and some low-density residential uses.
- Connectivity: the area is being planned for connectivity and complete streets improvements, such as pedestrian and bicycle improvements and increased transit service.

The key designation criteria for **Employment Investment Areas** include:

- Land Use: the area currently contains or is being planned for office or research and development uses and services such as employee-serving food, retail, and health care.
- Transit: the area has or is being planned (with dedicated funding) for transit with peak headways of 20 minutes or less within a half-mile, shuttle services with these frequencies connected to a fixed rail station, or planned fixed rail service within a half mile. *Funding and technical support opportunities will be available only to projects in only those portions of the Area with service consistent with the guideline.*
- Density: the area currently has or is being planned for increased densities. *The recommended target minimum density is Floor Area Ratio (FAR) of 1.5, with a minimum of 1.0 FAR required to be eligible to receive regional Investment Area funding.*

See Attachment A for a complete list of Investment Area designation criteria.

Staff proposes implementing an on-going designation process for new Investment Areas in alignment with the PDA designation process, with rolling applications and quarterly review by staff and ABAG decision-making bodies.

### **III. Plan Bay Area Development**

PDAs and Investment Areas have gained prominence in both local and regional planning efforts in recent years. Their role in the SCS Jobs-Housing Connection Strategy and the Regional Housing Needs Allocation (RHNA) is described below.

#### **Jobs-Housing Connection Strategy**

The SCS, or the “Jobs-Housing Connection Strategy,” is the land use component of the Plan Bay Area. It is a long-range plan for growth that serves to reduce transportation-related greenhouse gas emissions within the region. It articulates how the region can capture its economic potential by providing more housing and transportation choices to Bay Area residents and workers. The Strategy seeks to achieve four comprehensive goals: (1) create jobs to maintain and expand a prosperous and equitable regional economy; (2) increase the accessibility, affordability, and diversity of housing; (3) create a network of complete communities; and (4) protect the region’s unique natural environment. As such, the Jobs-Housing Connection Strategy is a highly focused vision for growth, which concentrates about 80% of housing and 66% of job growth in the region’s locally-identified PDAs and Investment Areas. By concentrating new development in PDAs, the Strategy leverages existing community infrastructure and transportation investments and helps to preserve farmland and natural resource lands that Bay Area residents have prioritized for long-term protection.

The strategy for locating new housing and employment was based in large part on local plans at the county, city, and PDA levels. Local feedback on the SCS scenarios through letters, emails, meetings, and the SCS Basecamp online forum, the 2010 PDA Assessment analysis, and applications for PDA and Investment Area designations provided detailed information on planned growth in specific areas and constraints to growth.

#### Housing Distribution

For the Jobs-Housing Connection Strategy housing distribution, transit service and employment were two key factors for identifying sustainable locations for housing, which served to direct much of the growth into PDAs. PDAs with high levels of transit service and employment received commensurately more growth. Locally-selected Place Types by PDA served as a reference on the scale of growth proposed in each PDA to ensure the amount of growth in each place is in keeping with each community’s vision for growth.

#### Employment Distribution

The employment distribution included two key components that directed job growth to PDAs and Investment Areas: (1) Population-serving jobs (jobs that provide services to households) were distributed based upon the spatial distribution of household growth and therefore heavily linked to the housing growth within the PDAs; (2) Priority Development Areas received a 10% increase in the share of knowledge-sector jobs over current shares, based on the tendency of these jobs to continue to cluster and become more concentrated in regional centers, urban neighborhoods, and mixed-use corridors with easy access to transit and urban amenities.

## **2014-2022 Regional Housing Need Allocation**

The State of California since 1980 has required each town, city, and unincorporated area to plan for its share of the state's housing need for people of all income levels. This requirement is the Housing Element Law<sup>5</sup> that created the Regional Housing Need Allocation. Per AB 2853, ABAG and MTC must identify areas within the region sufficient to house an eight-year projection of the regional housing need. Additionally, the adoption of SB 375 amends the RHNA schedule and denotes that the Bay Area's housing allocation plan must allocate housing units within the region consistent with the development pattern included in the SCS.

To integrate both RHNA objectives and regional goals per the SCS, the methodology for allocating the 2014-2022 regional housing need utilizes three key components:<sup>6</sup>

- 1) Sustainability Component
- 2) Fair Share Component
- 3) Income Allocation

The PDAs play a key role in the Sustainability and Fair Share components. The Sustainability Component ensures consistency with the SCS. Following the land use distribution specified in the Jobs-Housing Connection Strategy, 70% (131,593) of the 187,990 units determined to be needed by the State Department of Housing and Community Development (HCD) are allocated to PDAs and the remaining 30% (56,397) are directed to non-PDA locations.

The Fair Share Component ensures that cities with large PDAs are not overburdened, whereby additional growth is not assigned to jurisdictions whose PDAs meet or exceed a certain threshold of growth in the Jobs-Housing Connection Strategy.<sup>7</sup> Those jurisdictions that do not meet this criterion, however, are subject to additional fair share factors.

## **IV. Plan Bay Area Implementation**

Concerted efforts to support development of PDAs and Investment Areas will be crucial to successful implementation of Plan Bay Area. The role of PDAs and Investment areas in Plan Bay Area implementation efforts, including local land use plans and housing element development, and existing and new regional planning and capital funding programs, is described below.

### **Local Land Use Planning - Housing Elements and General Plans**

SB 375 is explicit that neither ABAG nor MTC has the legal authority to supersede the land use authority of cities and counties in the region. Furthermore, RHNA does not specify that jurisdictions must plan for housing in their 2014 housing elements consistent with the geographies of their PDA and non-PDA designations.

However, local governments may choose to conform to Plan Bay Area both to improve the quality of life of their neighborhoods by providing better mobility, more walkable streets, cleaner air, and

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<sup>5</sup> Chapter 1143, Statutes of 1980; AB 2853.

<sup>6</sup> See ABAG Executive Board Meeting, July 19, 2012: Agenda Item 6, Appendix B for full description of RHNA methodology. <http://www.abag.ca.gov/abag/events/agendas/e071912a-Item%2006%20RHNA%20Methodology%20and%20Subregional%20Shares.pdf>

<sup>7</sup> If growth projected by the Jobs-Housing Connection Strategy in PDAs meets or exceeds 110% of a jurisdiction's household formation growth, it is not assigned additional growth outside the PDA.

homes closer to transit, jobs, and services, as well as to benefit from incentives that will be available to conforming localities — for example, OneBayArea Grant funding, PDA Planning Grants, investments from the Regional Transportation Plan, and assistance in meeting the requirements of the California Environmental Quality Act (CEQA). As such, it is anticipated that local jurisdictions will seek to prioritize and zone for PDAs consistent with Plan Bay Area going forward.

### **Regional Funding**

MTC will adopt the Regional Transportation Plan (RTP),<sup>8</sup> the long-range plan for regional transportation investments in May 2013. SB 375 requires that the RTP be integrated with the SCS to support growth in locations that promote alternatives to automobile travel. To that end, MTC is continuing existing planning and capital funding programs and is implementing the newly established OneBayArea Grant (OBAG) program to promote development of the PDAs.

### ***PDA Planning and Technical Assistance Programs***

MTC's PDA Planning (formerly Station Area Planning) Grant Program funds locally-sponsored planning efforts for the areas around existing and future transit stations and transit corridors. These station-area plans are intended to address the range of neighborhood features that are necessary to support high levels of transit ridership. Over \$19 million in grant funding has been provided to jurisdictions throughout the region to support transit-supportive land use planning in PDAs since the program's launch in 2005.

The FOCUS Smart Growth Technical Assistance Program, launched in 2009, supports discrete planning projects that will help to advance implementation of PDAs. Customized assistance is provided to local jurisdictions seeking to overcome specific policy or planning challenges to the adoption or successful implementation of PDA-related plans. Twelve projects have been funded over three funding cycles, totaling \$579,000 in funding. A fourth round of grants will be awarded by the end of 2012.

\$40 million has been committed to PDA Planning & Technical Assistance Programs for FY 2012-13 through FY 2015-16. Attachment B provides a full list of funded PDA/Station Area Plans and Technical Assistance projects.

### ***Transportation for Livable Communities***

MTC's Transportation for Livable Communities (TLC) Program supports community-based transportation projects that enhance amenities and improve accessibility in downtown areas, commercial cores, neighborhoods, and transit corridors, making them places where people want to live, work and visit. Over \$117 million in MTC-funding TLC grants have been provided to local jurisdictions since the program's launch in 1998. Beginning in 2010, only projects within PDAs were eligible for TLC funding, strengthening the link between transportation funding and transit-oriented infill development in the PDAs. Attachment B provides a summary of TLC grant funding by county.<sup>9</sup> The TLC Program has been rolled into the new OBAG program.

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<sup>8</sup> See [http://onebayarea.org/plan\\_bay\\_area/transportation.htm](http://onebayarea.org/plan_bay_area/transportation.htm) for more information on the RTP.

<sup>9</sup> A full list of MTC-funded TLC projects can be found at: [http://www.mtc.ca.gov/planning/smart\\_growth/tlc/TLC\\_Capital\\_Program\\_Summary\\_cycles\\_1-7.pdf](http://www.mtc.ca.gov/planning/smart_growth/tlc/TLC_Capital_Program_Summary_cycles_1-7.pdf)

## ***OneBayArea Grant***

To advance Plan Bay Area implementation, the regional agencies have adopted a new funding framework for allocating federal transportation dollars that will encourage the type of focused development necessary to achieve Plan Bay Area goals. This framework shifts funding from regional to local management and adds flexibility to how funds are spent. The OneBayArea Grant distribution formula to each county is based on the following factors: population, future housing commitments (Regional Housing Needs Allocation 2014-2022), and actual housing production<sup>10</sup>. The county Congestion Management Agencies (CMAs) are responsible for local project solicitation, evaluation, and selection. \$320 million has been committed to the first cycle of OBAG funding (FY 2012-13 through FY 2015-16).

### PDA Investment Minimums

The OneBayArea Grant prioritizes development of Priority Development Areas: a majority of the funds must be spent in the region's PDAs. The CMAs in larger counties (Alameda, Contra Costa, San Mateo, San Francisco, and Santa Clara) must direct at least 70% of their OBAG investments to the PDAs. For North Bay counties (Marin, Napa, Solano, and Sonoma) the threshold is 50%. A project lying outside the limits of a PDA may count towards the minimum provided that it directly connects to or provides proximate access to a PDA. Investment Areas are currently not eligible for OBAG funding.

### Local funding priorities

The OBAG framework provides a high level of flexibility on how and where funds are spent. However, the program requires CMAs to establish local transportation funding priorities based on connection to housing, jobs, and commercial activities. CMAs are encouraged to consider factors that support PDA development, including:

- High impact areas (PDAs taking on high levels of housing growth, areas with jobs in proximity to housing and transit, those that provide high transit connectivity and multi-modal access for people of all incomes);
- Projects in Communities of Concern (many of which are within PDAs)
- PDAs with affordable housing preservation and creation strategies
- PDAs that overlap with Air District CARE Communities<sup>11</sup>

### ***PDA Investment & Growth Strategies***

The county-level PDA Investment & Growth Strategies ("Growth Strategies") to be developed by each CMA are a crucial step in implementing the Plan Bay Area, moving transportation and land use policy integration from the regional down to the county level and from concept to funding and projects.

The goal of the Growth Strategies is to ensure that CMAs have a transportation project priority-setting process for OBAG funding that is supportive of development in the region's PDAs, recognizing that CMAs may choose different strategies. Growth Strategies must address three planning objectives:

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<sup>10</sup> Housing Production Report 1999-2006, ABAG.

<sup>11</sup> <http://www.baaqmd.gov/Divisions/Planning-and-Research/CARE-Program.aspx>

1. Ongoing Planning efforts
2. Local infrastructure needs
3. Housing Element progress, including both production of units and implementation of policies

The Growth Strategies will include both short-term and long-term components to provide a foundation for CMA's to make decisions on investing OBAG funds. By May 2013, CMA's will have analyzed housing production progress and completed an inventory of existing and planned housing units by income category in PDAs and affordable housing policies currently enacted for those respective jurisdictions. By May 2014, CMA's will work with PDA-based jurisdictions to identify which, if any, policies/ordinances are recommended to promote and preserve affordable housing in PDAs.

Based on this information and recommendations in the short-term Growth Strategy analysis, MTC, working with ABAG, will revisit the funding distribution formula for the next cycle (post FY2015-16) to further evaluate how to best incentivize housing production across all income levels and other Plan Bay Area performance objectives.

ABAG is facilitating the launch of the Growth Strategies by supporting CMA's in engagement of local jurisdictions, providing data gathering and policy analysis assistance, and offering additional one-on-one support to counties and jurisdictions as needed. In the short-term, ABAG is providing each CMA with Countywide reports that include PDA profiles, including current planning status, projected housing and jobs, and Housing Element certification status, and PDA "readiness" for development for each jurisdiction. ABAG is also developing county-level permitting reports for all jurisdictions on the 2007-2014 RHNA Cycle, including units permitted, affordability levels and location in PDAs.

Over the longer-term, ABAG proposes to provide a framework to help CMA's evaluate both permits and policies in their funding guidelines based on the market strength of the PDA. The market strength assessment would include vacancies, foreclosures and price information. The goal of this framework is to highlight projects which are on the brink of construction but need infrastructure dollars, as well as weak market areas where a transportation investment may be a catalyst to lure development.

### ***Investment Area Funding***

Funding for projects and technical support in Investment Areas is currently under consideration. Projects in Investment Areas supported by any future funding should reinforce the overall PDA Investment and Growth Strategy pursued by the CMA's for each county.

In general, Rural Community Investment Area projects supported by regional funding should improve the pedestrian environment, enhance access for bicyclists and transit riders, and provide innovative ways to reduce VMT. The scale and cost of these projects would be consistent with the existing character and planned densities of the rural communities in which investment areas are located. Employment Investment Area projects supported by regional funding should expand access to employment opportunities in these areas for households that live in transit-served PDAs (particularly low-income households), increasing the labor pool available to employers, and reducing

vehicle miles travelled, as well as promote more mixed-use infill development that can provide local services to employees.

## **V. Next steps**

Staff is working with MTC to identify funding for capital projects and technical assistance for Investment Areas. Once funding has been identified, staff will develop funding program criteria. Staff is continuing to provide assistance to CMAs in developing PDA Investment and Growth Strategies, including both short-term and long-term analytical components, as noted above. Staff is also continuing to administer PDA Planning and Technical Assistance grants and provide technical support to local jurisdictions as well as on-going engagement with local staff and elected officials on Plan Bay Area.

## **Attachment A: Investment Area Designation Criteria**

The designation criteria for **Rural Community Investment Areas** include:

- *Location:*
  - Focal point of a distinct community’s social, economic, and civic activity; not contiguous with other urban communities
  - Within an established urban growth boundary or comparable policy protected area (e.g. urban service boundary)
  - Within existing urban footprint (excludes non-urbanized land that is not policy protected)
- *Size:*
  - 20-160 gross acres
- *Land Use Mix (existing or planned):*
  - Commercial: local-serving retail; cultural and entertainment activities
  - Civic: health and social services; plazas and parks; community centers; schools
  - Residential: small lot single-family; townhomes; low-rise multi-family, including some ground floor retail
- *Supportive Local Planning (existing or planned):*
  - Zoning supporting a local-serving commercial and civic/institutional land use mix and a variety of housing options, including senior and affordable housing
  - Identified connectivity improvements, such as pedestrian and bicycle improvements and increased transit service
  - Complete streets ordinance

The designation criteria for **Employment Investment Areas** include:

- *Land Use Mix (current or planned):*
  - Office or Research and Development; services such as employee-serving food, retail, and health care
- *Transit Service (current or planned with dedicated funding):*
  - Peak headways of 20 minutes or less within a half-mile, shuttle services with these frequencies connected to a fixed rail station, or planned fixed rail service within a half mile. *Where some portions of an Employment Investment Area do not meet this guideline, funding and technical support opportunities will be available only to projects in only those portions of the Area with service consistent with the guideline.*
- *Density (current or planned):*
  - Floor Area Ratio (FAR) target of 1.5
  - Minimum Floor Area ratio for Investment Area priority project funding: 1.0. *Where portions of an Investment Area do not meet this criterion, only those portions of the area with a permitted FAR of 1.0 or higher will be eligible for funding and technical support opportunities.*

**Attachment B: MTC-funded PDA Plans and TLC Grants**

**MTC-funded PDA Plans (formerly Station Area Plans) by Jurisdiction and Funding Cycle**

County	Jurisdiction	Station/PDA	Transit Corridor	Amount Funded (\$)	Funding Cycle
Alameda	Alameda	Alameda Pt.		221,000	Cycle 1
Alameda	Pleasanton	Pleasanton	BART	115,000	Cycle 1
Alameda	San Leandro	Downtown	BART/BRT	450,000	Cycle 1
Alameda	Berkeley	Downtown		300,000	Cycle 2
Alameda	Dublin	W. Dublin BART	BART	200,000	Cycle 2
Alameda	Dublin	W. Dublin	BART	500,000	Cycle 2
Alameda	Newark	Newark	Dumbarton Rail	544,000	Cycle 2
Alameda	Oakland	Lake Merritt	BART	720,000	Cycle 2
Alameda	Oakland	Upper Broadway		400,000	Cycle 2
Alameda	San Leandro	Downtown		75,000	Cycle 2
Alameda	San Leandro	San Leandro Blvd.		175,000	Cycle 2
Alameda	Union City	Union City	Dumbarton	125,000	Cycle 2
Alameda	Fremont	City Center	BART	224,000	Cycle 4
Alameda	Fremont	Warm Springs	BART	276,000	Cycle 4
Alameda	Alameda	Naval Air Station		200,000	Cycle 5
Alameda	Alameda County	E. 14 <sup>th</sup> St./Mission Blvd		400,000	Cycle 5
Alameda	Fremont	Warm Springs	BART	300,000	Cycle 5
Contra Costa	Pittsburg	Railroad Ave.	eBART	500,000	Cycle 1
Contra Costa	Anitoch	Hillcrest	eBART	120,000	Cycle 2
Contra Costa	Concord	North Concord	BART	750,000	Cycle 2
Contra Costa	Pittsburg	Pittsburg/BayPoint	BART/eBART	350,000	Cycle 2
Contra Costa	San Pablo	N/A	San Pablo Corridor	500,000	Cycle 2
Contra Costa	Lafayette	Downtown	BART	150,000	Cycle 2
Contra Costa	Walnut Creek	West Downtown	BART	450,000	Cycle 4
Contra Costa	Concord	Downtown Concord	BART	480,000	Cycle 5
Contra Costa	Concord	N. Concord/Naval Weapons.	BART	240,000	Cycle 5
Contra Costa	Richmond	South Richmond		496,000	Cycle 5
Marin	Larkspur	Larkspur	SMART	480,000	Cycle 3
Marin	San Rafael	Civic Center	SMART	140,000	Cycle 3
Marin	San Rafael	Downtown	SMART	388,000	Cycle 3
San Francisco	SF	ENTrips		750,000	Cycle 2
San Francisco	SF	Market/Octavia		160,000	Cycle 2
San Francisco	SF	BiCounty		200,000	Cycle 2
San Francisco	SF	Central Corridor	Muni	400,000	Cycle 4
San Francisco	SF	Market St.		300,000	Cycle 4
San Francisco	SF	Central Corridor	Muni	200,000	Cycle 5
San Francisco	SFCTA	Treasure Island		500,000	Cycle 5
San Mateo	East Palo Alto	East Palo Alto	Dumbarton Rail	360,000	Cycle 2

County	Jurisdiction	Station/PDA	Transit Corridor	Amount Funded (\$)	Funding Cycle
San Mateo	San Mateo	Hillsdale	Caltrain	400,000	Cycle 2
San Mateo	San Mateo Co.	N/A		446,000	Cycle 2
San Mateo	South SF	Downtown	Caltrain	600,000	Cycle 4
Santa Clara	Santa Clara	Santa Clara	Caltrain/SVRT	600,000	Cycle 1
Santa Clara	San Jose	Diridon	SVRT	750,000	Cycle 2
Santa Clara	Sunnyvale	Lawrence	Caltrain	450,000	Cycle 4
Santa Clara	Mountain View	El Camino/San Antonio	Caltrain	400,000	Cycle 5
Solano	Fairfield	Fairfield	Capitol Corridor	225,000	Cycle 1
Sonoma	Santa Rosa	Downtown	SMART	450,000	Cycle 1
Sonoma	Cloverdale	Downtown	SMART	140,000	Cycle 2
Sonoma	Healdsburg	Healdsburg	SMART	160,000	Cycle 3
Sonoma	Petaluma	Central & Corona	SMART	240,000	Cycle 3
Sonoma	Santa Rosa	Jennings	SMART	400,000	Cycle 3
Sonoma	Windsor	Windsor	SMART	300,000	Cycle 3
Sonoma	Rohnert Park	Central Rohnert Park	SMART	448,000	Cycle 5
<b>TOTAL</b>				<b>\$ 19,148,000</b>	

#### Smart Growth Technical Assistance Grants

County	Jurisdiction	Project	Amount Funded (\$)
Alameda	Berkeley	Downtown Berkeley Comprehensive Financing Plan	50,000
Alameda	Oakland	Temescal Parking Demand & Pricing Study	60,000
Alameda	Oakland	Oakland Residential Parking Survey	24,000
Contra Costa	Martinez	Downtown Martinez Infrastructure Study	25,000
Contra Costa	El Cerrito	Del Norte TOD Strategy	60,000
Marin	Marin County	Multi-family Design Guidelines and Outreach	55,000
San Mateo	San Carlos	TOD Ordinance & Form-based Code	50,000
San Mateo	East Palo Alto	Specific Plan Nexus Study & Impact Fee Assessment	60,000
Santa Clara	SamTrans	Grand Boulevard Initiative Economic & Housing Opportunities Study	50,000
Santa Clara	VTA	Comprehensive Evaluation of Replacement Parking at TOD Sites	55,000
Solano	Suisun City	PDA Development Feasibility Analysis	60,000
Sonoma	Cloverdale	Greenway Design & Caltrans Coordination	30,000
<b>TOTAL</b>	<b>TOTAL</b>	<b>TOTAL</b>	<b>\$ 579,000</b>

**Total MTC-funded TLC Grants by County**

<b>County</b>	<b>Amount Funded (\$)</b>
Alameda	43,766,048
Contra Costa	11,592,509
Marin	4,280,000
Napa	328,000
San Francisco	20,777,240
San Mateo	9,963,900
Santa Clara	14,769,733
Solano	5,447,921
Sonoma	6,877,000
<b>TOTAL</b>	<b>\$ 117,802,351</b>



Date: October 3, 2012

To: Regional Planning Committee

From: Miriam Chion, Interim Planning Director

Subject: **Regional Policy Background Paper: Housing the Workforce in the Bay Area**

## **Summary**

This paper addresses the region's future housing needs. The paper describes recent trends and challenges in housing production across the Bay Area; assesses projected housing growth in future decades, including opportunities to better connect homes and jobs and anticipated obstacles to meeting demand across income categories; and presents for discussion strategies to increase housing production and affordability.

## **Background**

This is one of six regional policy background papers.

## **Recommendation**

For information. No action requested.

Attachment(s):

- Housing the Workforce in the Bay Area Regional Policy Background Paper

# Regional Policy Background Series

## **Housing the Workforce**

Regional Planning Committee

October 3, 2012

### Today's Menu

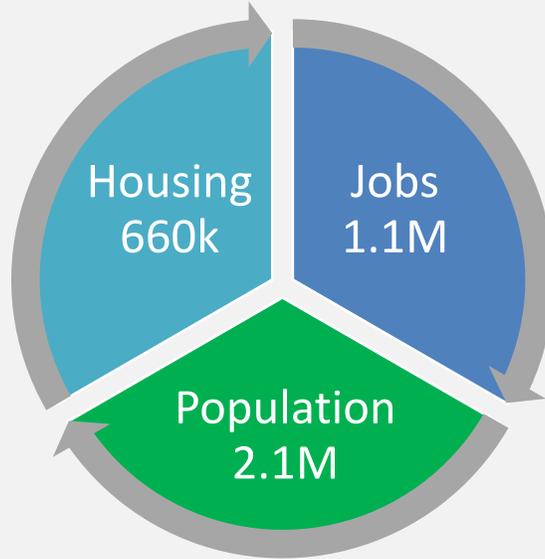
- 1. Housing need today and tomorrow**
- 2. Housing need vs. housing production 2010-2040**
- 3. Strategies to house our workforce**

## 1. Housing need today and tomorrow

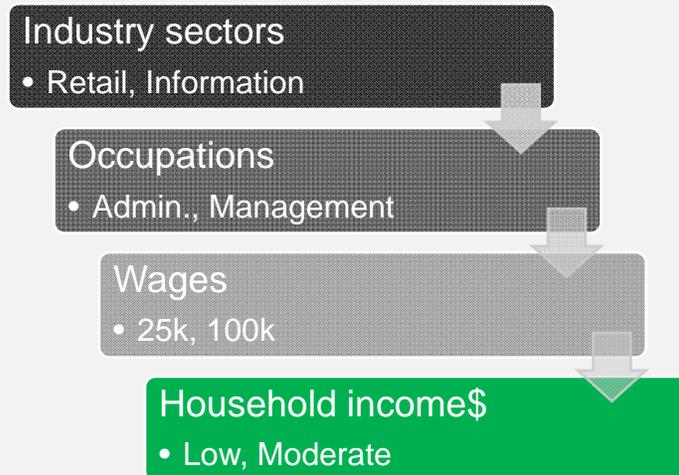
### Housing need today: households by income category 2010

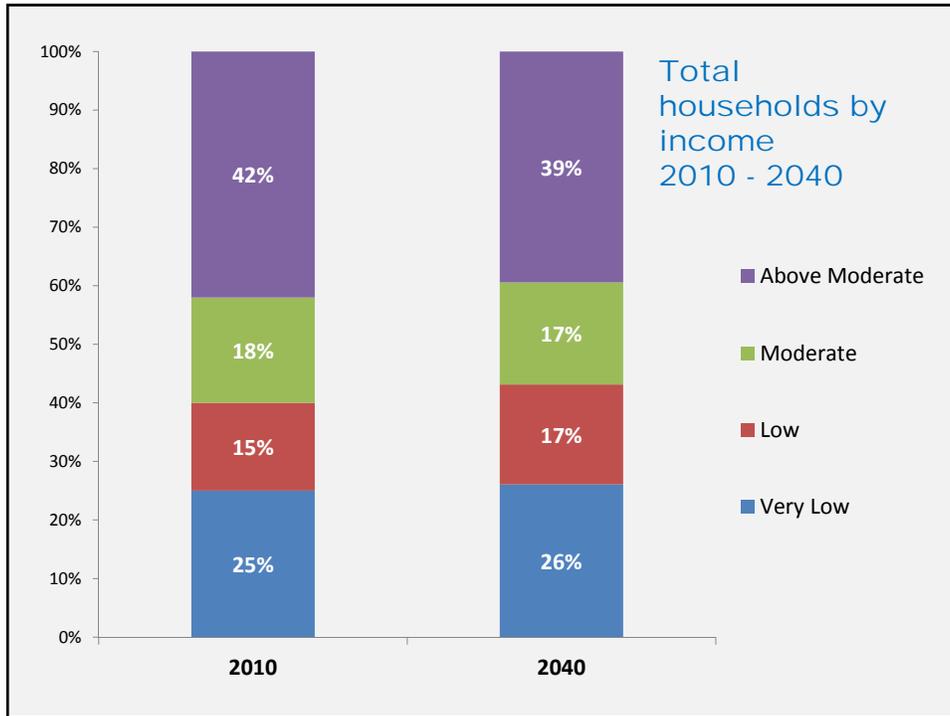
Households	Very Low	Low	Moderate	Above Mod.	Total
Existing 2010	648,600	401,470	463,642	1,094,312	2,608,023
	25%	15%	18%	42%	100%

### Bay Area Projected Growth 2010 - 2040

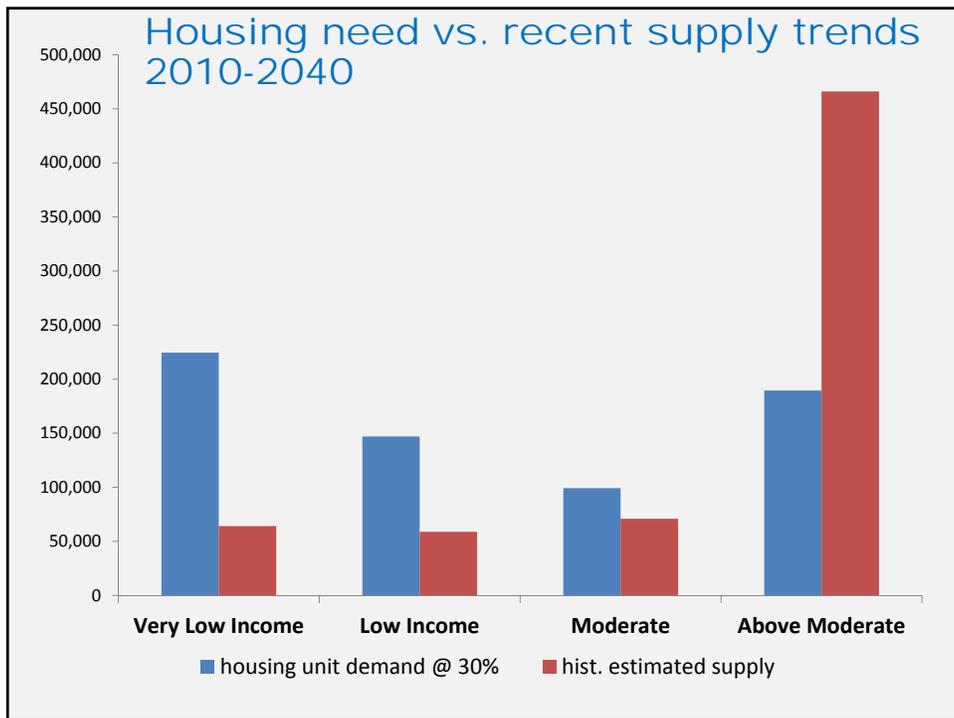
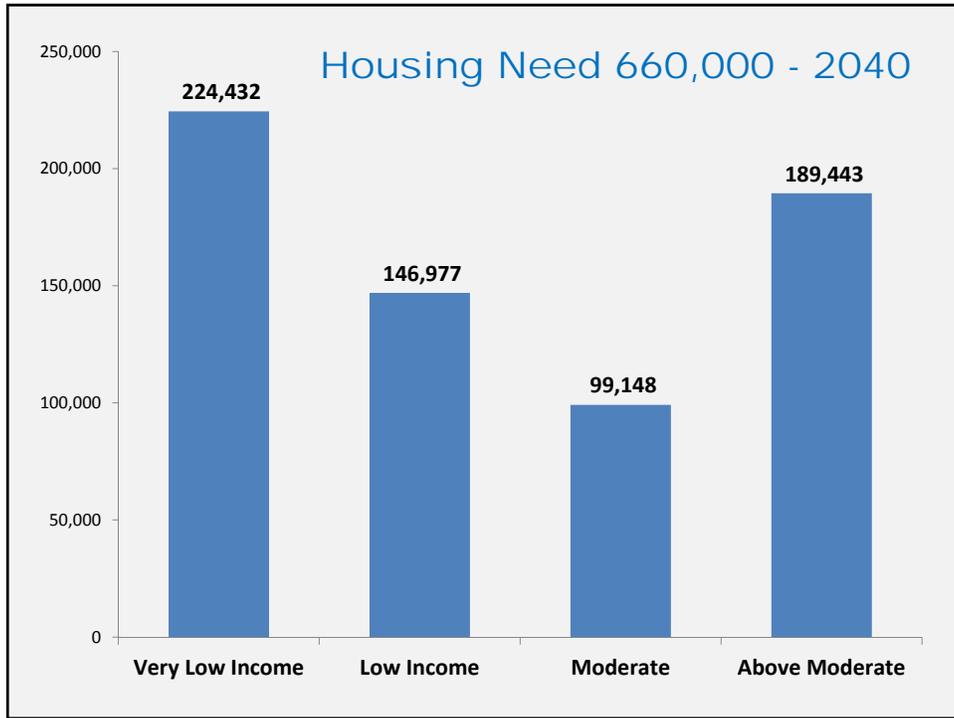


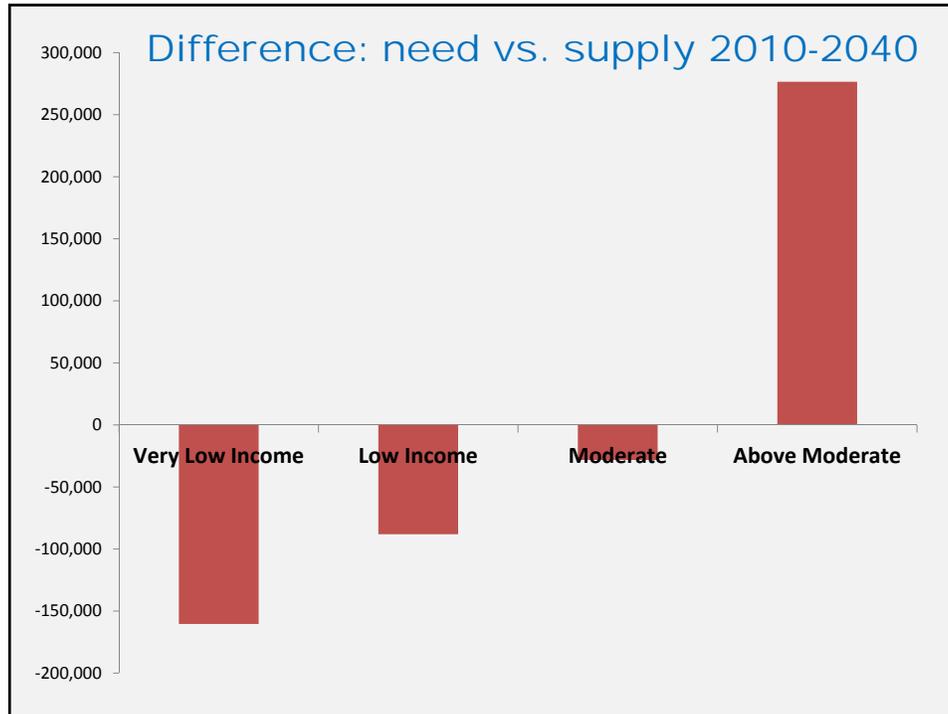
### Translating job growth into household income





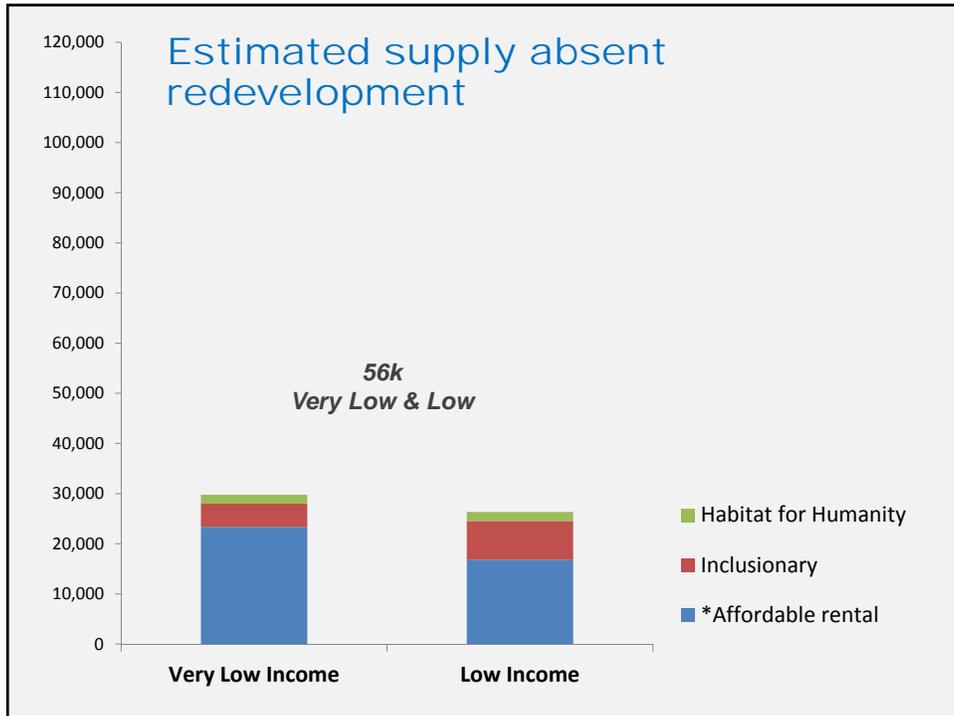
## 2. Housing need vs. housing production 2010-2040





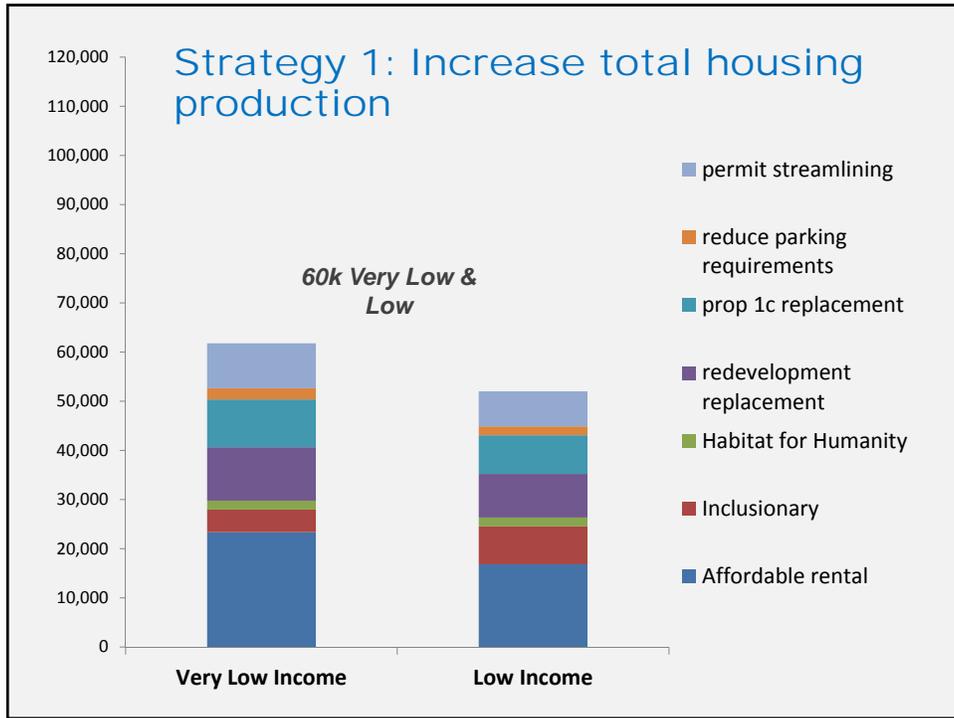
### New affordable housing supply

1. Analyzed subsidy per unit from a sample of recently constructed affordable housing
2. Compared this to estimated funding sources available



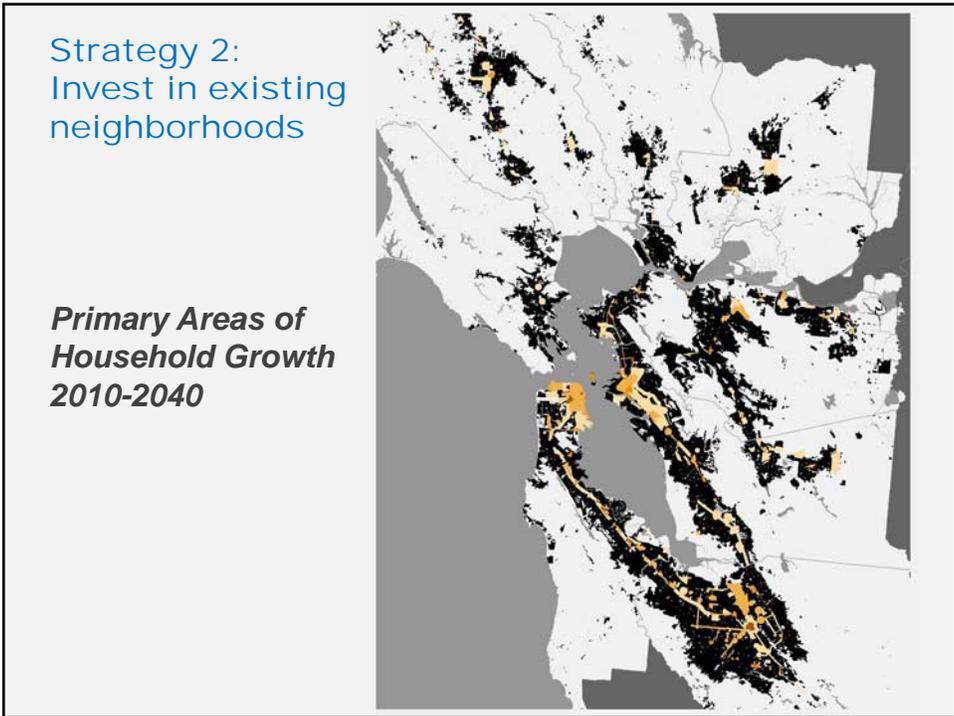
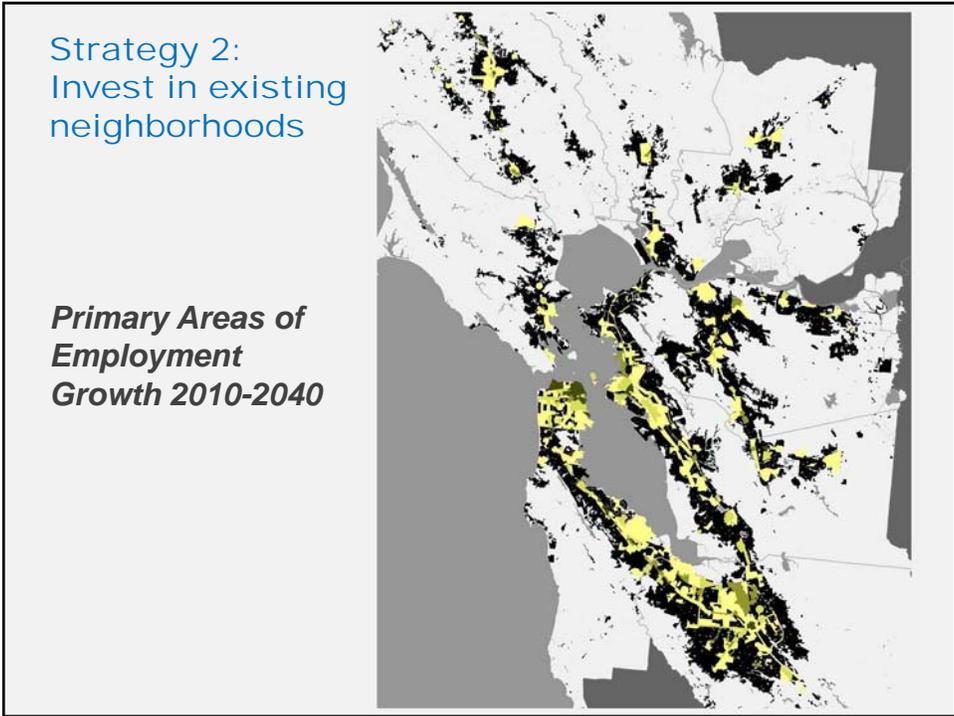
### 3. Strategies to house our workforce

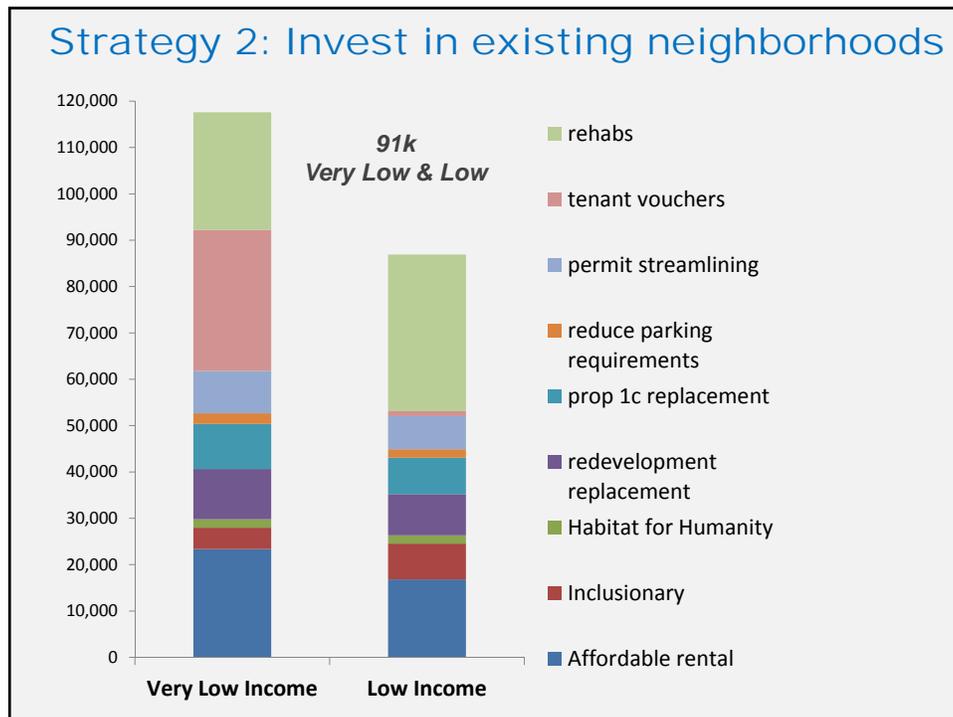
1. *Increase total housing production*
2. *Invest in existing neighborhoods*
3. *Create a regional housing trust fund*



### Strategy 2: Invest in existing neighborhoods

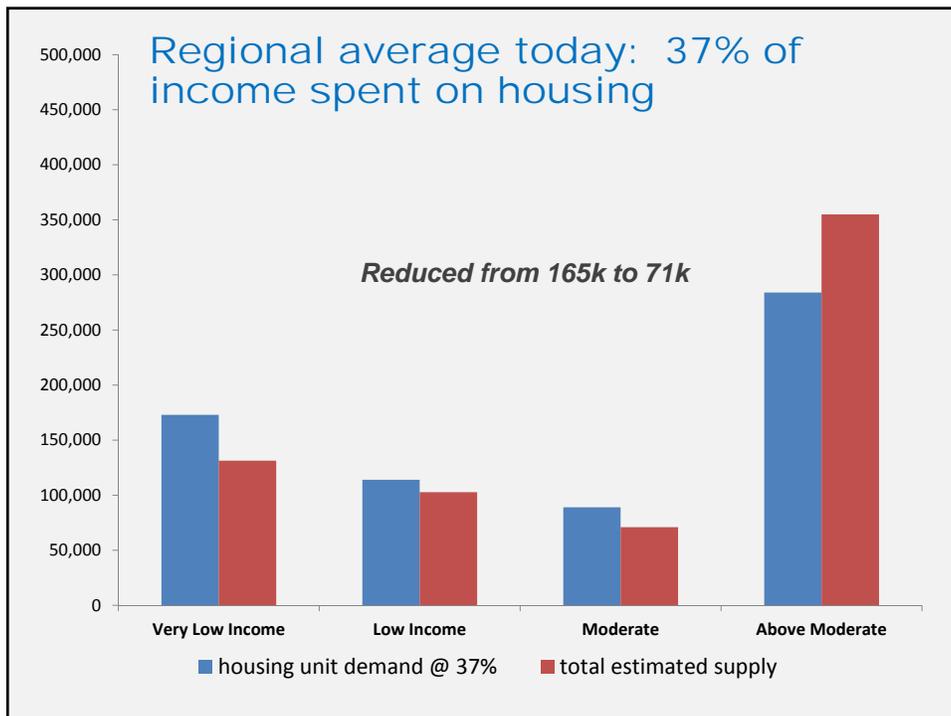
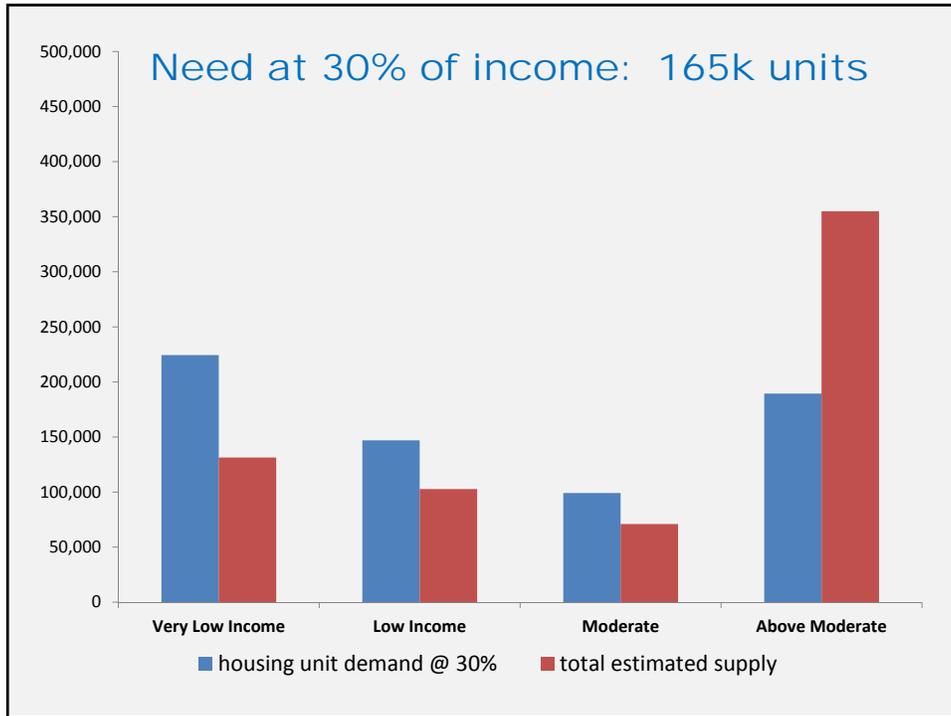
- **Rehabilitate existing homes in disinvested areas with good access to jobs**

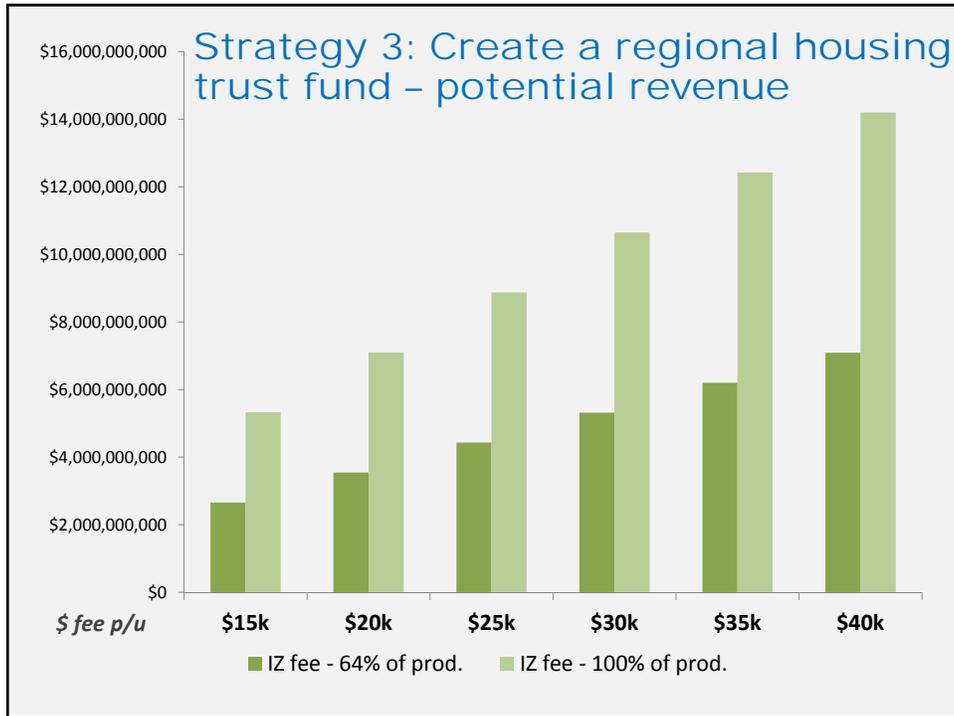




### Strategy 3: Create a regional housing trust fund

- **Permanent source of financing**
- **Funds could be generated from variety of sources including linkage fees tied to above moderate production**
- **Invest in new construction and rehabilitation in PDAs**
- **Could be structured as a voluntary program**





### Strategy 3: Create a regional housing trust fund – closing the gap

% Income housing	Housing need	Cost	Revenue	Difference	Program leverage
Cost at 30%	165k	(\$54.2) billion	12.4 billion	(41.8) billion	1 : 4.5
Cost at 37%	71k	(\$23.2) billion	12.4 billion	(10.8) billion	1 : 2

## Closing thoughts and next steps

- **Making it easier to build housing at all price points would have a tremendous impact**
- **Linkage fees should not be set too high**
- **“Affordability by design” could improve affordability**
- **Analysis underway:**
  - PDA assessment (EPS)
  - Regional Economic Study (Cambridge)

We need your help! Your comments and suggestions are more than welcome!

- **How do we work together to enhance housing production at all price points? Other strategies?**
- **Can a Regional Housing Trust Fund effectively meet “fair-share” goals, while providing benefits to both contributing and receiving jurisdictions? How?**
- **How should investments be prioritized to enhance housing production? Streets, sidewalks, schools?**

## **1. Introduction**

## **2. Recent housing development trends**

## **3. Projected Regional Growth**

*3.1 Regional housing need from jobs*

*3.2 Projected housing construction*

## **4. New housing link to job growth**

*4.1 Spatial pattern*

*4.2 Challenges to this growth pattern today*

## **5. Strategies to house our workforce**

*Strategy 1: Promote permit streamlining, parking requirement modifications, and replace redevelopment funds.*

*Strategy 2: Rehabilitate existing housing stock in disinvested areas with good access to jobs.*

*Strategy 3: Produce new housing and rehabilitate existing housing by creating a Regional Affordable Housing Trust Fund.*

## **Appendix A: Affordable Housing Trust Fund Case Studies**

## **Appendix B: Housing Scores**

## 1. Introduction

This policy background report asks, what is the need for housing in the future? It explores how the wages from forecasted job growth might impact household incomes, what levels of housing affordability will be needed, and potential strategies to meet our housing needs. Section two briefly reviews the spatial pattern of housing production in recent decades. Section three describes projected regional growth, including housing needs by income category, and the likely amount of housing supplied given recent production trends. Section four describes where new housing could be located to improve access to jobs, and challenges to producing housing in these locations.

The fifth and last section suggests three strategies that could support the availability of housing for residents in the future. These strategies include: 1) policy changes that could increase new housing production including a replacement to redevelopment; 2) investing in existing areas with good job access but where housing may need rehabilitation and neighborhoods may need improvements to schools, streets, sidewalks, sewers or other public infrastructure; and 3) an example of how much money a Regional Affordable Housing Trust Fund could generate to finance both.

## 2. Recent housing development trends

Because housing is a long-lived durable asset, the distribution of affordable housing is largely an artifact of changing development processes over time. The second half of the twentieth century brought dramatic changes: the rapid decline of many older central cities, the rapid growth of suburban areas, and competition among jurisdictions for residents and businesses to expand tax bases. Encouraged by rising incomes and significant housing subsidies, that increased with income, larger houses on large lots became the norm for development in suburban locations. The increasing poverty in declining central cities substantially dampened their market for new housing development and limited investment.

When moving, households tend to pursue housing they can afford, which, in many cases, results in communities that have relatively homogenous incomes and house prices. Some communities house high-income residents, while others house lower-income residents. Lack of affordable housing in higher income communities however, means that workers in lower paying jobs such as police, fire, and clerical, are forced to commute longer distances from other communities, which drives up costs for the higher-income community.

Because of high land costs in places closer to employment centers and availability of undeveloped land, more housing has been produced in areas far from the region's employment centers circling the Bay. These areas accommodated substantial new housing production at more affordable prices, but at a cost of increased commutes.<sup>1</sup> Some older neighborhoods remained close to jobs but suffered from

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<sup>1</sup> The health impact of a sedentary lifestyle has also been increasingly linked to suburban living.

infrastructure, market, and regulatory constraints to housing production. These areas did not produce as much housing, but remained more affordable.

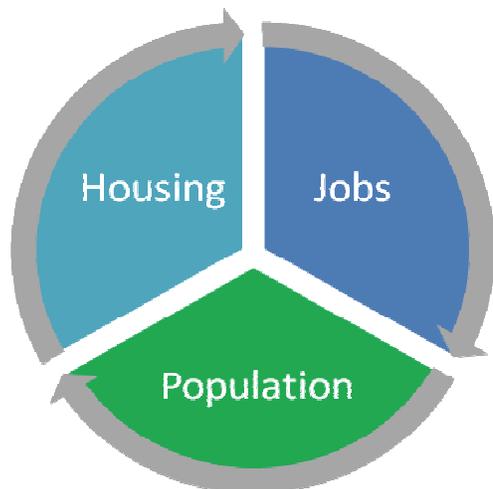
Today, we need more housing near jobs that is affordable to our workforce. In the future, this trend of housing and employment dispersal may reverse for several reasons. First, the region is geographically constrained with fewer “greenfield” development sites left, while traffic congestion continues to worsen. Secondly, strong growth in technology and professional services will enhance transit accessible locations. And finally, we project tremendous demographic change as the Baby Boomers age and their children mature. This may increase demand for more compact housing in central cities with good access to transit and services.<sup>2</sup>

### 3. Projected Regional Growth

By 2040 ABAG projects an additional 1.1 million jobs, 2.1 million people, and 660,000 new homes. These projections are based on national employment growth by industry sector and the region’s share of that growth. Population and housing projections are based on forecasted job growth.

Growth in high-tech and other knowledge intensive industries will drive growth in the service sectors that support these industries. Overall, knowledge industries pay more and create higher income households that demand services such as retail, restaurants, and childcare that pay less. This creates additional demand for affordable workforce housing. Total regional economic performance could be compromised, if we do not provide the housing necessary to support households at all income levels.

FIGURE 1. UNDERSTANDING REGIONAL PROJECTIONS



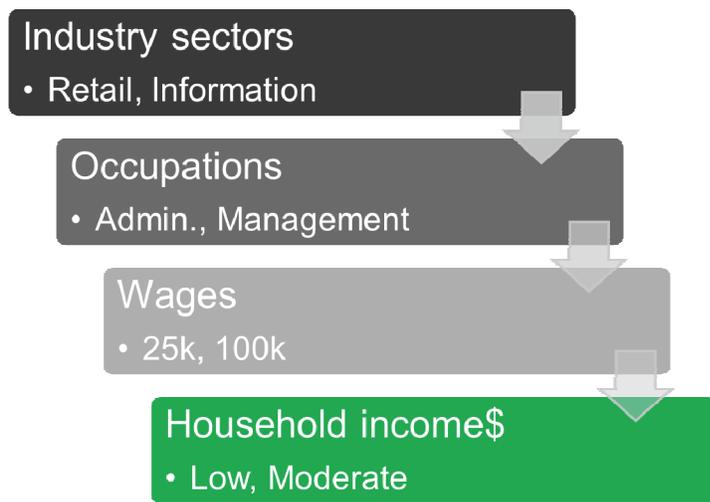
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<sup>2</sup> *The New American Dream*, Urban Land Institute, Arthur Sullivan 2011.

### 3.1 Projected regional housing need from jobs

To estimate future housing needs, we analyzed employment growth by industry sector, the expected occupational makeup of each sector, and estimated wages for these occupations to derive household incomes (Figure 2).<sup>3</sup> For example, the retail sector typically pays lower wages. Within the retail sector however, are a variety of occupations including highly paid management positions as well as lower paid sales representatives.

**FIGURE 2. TRANSLATING JOB GROWTH INTO HOUSEHOLD INCOME 2010-2040**



Based on this translation of projected household incomes, approximately 56% of the forecasted 660,000 new housing units need to be affordable to very low and low income households (Table 1).<sup>4</sup> Today, about 40% of the existing 2.6 million households, (or just over 1 million), fall into the very low and low income groups.<sup>5</sup> Figure 3 shows that by 2040 the very low and low income groups will increase from 40% of households to 43% of households, while those in the moderate and above moderate categories will decrease from 60% to 57% of households.<sup>6</sup>

<sup>3</sup> *Evaluating the Effects of Projected Job Growth on Housing Demand*, UC Berkeley, Karen Chapple 2012.

<sup>4</sup> This is based on 30% of income spent on housing. Today however, households on average pay about 37% of their incomes on housing.

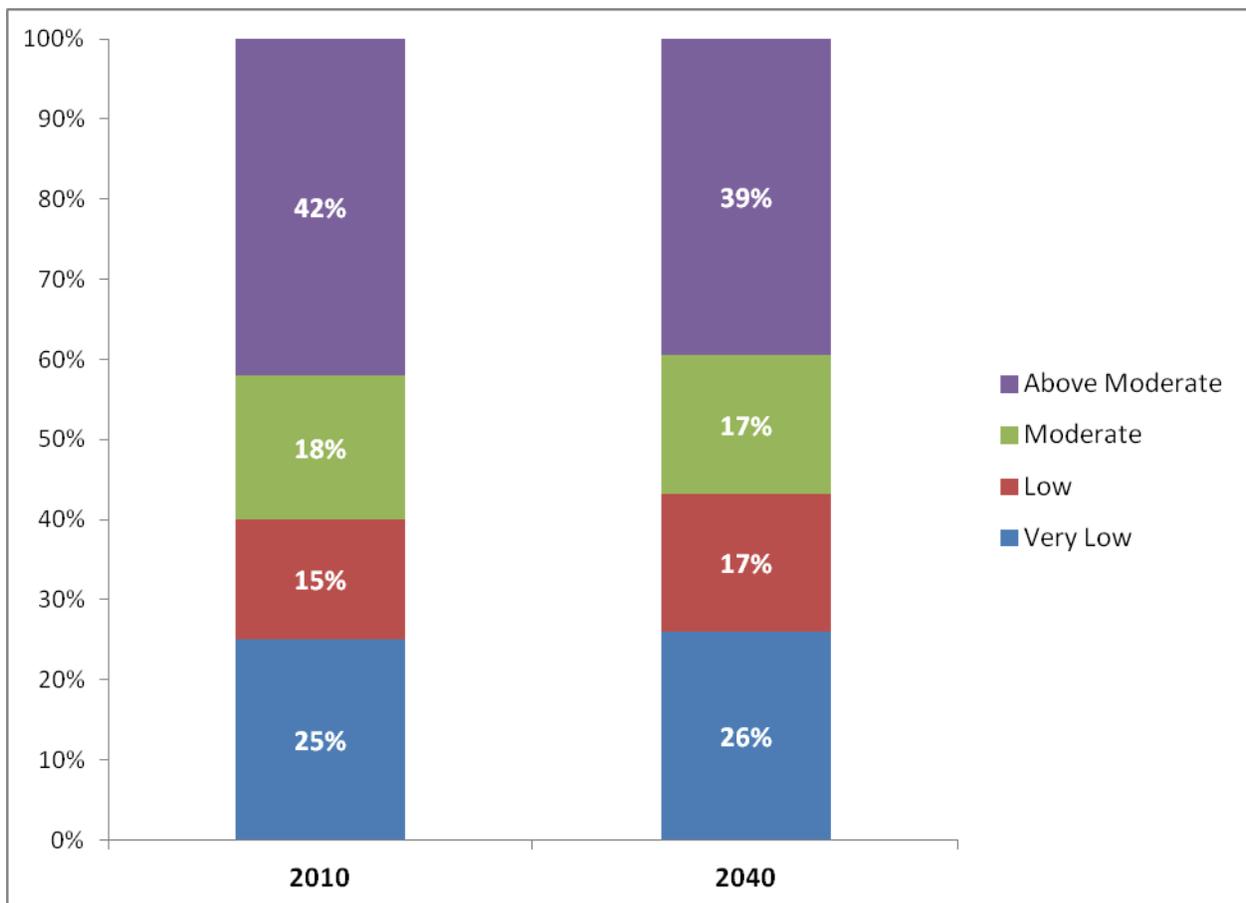
<sup>5</sup> Census 2010.

<sup>6</sup> Assuming existing households remain in the same income categories.

**TABLE 1. HOUSEHOLD GROWTH BY INCOME CATEGORY 2010-2040**

Households	Very Low	Low	Moderate	Above Mod.	Total
Existing 2010	648,600	401,470	463,642	1,094,312	2,608,023
	25%	15%	18%	42%	100%
New 2010-2040	222,372	173,817	110,515	193,384	700,087
	32%	25%	16%	28%	100%
Total Households 2040	870,972	575,287	574,156	1,287,695	3,308,110
	26%	17%	17%	39%	100%

**FIGURE 3. TOTAL HOUSEHOLDS BY INCOME CATEGORY 2010-2040**



**3.2 Projected housing construction**

How likely is it that we will produce new housing at the needed income levels? To estimate market production by income category, we compared production trends from available data and projected this to 2040. Between 1999 and 2006, over 70% of new housing was produced for above moderate income households (Figure 4). Preliminary estimates for 2007 to 2011 indicate a similar pattern. Although the past decade was marked by tremendous market fluctuations, this suggests high levels of production in the above moderate category.

**FIGURE 4. HOUSING BY INCOME CATEGORY: 2010-2014 NEED VS. 1999- 2006 PRODUCTION**

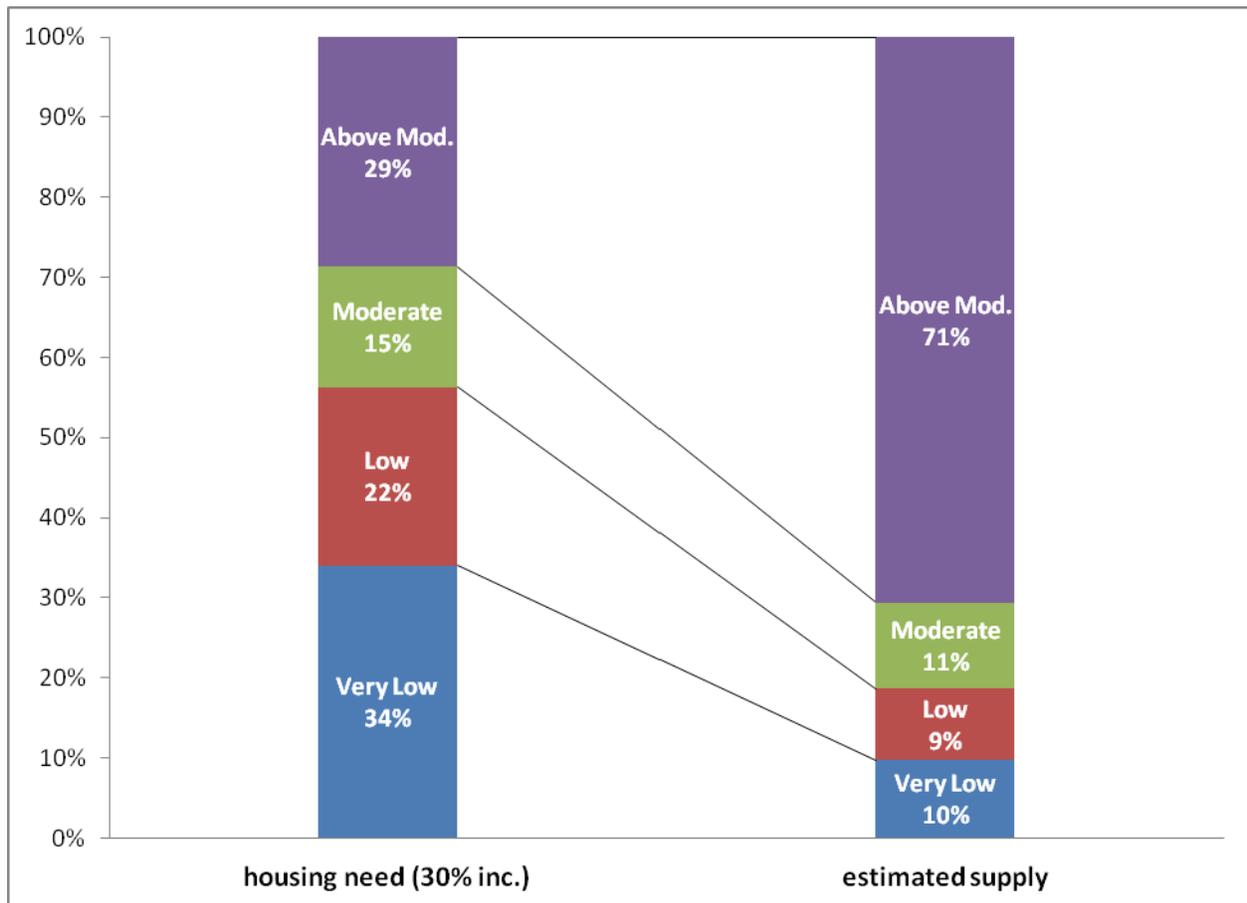
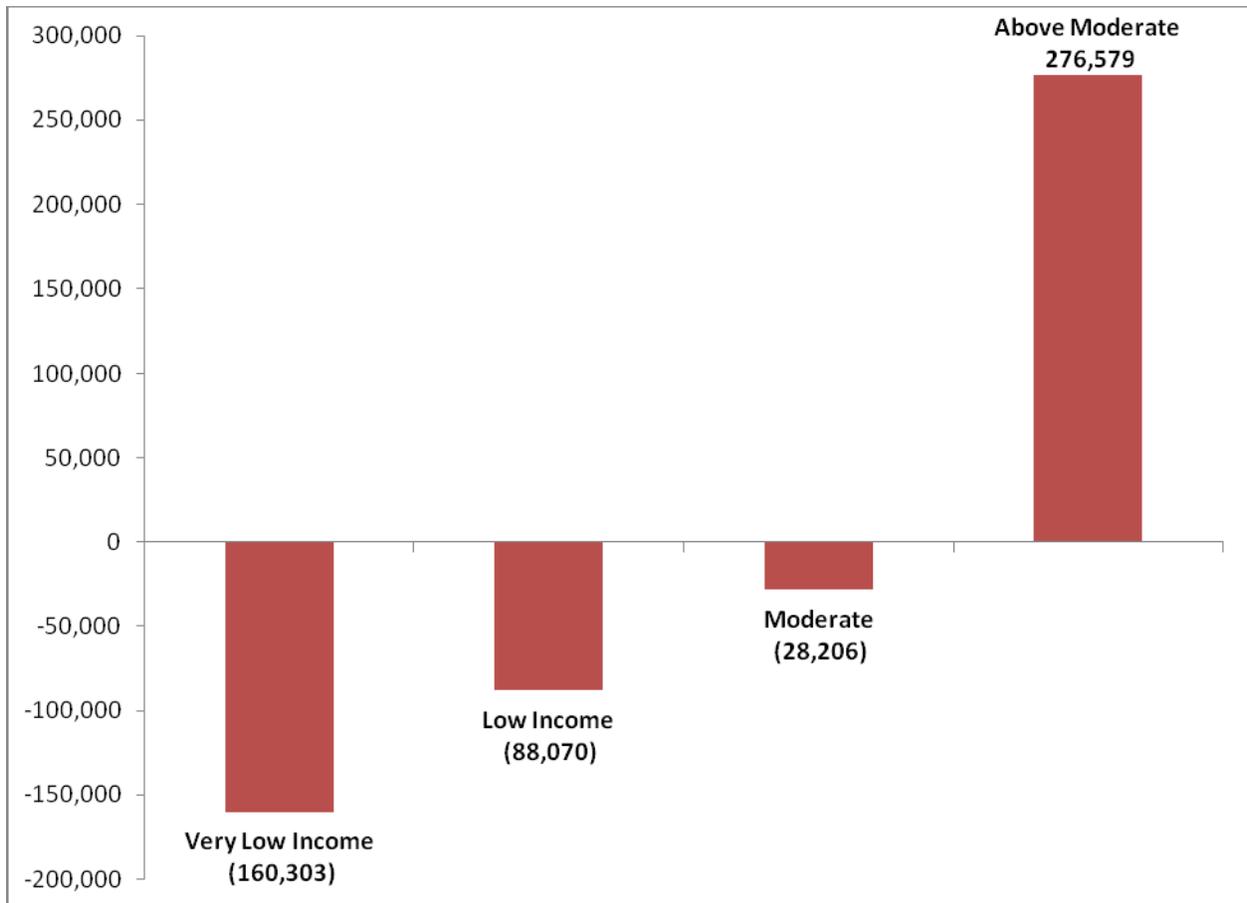


Figure 5 shows that, assuming these trends continue, more than enough homes for above moderate households will be produced, and too few homes will be created for lower income households. The region may produce 660,000 homes as ABAG forecasts by 2040, but this housing will likely be affordable to higher income households only.

**FIGURE 5. PROJECTED HOUSING NEED COMPARED TO RECENT PRODUCTION TRENDS**



As the majority of the region’s cheaper housing was produced at the fringes of the region, and that plans across the region are supporting the production of a variety of housing types within the urban footprint, it is also likely that demand for housing among moderate income households will increase compared to the amount supplied. This analysis is not contained herein, but will be completed in the future.

The majority of new housing affordable to lower income households will be created by non-profit housing developers utilizing available public subsidies for housing production. Because these households have the greatest housing need, we estimated the amount of housing production that these subsidies could create. From a sample of 27 affordable housing developments constructed since 2006,

we analyzed total development costs per unit and the average amount of subsidy required per unit. We then compared this to projected funds available in the future, absent redevelopment funds, to estimate total production.<sup>7</sup> Figure 6 shows federal and state subsidies together as affordable rental.

**FIGURE 6. ESTIMATED REGIONAL AFFORDABLE HOUSING PRODUCTION WITHOUT REDEVELOPMENT**

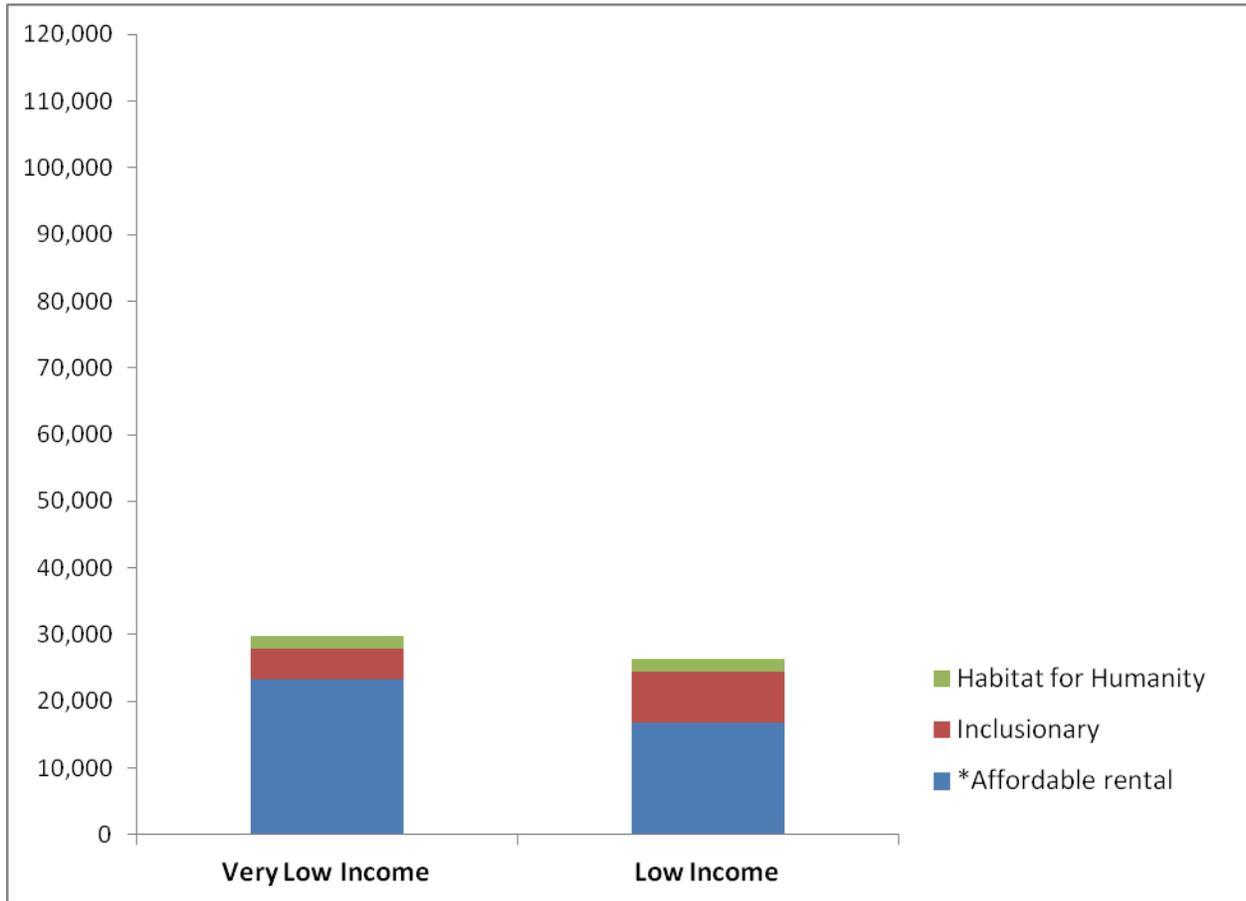


Figure 6 also shows the amount of housing that could be created by inclusionary programs. Contrary to popular belief, inclusionary programs have produced primarily rental housing for lower income households.<sup>8</sup> However, the recent Costa-Hawkins ruling casts doubt on whether inclusionary housing programs as currently formulated will apply to new rental housing developments in the future. As a result, inclusionary housing production may occur at substantially reduced levels than shown.

<sup>7</sup> *Affordable Housing Demand and Supply Analysis 2010-2040*, Jacob Wegman 2012.

<sup>8</sup> See “Affordable by Choice: Trends in California Inclusionary Housing Programs”, Non-Profit Housing Association of Northern California, 2007.

Figure 6 also shows the housing that may be produced by Habitat for Humanity. While Habitat for Humanity creates relatively few homes, they notably focus on producing larger family sized dwellings for lower income households.

Together, we estimate that all these programs could produce approximately 56,000 units for the very low and low income categories. An analysis of moderate income household needs is underway, but preliminary results show another 3,400 units could be produced by these programs.

#### 4. New housing link to job growth

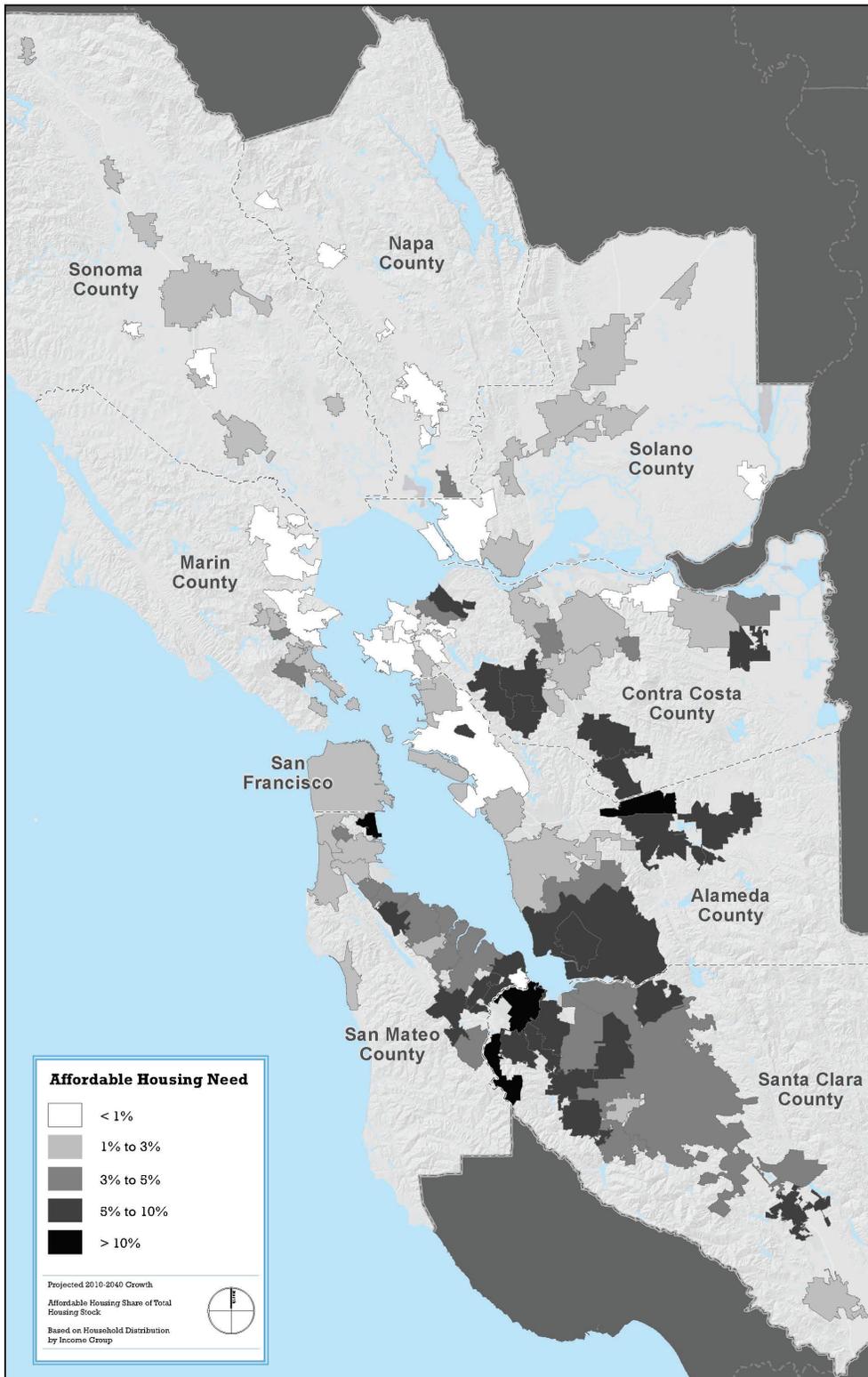
So where should we produce new housing to improve household’s access to jobs? Household growth by county and income category was estimated from the employment forecast contained in the *Jobs-Housing Connection*. Table 2 shows county demand for housing as a result of projected job growth by income category.

**TABLE 2. HOUSEHOLD GROWTH BY INCOME CATEGORY AND COUNTY, 2010-2040**

County	Household Growth 2010-2040	VLI	Low Inc.	Mod Inc.	Above Mod.
Alameda	152,347	28%	26%	16%	30%
Contra Costa	87,989	34%	28%	14%	24%
Marin	9,176	42%	25%	7%	25%
Napa	5,014	27%	33%	8%	32%
San Francisco	100,543	17%	38%	12%	32%
San Mateo	65,462	43%	16%	18%	24%
Santa Clara	223,405	41%	14%	21%	24%
Solano	26,101	24%	33%	11%	33%
Sonoma	30,050	34%	23%	13%	31%
SF Bay Area	700,087	32%	25%	16%	28%

Jurisdictions should provide housing at the appropriate income levels for the type of jobs they create. Given the data constraints on commutesheds, this estimate uses the county as a proxy for its cities’ commuteshed and links projected county jobs and wages to housing affordability at the local level. If a city creates low wage jobs, then that city should produce housing affordable enough for its new workers and their families. Figure 7 maps household growth by income category for very-low, low, and moderate income groups at the city level.

FIGURE 7. LINKING AFFORDABLE HOUSING NEED WITH PROJECTED JOB GROWTH



#### *4.2 Challenges to this growth pattern today*

Regional coordination to support investment in Priority Development Areas (PDAs) selected by local jurisdictions as places for future housing can help address obstacles to increased production of units at a variety of income levels. Growth in PDAs provides a variety of social and economic benefits, including expanded access to employment by transit and other affordable transportation modes. Although local plans for PDAs share many common goals, they vary in the quality of their schools, streets, sidewalks, and other infrastructure as well as their desirability for new households.

To better understand the market strength of these areas to accommodate growth, we analyzed median household incomes, median housing value trends, prevailing market rents, and recent levels of sales activity. We also calculated the median multiple by dividing median housing value by median household income.<sup>9</sup> (See Appendix B).

With some exceptions, communities that are more affordable have poor access to jobs or represent areas of concentrated poverty.<sup>10</sup> Therefore, unaffordable areas are most desirable to households and more likely to see greater levels of development activity.

Some jurisdictions are places where housing is currently more difficult to produce as measured by low housing values, low household incomes, and sluggish absorption. Such areas may be less attractive due to poor schools, other infrastructure deficiencies, and location, since communities far from jobs represent weaker markets.

Other areas however, have good access to jobs, but suffer from longstanding concentrations of poverty and disinvestment that make them unattractive for new residents and new development. Over time this can be addressed through needed infrastructure investments to attract and retain middle income workers. Such areas include communities like Suisun City, Vallejo, and Richmond.<sup>11</sup>

Strong markets are the best places to build more housing at all income levels. Although these areas may need significant infrastructure investments to realize their full housing potential, households and developers are drawn to them due to their superior access to jobs and quality of life. These areas include San Francisco, Sunnyvale, and Mountain View.

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<sup>9</sup> For example, if a jurisdiction's median housing value is \$200,000 and median household income is \$50,000, that jurisdiction has a median multiple of four ( $\$200,000/\$50,000 = 4$ ), or simply that median housing value is four times median household income. Lower numbers indicate greater affordability and higher numbers less affordability.

<sup>10</sup> Regional variation in housing values is closely linked to job access, quality of infrastructure, and community services including schools, parks, hospitals and clinics.

<sup>11</sup> Where appropriate, anti-displacement controls should also be in place to ensure improvements benefit existing residents as well as new residents.

## 5. Strategies to house our workforce

So how do we address these challenges to housing our workforce at all income levels? Enough housing will be provided for new households earning above moderate incomes. Moderate and lower income households represent the greatest need for housing, especially given the compromised status of inclusionary programs and the loss of redevelopment. Overcoming today's market challenges in communities with good job access, but that suffer from disinvestment is key: these locations are often where land for new construction exists and where new development could proceed along underutilized commercial streets without displacing existing residents, all while providing additional shops, services, and street improvements.

As a first step to reduce the distance between housing and jobs, we looked at three strategies to house the workforce. Because of the impact of existing policies on new construction, we first estimated the amount of additional housing we might expect if permit streamlining and parking policies were modified and a replacement to redevelopment was created at the state level. As a substantial amount of housing could be provided in existing areas with good job access but little market interest due to disinvestment, we also analyzed how investments could be provided to improve market conditions by rehabilitating existing housing and improving neighborhood amenities. And to further support new construction while reversing the cycle of disinvestment in key locations, we analyzed the impact of creating a regional affordable housing trust fund to close the gap between future housing supply and demand.

*Strategy 1: Promote permit streamlining, parking requirement modifications, and replace redevelopment funds to increase total housing production at all income levels.*

### Permit Streamlining

Job access alone does not completely determine land prices.<sup>12</sup> A study by John M. Quigley of single family housing prices, found that the estimated effects of permit streamlining to reduce regulatory restrictiveness upon housing values are substantial.<sup>13</sup> For example, a reduction in the extent of delay between application and approval for residential construction from the current average of 16 to about 8 months could increase the affordability of housing by \$22,000 on average across the Bay Area, with much greater reductions in high priced areas like Palo Alto.

Although this study looked at single family homes, from this we estimated that permit streamlining could produce an additional 16,000 units to meet lower income household needs. The impact would

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<sup>12</sup> The decentralization of workplaces and residences in the San Francisco region over time now means that locations most accessible to jobs in the region are located in the East Bay slightly south of San Francisco where land prices are relatively moderate. Areas with better local schools (as reported by the Academic Performance Index) are also much more valuable on average.

<sup>13</sup> John M. Quigley, et al., "Economic Geography, Jobs, and Regulations: The Value of Land and Housing." UC Berkeley 2011.

likely be greater for the moderate and above moderate income categories: this analysis is not contained herein, but will be completed in the future.<sup>14</sup>

### Parking policies

The cost of providing parking also adds to the cost of new housing. One study has estimated that 20% of the total development cost of some affordable housing projects goes toward the construction of parking structures, facilities that in some cases are 50% vacant at peak occupancies.<sup>15</sup> This suggests that, in some cases, affordable housing developments could trim their costs by 10% by only building enough parking to serve the actual demand that exists.

Changing parking policies to reduce parking prices by 5% could yield an estimated 4,000 units for lower income households.<sup>16</sup> Like permit streamlining, the impact would likely be greater for the moderate and above moderate categories.

### Redevelopment and Prop 1C replacement

There are various ongoing efforts to develop a replacement to redevelopment including SB 1156, that would create an alternative way to generate tax-increment financing revenue or sales tax for affordable housing and other purposes. This would create a replacement source of funding (albeit a smaller one) for redevelopment which could be used to support PDAs.

In summary, the bill allows a city and county within a region with an adopted and approved SCS to form a Sustainable Communities Investment Authority to enable tax-increment financing within a designated area, generally ½ mile from a major transit stop or high quality transit corridor.<sup>17</sup> Funds could be used for projects that implement the goals of an SCS, such as improving jobs-housing balance and reducing air pollution and vehicle miles traveled to improve public health. It requires that a local jurisdiction adopts the following:

- A land use plan that is consistent with the use designation, density, building intensity, and applicable policies in the SCS.
- An ordinance creating a jobs plan that requires all entities doing business with the Sustainable Communities Investment Authority to enter into an agreement describing how the project will "further construction careers that pay prevailing wages and create living wage permanent jobs" and implement a community outreach program for disadvantaged residents.

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<sup>14</sup> Also, reducing the number of reviews required for approval from an average of 3 to 1.5 would decrease average house prices by about 14%. Affordability in traditionally more restricted areas, like San Francisco and Palo Alto, could increase by more than double that number.

<sup>15</sup> Litman, T. 2009. Parking Requirement Impacts on Housing Affordability. Victoria, British Columbia, Canada: Victoria Transportation Policy Institute.

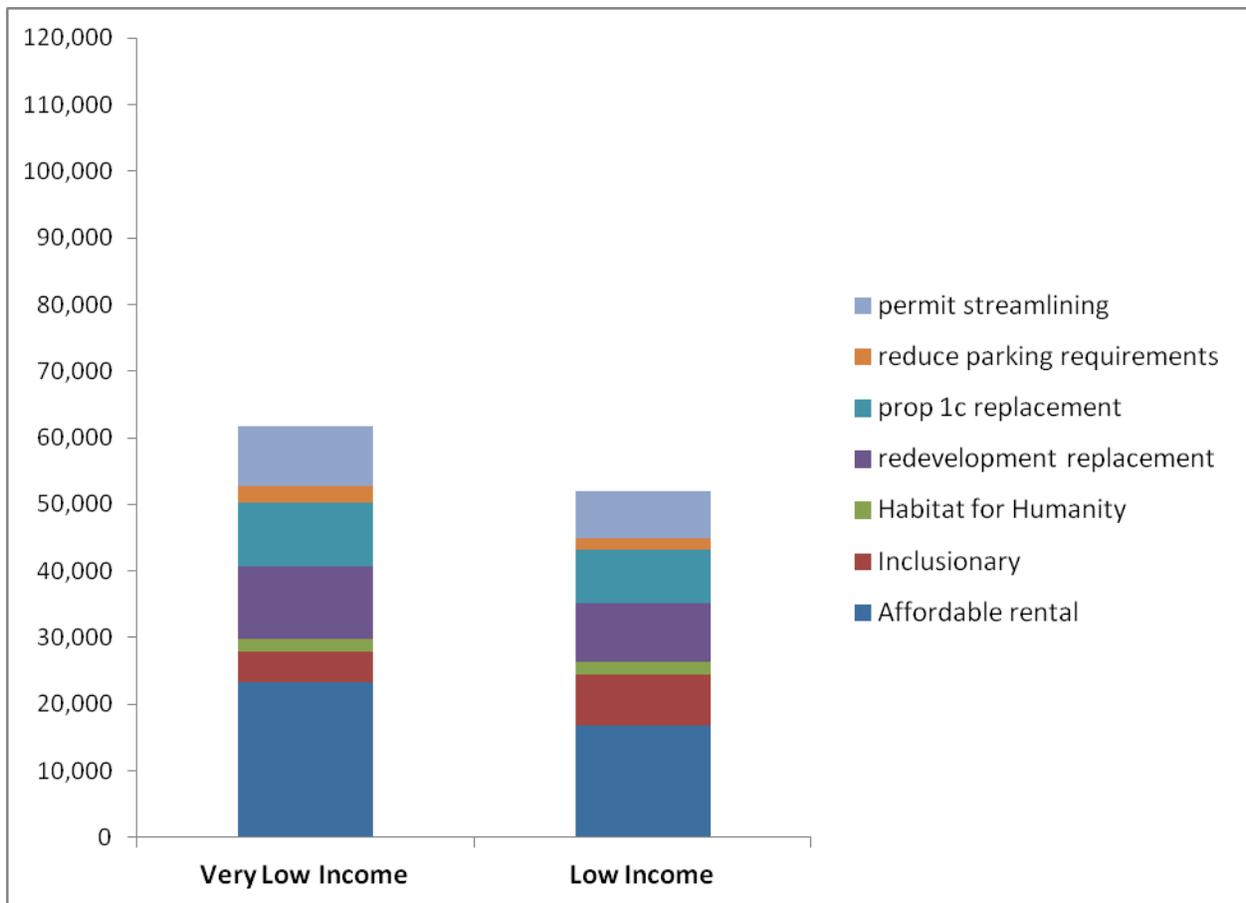
<sup>16</sup> Jake Wegman, Solutions to the Bay Areas Affordable Housing Shortfall, Berkeley 2012.

<sup>17</sup> As defined in Resources Code 21155.

- A “sustainable parking standards ordinance” that reduces parking in transit priority areas to encourage transit use to the greatest extent feasible.
- The Areas are also subject to Community Redevelopment Law requirements, including that at least 20% of proceeds go toward affordable housing.

Replacing the redevelopment program and replacing \$500 million of Prop 1C bond funds could create more than 37,000 homes for lower income households.<sup>18</sup> Figure 8 shows that together, permit streamlining, parking reform, and replacing redevelopment and Prop 1C funds could create close to 60,000 additional homes.

**FIGURE 8. INCREASING NEW CONSTRUCTION THROUGH PERMIT STREAMLINING, CHANGING PARKING REQUIREMENTS, AND REPLACING REDEVELOPMENT**



<sup>18</sup> Jake Wegman, Solutions to the Bay Areas Affordable Housing Shortfall, Berkeley 2012.

***Strategy 2: Rehabilitate the existing housing stock in disinvested areas with good access to jobs.***

New households can also be accommodated by older housing in existing neighborhoods. Households moving from one region to another typically do so for a variety of reasons, but chief among them are job opportunities. Specific neighborhood choice within the region however, is linked to neighborhood desirability which is closely connected to the quality of infrastructure, schools, and neighborhood perceptions of safety. For the households that can afford it, such established areas are often at the top of their list, not newly constructed housing.

For households that cannot afford higher priced neighborhoods, housing choice vouchers can make that housing affordable to them. Assuming that funding for housing choice vouchers continues at the same rate and that the Bay Area receives the same share, we estimate that an additional 58,000 households could be housed within the existing housing stock (Figure 9).<sup>19</sup>

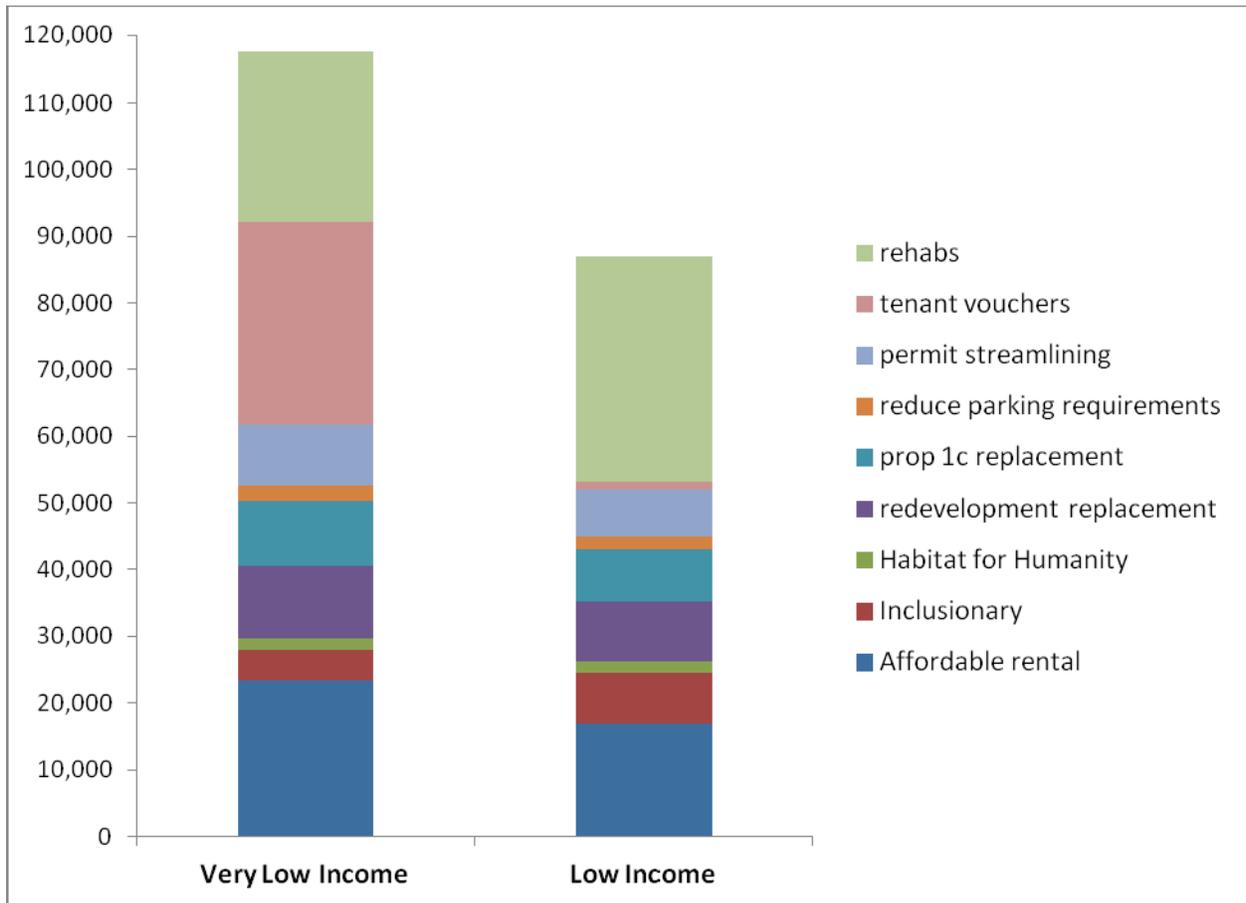
As previously described, areas with high levels of affordability near jobs tend to be neighborhoods suffering from years of disinvestment and therefore little market interest. These areas may have large amounts of land available to build new housing, particularly along commercial streets.

In these areas, improvements to infrastructure and other investments could improve conditions for existing residents and address the conditions that suppress the full utilization of land in these otherwise well-located neighborhoods. Assuming funding availability, these areas also offer the opportunity to buy housing at reduced cost to provide permanent affordability. Such investments would begin to address the factors that currently dampen new housing production in these areas. To minimize the displacement of existing residents, new housing production should be focused along underutilized commercial streets and where it is created in existing residential neighborhoods, it should be provided at the appropriate scale and proportion to ensure compatibility.

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<sup>19</sup> Jake Wegman, Solutions to the Bay Areas Affordable Housing Shortfall, Berkeley 2012.

**FIGURE 9. ACCOUNTING FOR REHABS AND HOUSING CHOICE VOUCHERS**



***Strategy 3: Produce new housing and rehabilitate existing housing by creating a Regional Affordable Housing Trust Fund***

Together, these programs and strategies could go a long way towards housing our future workforce to ensure the Bay Area’s economic competitiveness. To see how we could further support housing production in the region, we also estimated revenues from a potential Regional Affordable Housing Trust Fund.

Communities that enjoy advantaged locations and constrained land supply have greater incentive to address housing affordability issues because land and house prices may grow more rapidly than household incomes. These communities have a motive to hedge the risk that wages paid to low income workers will not keep up with local or regional land values. *Putting aside housing that will be perpetually affordable is therefore a public good.*

If housing prices increase, either employers will have to pay higher wages or the community will have to subsidize housing at ever higher levels. Communities can offset potentially higher labor costs tomorrow by putting aside housing today and preserving its affordability into the future. Appendix A includes several additional examples of Housing Trust Funds.

#### **Potential features of a trust fund in the Bay Area**

One option is through inclusionary techniques. Such a program to mandate affordable housing production should be based on the potential for land value capture on above moderate units only. For example, home ownership shared equity programs, where both the sponsoring jurisdiction and new homeowner have a stake, can help ensure sufficient returns to new owners to maintain the condition of their housing,

We also need to be careful with quantity goals, such as seeking to ensure that 10 percent of new housing is affordable. The costs of achieving this goal could go up over time if land costs go up more than labor costs. This would require that a larger share of a community's resources be devoted to affordable housing over time.

Inclusionary zoning techniques can be effective only where land holds significant value that can be captured. The relationship between value capture and inclusionary zoning is important to keep in mind when applying inclusionary techniques in different communities. In struggling communities, the costs of housing production are greater than the market price for housing. There are opportunities however, to enhance the value of land by increasing allowable density, which in turn increases the potential for generating additional funds in these areas.

Funds could be used to invest in both new construction in PDAs and rehabilitate existing homes in disinvested areas near jobs. Assistance could be offered to moderate and lower income households, or households earning up to 120% of area median income.

The regional housing trust fund could also be a voluntary program that provides partial RHNA credit for contributing jurisdictions that meet certain criteria. Housing could be provided within the contributing jurisdictions boundaries or, to maximize development opportunities, nearby and within the same labor market.

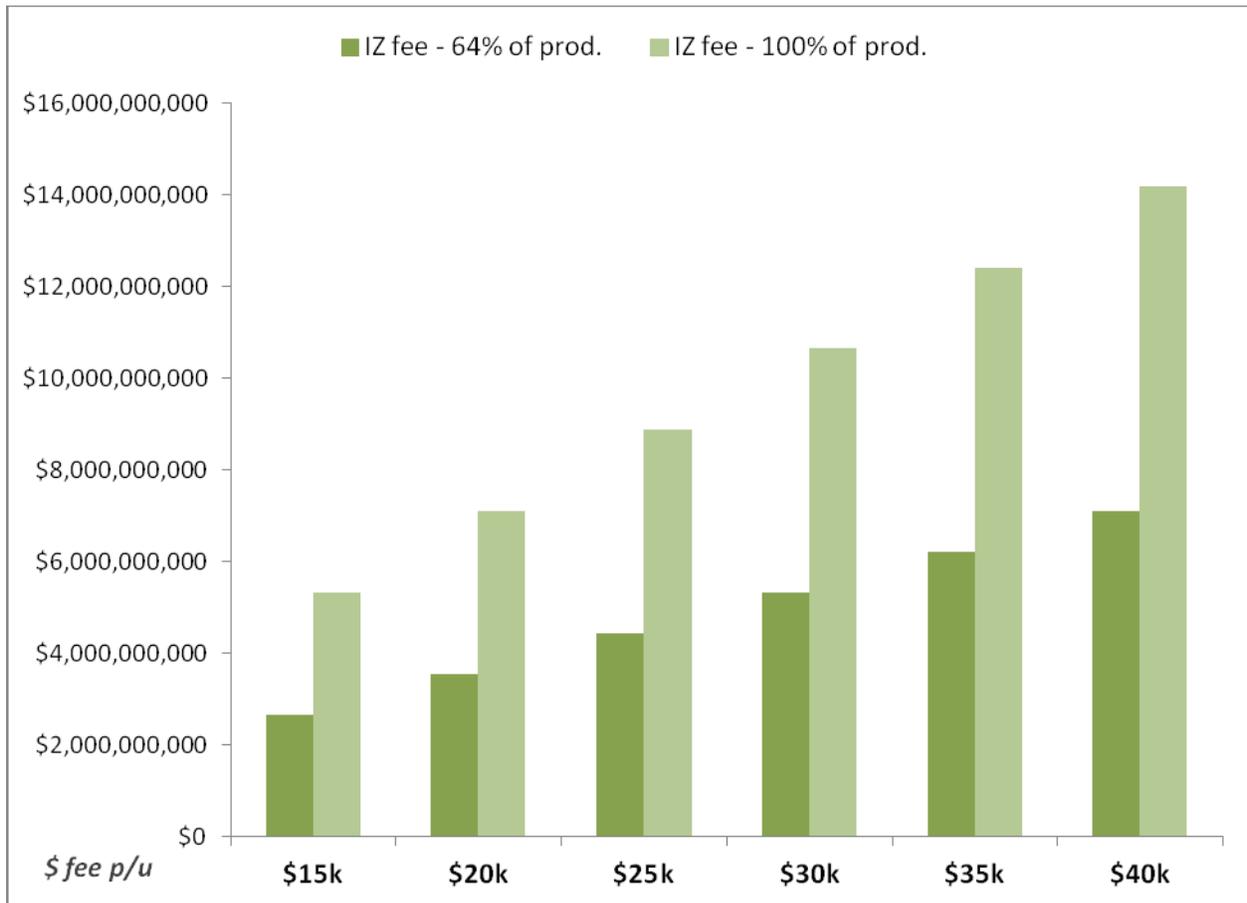
This could provide flexibility for jurisdictions with scarce land available for new housing to contribute to regional housing production, while providing investments to areas that need it. These investments could be coupled with anti-displacement policies, as appropriate, and provide needed funds to purchase, rehabilitate, and make homes permanently affordable while improving streets, sidewalks, schools, and other infrastructure.

### Trust Fund Example

To estimate the impact of a hypothetical regional housing trust fund, we assumed that 100% of the projected amount of above moderate housing pays a linkage fee. We also looked at the impact of applying such a program to locations where inclusionary programs currently exist, or 64% of future above moderate production (Figure 10). Assuming a \$35,000 per unit fee that applies to all areas, approximately \$12.4 billion could be generated. Assuming the same fee for the 64% of the region currently covered by inclusionary housing policies, approximately \$6 billion could be generated for a trust fund. Such a fee would impact the production of above moderate housing, but likely not by more than about 1-2% (or the amount of additional housing that could be created by modifications to existing parking policies).

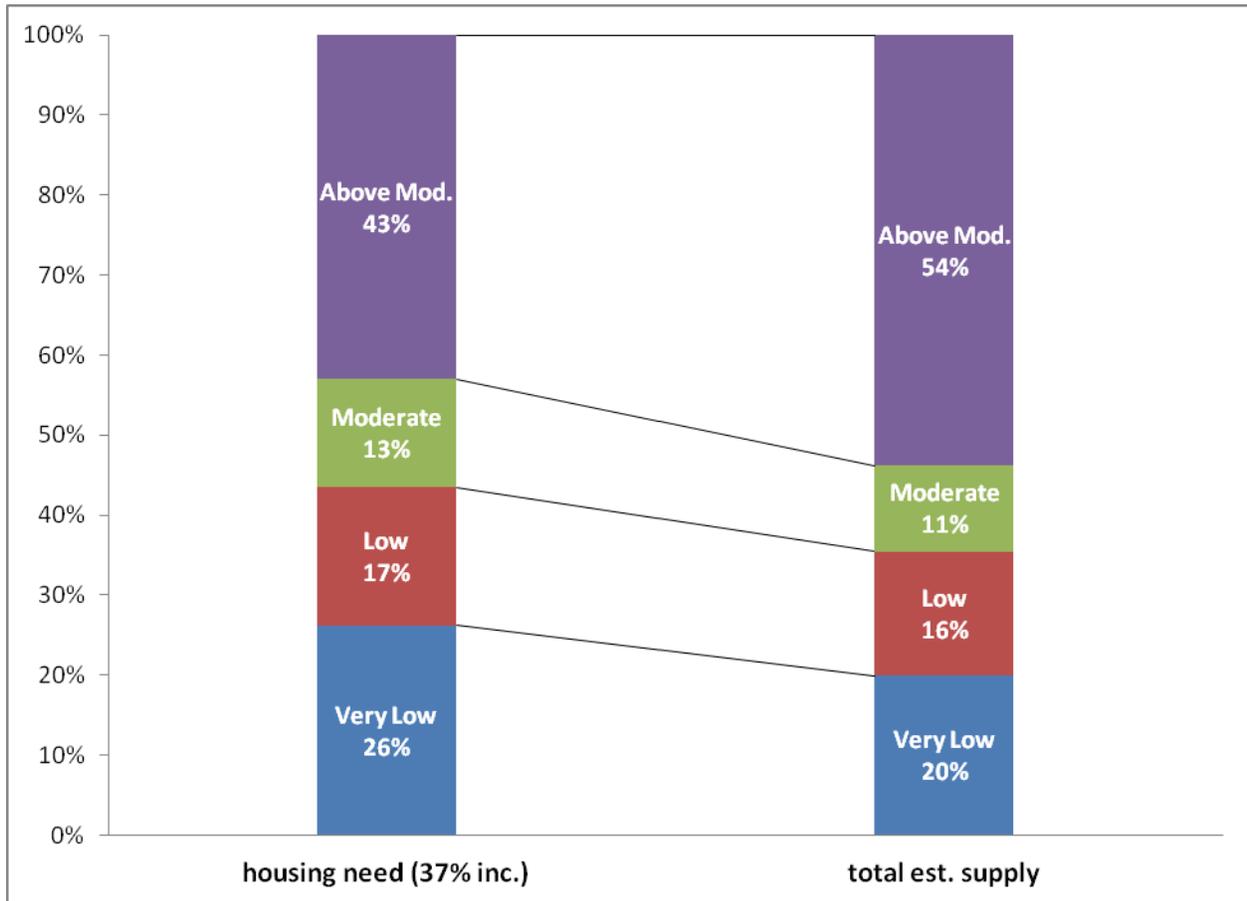
It is also important to note that many households today spend more than 30% of their income on housing as this analysis has assumed. Today, the average amount spent on housing in the Bay Area as a percent of income is about 37%.

**FIGURE 10. POTENTIAL REVENUE FROM A \$35K PER ABOVE MODERATE UNIT LINKAGE FEE**



If we assume that in the future the current average amount spent on housing remains the same (37% of income), the gap between housing need and housing supply could be reduced from 165,000 to about 71,000 (Figure 11).

**FIGURE 11. HOUSING DEMAND AND SUPPLY ASSUMING THE CURRENT AVERAGE AMOUNT SPENT ON HOUSING TODAY**



A key feature of housing trust funds is their ability to leverage federal and state funds and private sources of capital. Other affordable housing trust funds have leveraged funds from 1:4 to 1:9 and beyond. (Or for every dollar deposited into a housing trust fund, an additional four to nine dollars is generated).

As shown in Figure 12, to maintain today’s average affordability level of 37% of income spent on housing, a leverage of only 1:2 leverage would be required. To close the remaining gap between housing need and housing supply assuming 30% of household income available for housing, the HUD standard, a Regional Affordable Housing Trust Fund would need to generate about 1:4.5 in leverage.

**FIGURE 12. MEETING REGIONAL HOUSING NEEDS THROUGH A HOUSING TRUST FUND**

<b>% Income housing</b>	<b>Housing need</b>	<b>Cost</b>	<b>Revenue</b>	<b>Difference</b>	<b>Program leverage</b>
Cost at 30%	165k	(\$54.2) billion	12.4 billion	(41.8) billion	<b>1 : 4.5</b>
Cost at 37%	71k	(\$23.2) billion	12.4 billion	(10.8) billion	<b>1 : 2</b>

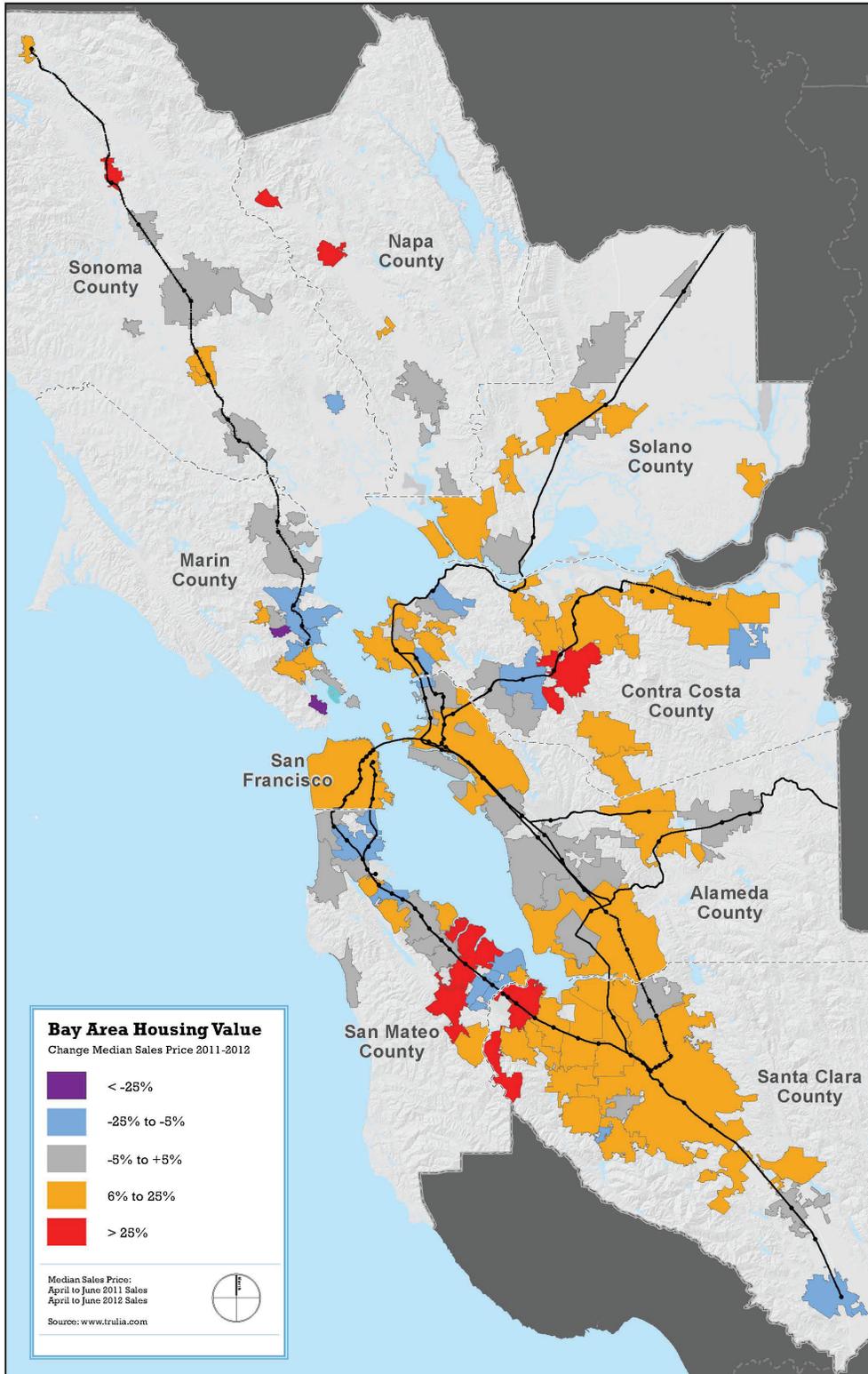
Making deeper impacts would require fundamental changes to land use policies in the region, which would cause developing and building housing to cost less and to take less time than it does today. The three strategies, if enacted, would substantially increase affordability. Making it easier to build housing, particularly attached housing, of all kinds and at all price points in the Bay Area would have a tremendous impact. We must work together as a region to produce the housing necessary to ensure our continued economic prosperity.

Any linkage fee should also not be set too high. Otherwise this could result in the shifting of capital investment and real estate lending to housing developments in jurisdictions with more lenient policies, or to other alternate investment options such as commercial construction outside the region. Efforts to foster “affordability by design,” or changes to land use and building code regulations that reduce the cost of building, could also substantially improve affordability, particularly for moderate income households. Future white papers will examine these impacts in detail.<sup>20</sup>

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<sup>20</sup> These estimates also do not include the potentially much greater impacts of increased production of Moderate and Above Moderate Income multifamily housing that could also be spurred with parking regulation reform.

FIGURE 13. RECENT HOUSING MARKET TRENDS



## Appendix A: Affordable Housing Trust Fund Case Studies

### Establishing a trust fund

A regional housing trust fund could be established in a variety of ways. Most housing trust funds are administered by a public or quasi-public while there are alternatives, such as a corporation or a community foundation administering the fund. The public agency staffs the trust fund and is responsible for the day-to-day operations of administering the fund. The enabling ordinance or legislation sets broad parameters governing the use of available funds. Regulations are then developed to guide the operation of the trust fund.

### Features of a trust fund

Housing trust funds may address housing needs through broad support of new construction and rehabilitation, as well as rental assistance. Often they include new construction, rehabilitation, preservation, acquisition, emergency repairs, accessibility, first-time home purchase, and other activities.

Most housing trust funds serve households earning no more than 80% of the area median income, but many serve other income levels. Many housing trust funds also require that new or rehabilitated units supported through the trust fund remain affordable to the targeted population for a defined amount of time or in perpetuity.

### Governance structure

Housing trust funds usually create an oversight board to govern their operations. Boards are broadly representative of the housing community, including banks, realtors, developers, non-profit development organizations, housing advocates, labor, service providers, and low income residents. These boards can be advisory or may be delegated authority, including determining which projects receive funding from the trust fund. An annual report preparing an annual report on the expenditures and accomplishments of the housing trust fund is typically provided.

### Revenue sources

The most common revenue source for a state housing trust fund is the real estate transfer tax. Other options include the interest from state held funds (unnamed, unclaimed property funds and budget stabilization funds, among others); interest from real estate escrow or mortgage escrow accounts; and document recording fees.

County housing trust funds are most likely to be funded from document recording fees. Other sources include sales taxes, developer fees, or real estate excise taxes.

City housing trust funds are more likely to rely on developer fees, including: impact fees placed on non-residential developers, inclusionary zoning in-lieu fees, condominium conversion fees, and others. Property taxes, other real estate taxes, and hotel taxes are other options.

### **Case Study #1: A Regional Coalition for Housing (ARCH), King County, Washington**

#### Inception

ARCH was created in 1992 by several suburban jurisdictions in east King County, Washington, a wealthy suburban area outside Seattle, to comply with the state of Washington's Growth Management Act that requires that all cities plan for affordable housing. ARCH is a voluntary program and member cities are free to leave when they choose.

#### Administration

Covers 15 cities. Created through an inter-local agreement, it has 2 boards: an executive board made up of the chief administrator of each member city (e.g. City Manager), and a citizen advisory board. The annual budget and work program are developed by the executive board, but must be ratified by all of the member city councils before it can be adopted.

#### Key objectives

Increase the supply of affordable housing to conform with state law.

#### Notable Features

Voluntary program. Trades more process for greater jurisdiction and community buy-in. Permanent affordability not guaranteed.

#### What it does

Distributes grants and low-interest loans (60%). Offers some technical assistance to affordable housing developers.

#### How it works

ARCH's two boards make separate recommendations for projects, but funding must also be approved by the city council of each member city. Because all of the projects funded by the trust must be ratified by every member city council, as well as recommended by the citizen advisory and executive boards, applicants must generate significant community acceptance. This has worked well to build support among member jurisdictions (but reduced affordable housing production).

Projects are approved based on a combination of need and opportunity – ARCH prefers but does not require that projects be located in the city that provides funds. Other factors for project approval include proximity to jobs, transportation, and services.

Funds can be used for acquisition, financing, predevelopment, rehabilitation, new construction, and on-site and off-site costs. Tenant assistance programs can also be funded. Financing for mixed income projects is allowed, but the fund only pays for the parts that house low and moderate income households.

ARCH does not set priorities for housing categories. Through a set of quantified long-term goals it seeks to recognize both the need for housing as well as the depth of subsidy required. For example, the goal for special needs populations is 12% which is higher than the identified need to acknowledge the relatively high amount per capita such housing costs (or they would rather build special needs housing than very-low income housing).

### Funding

Federal Community Development Block Grants, jurisdiction general fund contributions, and other local funds including linkage fees are used to fund ARCH. ARCH assumes that no single formula will adequately consider variation between members, so it uses ranges based on current population, projected housing growth, and projected job growth to set contribution ranges (this also acknowledges jurisdiction budget fluctuations). Funding is measured over a 5 year period so relatively low contributions in the first few years to the trust fund can be offset with higher contributions later on. Jurisdictions can also meet their contribution goals through indirect assistance such as fee waivers and donations of city-owned land.

Three formulas are used to establish the contribution range. The three formulas are based on (1) current population; (2) projected increase in demand for housing due to job growth; and (3) projected housing growth.

In the first formula, based on the current population, each member city's contribution is based on its population relative to other member cities. For example, in 1998 when the formula was developed, the population of Kirkland (43,720) was approximately 17 percent of the overall population of the region covered. Thus Kirkland's contribution would be 17 percent of the overall goal.

The second formula based on projected housing growth is similar. Each member's contribution is based on the amount of projected housing growth, in accordance with its local comprehensive plan, relative to the other member cities. For example, in 1998, Bothell was projected to add 85 new housing units annually, which was approximately 5.25 percent of the projected housing growth for the region covered (1,620 units annually). Under this formula, Bothell's contribution to the trust fund would be 5.25 percent of the overall goal.

The third formula, is based on the projected creation of new jobs. It links member trust fund contributions to the amount of projected job growth as a percentage of the total projected job growth for all member cities. For example, in 1998, Bellevue was expected to add 1,400 jobs annually, which was approximately 35 percent of all the new jobs projected to be added to all of the member cities. Therefore, Bellevue's contribution under this formula would be 35 percent of the overall goal.

The program set an initial baseline goal of \$1 million in local government contributions to the trust fund (for the low-end goal) and an initial challenge of up to \$2 million annually (the high-end goal). The baseline of \$1 million was derived from the contribution levels (to affordable housing) of member cities in the years prior to the development of the program. Using the overall goal, the low end of the contribution range for each city is calculated using the lowest funding level outcome of the three formulas. The high end of the range is the highest outcome of the three formulas. ARCH has increased the program's baseline as additional cities have joined the program. When a new city joins the program, its contribution is calculated and the corresponding contribution amount is added to the range. As of

2003 with 15 member cities the overall goal is \$1.15 million (low end), with a challenge goal of \$2.2 million (high-end).

#### Results

A total of 1,709 units and 74 beds for group housing were constructed between 1993 and 2001. Amount leveraged not available.

### **Case Study #2: Vermont Housing and Conservation Board (VHCB)**

#### Inception

Created in 1987 by state legislature with seed funding of \$20 million.

#### Administration

Nine member board of directors with 5 citizens appointed by the governor and the commissioner of agriculture, secretary of commerce and community development, secretary of natural resources, and the Executive Director of the Vermont Housing Finance Agency authorize grants.

#### Key objectives

Provide affordable housing, conserving natural, agricultural, historic areas.

#### Notable Features

Preference for historic preservation, and projects that are part of a neighborhood or downtown revitalization plan. Areas with low incomes/high unemployment are prioritized for investment. Supported by state appropriations and 50% of the state's real estate property transfer tax. No displacement policy and permanent affordability required. Technical assistance is also offered to non-profit housing developers.

#### What it does

Distributes grants and loans. Offers some technical assistance to affordable housing developers.

#### How it works

Projects must meet several thresholds including:

- permanent affordability with long term maintenance plan via deed restrictions
  - multifamily: housing subsidy covenant restricts income/price
  - single family: ground lease separates house from land and restricts income/price
- area free of "negative features" such as excessive traffic or incompatible uses
- project must be ready to proceed with predevelopment work completed
- financial feasibility

Projects are then prioritized based on:

1. how well it fulfills identified need
2. contribution to neighborhood or downtown revitalization (particularly historic buildings)
3. how it serves very low income households or special needs households
4. how it meets the dual goals of land conservation and affordable housing
5. how it corrects health or safety threats

Projects should also create or contribute to mixed-income communities.

#### Funding

- state property tax transfer revenue
- federal grants including farm related funding
- loan repayments and interest income

NRCS Federal Farm Preservation Program, HOME Program, HUD Housing Opportunities for Persons with AIDS, HUD Lead Paint Grant, AmeriCorps, Transportation and Equity Act for the 21<sup>st</sup> Century, Farm Viability Program, “Mitigation Funds” (Housing and ACT 250- Land Use and Development Act).

Source-

[http://www.leg.state.vt.us/jfo/appropriations/fy\\_2013/FY13\\_Agency\\_and\\_Department\\_Budgets/VHCB%20FY2013%20budget%20pkt\\_001.pdf](http://www.leg.state.vt.us/jfo/appropriations/fy_2013/FY13_Agency_and_Department_Budgets/VHCB%20FY2013%20budget%20pkt_001.pdf)

#### Results

Since its inception in 1987 through 2002, \$155 million has been awarded to create 6,675 units of affordable housing and conserve 338,388 acres. Funds have helped leverage \$515 million from other private and public sources. Between 2002 and 2010 more than \$60 million was awarded.

Source- [http://www.cltnetwork.org/doc\\_library/p310-](http://www.cltnetwork.org/doc_library/p310-2010%20February%2015%20Supplemental%20Comments%20HUD%20SAFE%20Act%20Rule.pdf)

[2010%20February%2015%20Supplemental%20Comments%20HUD%20SAFE%20Act%20Rule.pdf](http://www.cltnetwork.org/doc_library/p310-2010%20February%2015%20Supplemental%20Comments%20HUD%20SAFE%20Act%20Rule.pdf)

### **Case Study #3: Sacramento, CA**

#### Inception

Sacramento city and county housing trust fund ordinances were adopted in 1989 and 1990, respectively.

#### Administration

Successor to Sacramento Redevelopment Agency administers both trust funds.

#### Key objectives

Raise local funds to finance the development of affordable housing near employment centers.

#### Notable Features

Housing program grounded on the assumption that economic growth is tied to the production of housing. Housing production is described as a one-time infusion of development capital that creates jobs, generates wages, and ultimately produces tax revenues derived from a stimulated economy. (The agency also used an IMPLAN-type model to estimated direct, indirect and induced economic impacts).

#### What it does

The city of Sacramento trust fund is available to households with incomes up to 80 percent of the area median income, with a preference for very low-income households. The Sacramento County trust fund is available to households earning up to 50 percent of the area median income. For both trust funds, at least 20 percent of the units in a development must be affordable to households earning less than 50 percent of the area median income. Likewise, there must be “a reasonable expectation that the prospective residents will be in the labor force in the area”. Housing funded by the trust fund may be

rental or owner-occupied housing. The funds may be used for a wide range of purposes, including loans, grants, and equity participation. Preference is given to locations within one-quarter mile of existing or planned transit services

#### How it works

Both trusts are administered through the Sacramento Redevelopment Agency

#### Funding

Both trust funds raise revenue for affordable housing through fees for nonresidential development based on a nexus analysis of new very low- and low-income workers who will be attracted to the area as a result of the new development. The nexus analysis determines the extent to which the construction of new commercial projects—such as offices, business parks, hotels, and shopping centers— will attract new very low- and low-income residents to Sacramento. The fees are then used to increase the supply of affordable housing near places of employment. Funds from the trusts are generally used for new construction or substantial rehabilitation.

Because of the jobs/housing nexus, however, elderly housing is not a use eligible for funding. Also, the housing units produced with trust monies must be “located within a reasonable commuting distance of the employment generating uses that pay housing trust fund fees” (SHRA 2001c, 3). A reasonable commuting distance is defined as being within a seven-mile radius.

#### Results

Housing trust fund collections totaled \$27 million as of 2002, with 2,300 units constructed. Together, the trust funds have helped leverage over \$267 million from other private and public sources, ten times the amount invested.

**Appendix B: Jurisdictions by Median Multiple**

County	City	PDA HU Growth	Median Hsg Value	Med Hsg Value as % of Reg Med Value	Med HH inc as % of Reg Med Income	Median Multiple
Solano	Suisun City	1,042	169,000	0.37	0.94	2.4
Solano	Vallejo	844	148,358	0.32	0.81	2.4
Contra Costa	Richmond	4,290	131,701	0.29	0.71	2.4
Contra Costa	Antioch	4,116	177,866	0.39	0.87	2.7
Contra Costa	Oakley	3,335	210,000	0.46	1.01	2.7
Contra Costa	Pittsburg	6,445	160,000	0.35	0.76	2.8
Solano	Fairfield	10,594	200,398	0.44	0.89	2.9
Solano	Rio Vista	363	166,500	0.36	0.72	3.1
Contra Costa	Hercules	4,173	270,000	0.59	1.16	3.1
Solano	Dixon	253	215,000	0.47	0.92	3.1
Contra Costa	Pinole	695	243,000	0.53	1.03	3.1
Solano	Vacaville	791	225,675	0.49	0.93	3.2
Solano	Benicia	929	280,000	0.61	1.15	3.2
Contra Costa	Martinez	694	255,000	0.56	1.00	3.4
Contra Costa	San Pablo	1,466	155,000	0.34	0.58	3.5
Contra Costa	Concord	15,532	238,518	0.52	0.86	3.7
Sonoma	Cotati	401	237,000	0.52	0.84	3.7
Alameda	Emeryville	5,466	235,000	0.51	0.80	3.8
Alameda	Newark	2,774	325,000	0.71	1.07	4.0
Alameda	Dublin	5,952	440,000	0.96	1.42	4.1
Sonoma	Rohnert Park	2,974	236,500	0.52	0.76	4.1
Alameda	Livermore	9,418	387,690	0.85	1.24	4.1
Alameda	Union City	795	350,000	0.76	1.10	4.2
Alameda	Hayward	9,687	263,003	0.57	0.81	4.3
Santa Clara	Milpitas	7,397	400,000	0.87	1.22	4.3
Sonoma	Windsor	1,204	319,000	0.70	0.97	4.3
Sonoma	Cloverdale	729	238,500	0.52	0.71	4.4
Alameda	San Leandro	5,570	276,552	0.60	0.82	4.4
Contra Costa	Pleasant Hill	384	365,000	0.80	1.06	4.5
Sonoma	Santa Rosa	12,228	281,522	0.61	0.78	4.7
Sonoma	Petaluma	1,762	363,761	0.79	0.96	5.0

## Regional Policy Background Paper: Housing the Workforce

Santa Clara	Morgan Hill	1,419	465,000	1.01	1.22	5.0
Alameda	Fremont	11,370	484,784	1.06	1.27	5.0
Contra Costa	San Ramon	2,704	613,416	1.34	1.58	5.1
San Mateo	Colma	242	431,261	0.52	1.10	5.1
Contra Costa	Walnut Creek	3,012	418,472	0.91	1.06	5.2
Alameda	Oakland	48,066	261,126	0.57	0.65	5.3
San Mateo	East Palo Alto	856	258,000	0.96	0.64	5.3
Santa Clara	Gilroy	1,927	390,000	0.85	0.94	5.5
Contra Costa	Orinda	212	882,000	1.92	2.12	5.5
Santa Clara	San Jose	123,157	437,738	0.96	1.04	5.5
San Mateo	San Bruno	3,853	425,000	0.93	0.99	5.6
Contra Costa	El Cerrito	1,015	450,000	0.98	1.04	5.7
Alameda	Pleasanton	3,592	657,952	1.44	1.52	5.7
San Mateo	Daly City	3,454	431,261	0.94	0.99	5.8
Napa	American Canyon	1,543	302,500	0.66	0.69	5.8
San Mateo	South San Francisco	6,646	435,000	0.95	0.98	5.9
Santa Clara	Santa Clara	8,426	502,169	1.10	1.12	5.9
Contra Costa	Danville	754	763,408	1.67	1.70	5.9
Contra Costa	Moraga	337	725,000	1.58	1.56	6.1
Napa	Napa	937	302,969	0.66	0.65	6.2
Alameda	Alameda	4,771	470,678	1.03	0.98	6.3
Alameda	Albany	244	457,000	1.00	0.95	6.3
Contra Costa	Lafayette	938	912,500	1.99	1.76	6.8
Santa Clara	Sunnyvale	15,824	635,952	1.39	1.19	7.1
Santa Clara	Campbell	2,915	569,000	1.24	1.05	7.2
San Mateo	San Carlos	1,158	808,750	1.76	1.46	7.3
Santa Clara	Palo Alto	7,118	895,182	1.95	1.59	7.4
San Mateo	San Mateo	8,285	629,052	1.37	1.10	7.5
Santa Clara	Cupertino	3,446	931,000	2.03	1.58	7.7
Marin	San Rafael	2,392	562,152	1.23	0.95	7.8
San Mateo	Redwood City	7,416	604,473	1.32	0.99	8.0
Sonoma	Sebastopol	386	434,500	0.95	0.70	8.2
Santa Clara	Mountain View	8,303	734,213	1.60	1.16	8.3
San Mateo	Belmont	907	840,000	1.83	1.31	8.4
San Mateo	Millbrae	2,662	750,750	1.64	1.06	9.3
San Francisco	San Francisco	87,172	675,943	1.47	0.94	9.5
Santa Clara	Saratoga	97	1,377,500	3.01	1.91	9.5
Alameda	Berkeley	6,292	607,432	1.33	0.77	10.4
San Mateo	Menlo Park	1,176	1,159,968	2.53	1.42	10.8

## Regional Policy Background Paper: Housing the Workforce

<b>Santa Clara</b>	Los Altos	451	1,648,858	3.60	1.97	11.0
<b>San Mateo</b>	Burlingame	3,258	1,445,000	3.15	1.08	17.7



Date: October 3, 2012

To: Regional Planning Committee

From: Miriam Chion, Interim Planning Director

Subject: **Regional Policy Background Paper: Conservation and Open Space**

## **Summary**

This paper addresses the Bay Area's network of natural habitat and water resources, agricultural land, and parks and open spaces. The paper outlines the elements of the network, presents trends, highlights the region's accomplishments, and explores opportunities for regional agencies to work in partnership with local jurisdictions, special districts, state and federal agencies, stakeholders, and other organizations to preserve and maintain the region's unique natural environment and rural economy.

## **Background**

This is one of six regional policy background papers.

## **Recommendation**

For information. No action requested.

Attachment(s):

- Conservation and Open Space Regional Policy Background Paper

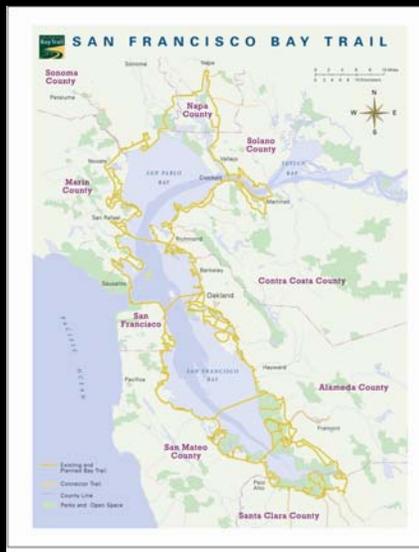
## Regional Policy Background: Conservation and Open Space

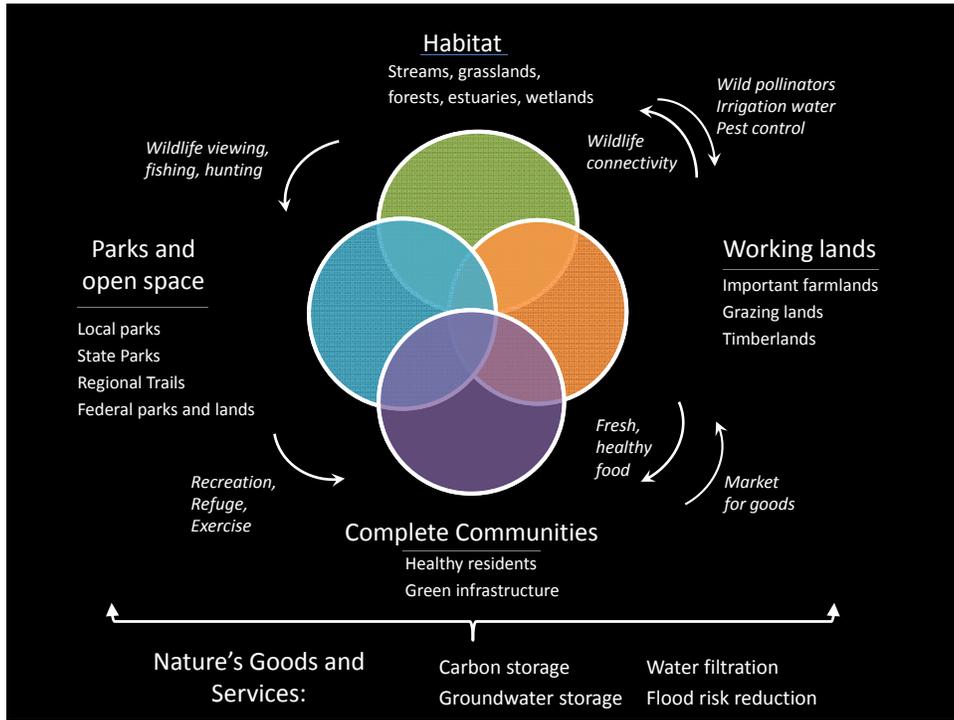


- Framework for Regional Collaboration
- Bay Area Open Space Network
- Regional Strategies for Conservation

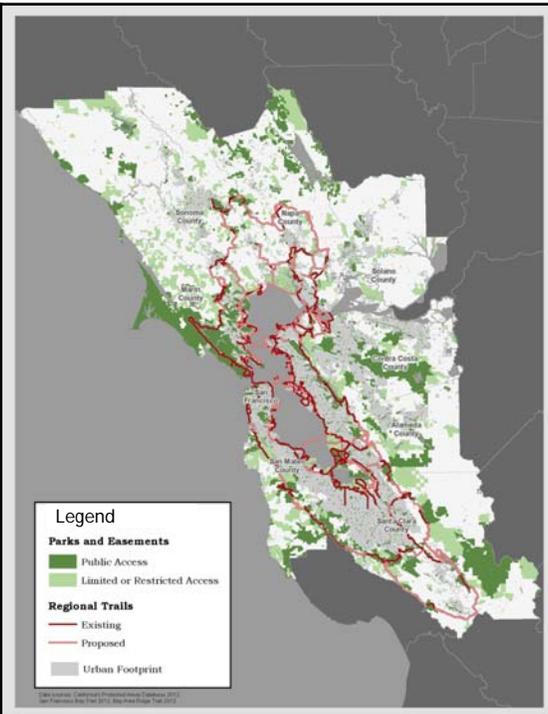


## Framework for Regional Collaboration

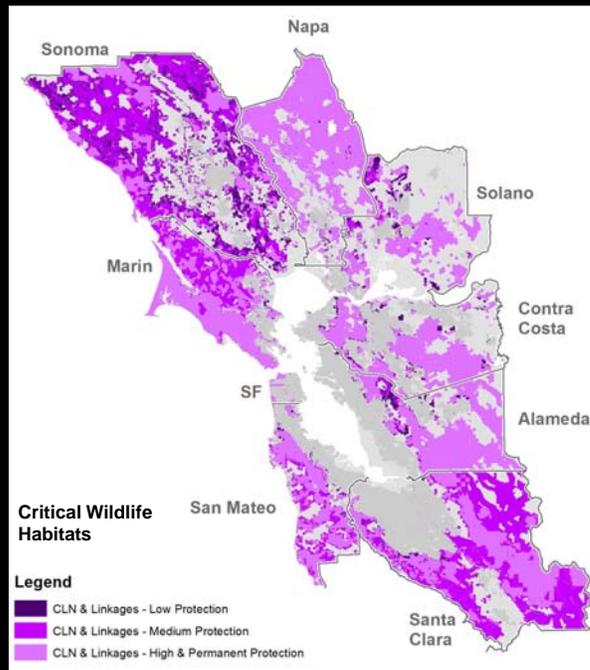




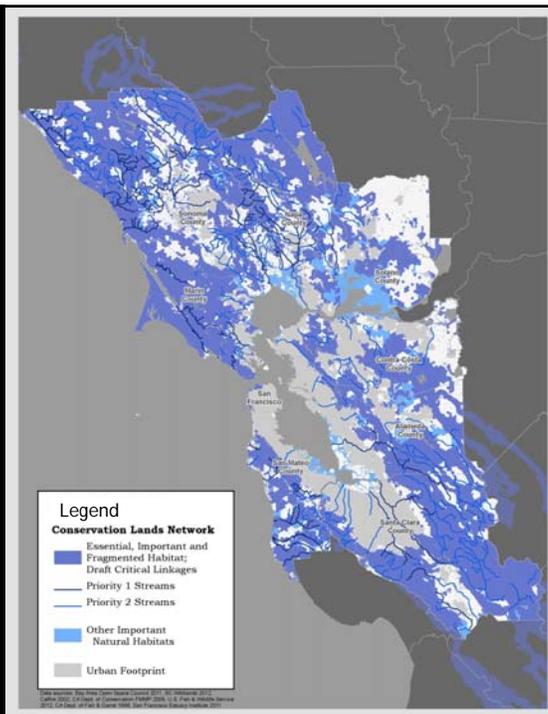
# Parks and Open Space



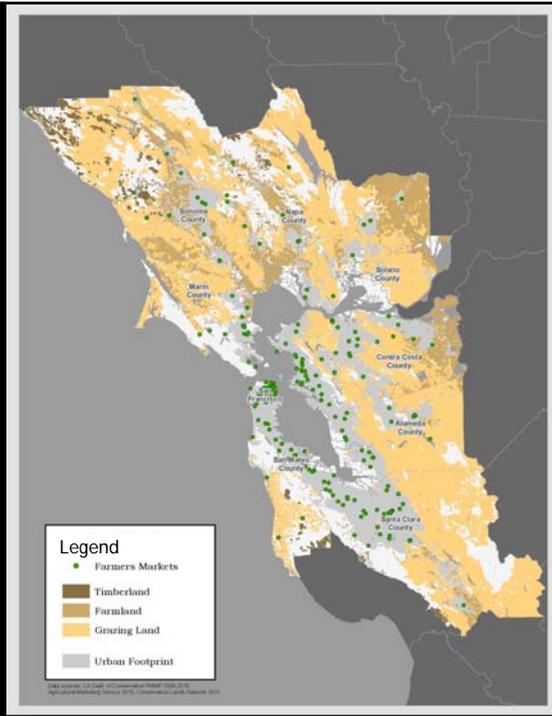
# Varying Levels of Open Space Protection



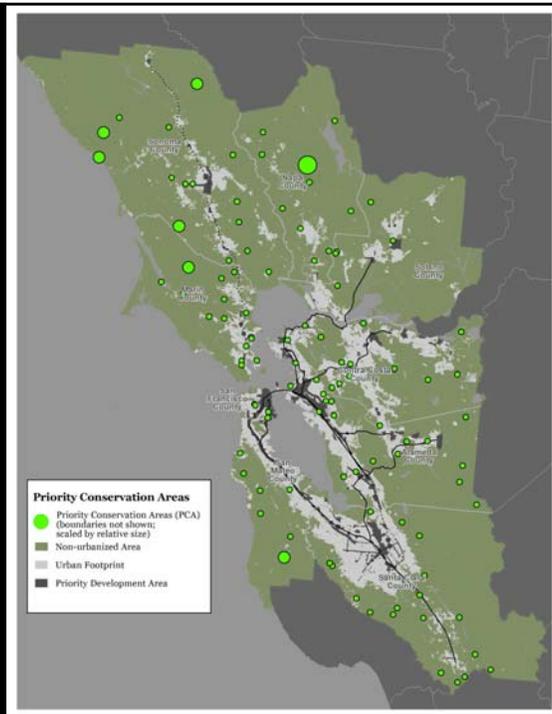
# Habitat & Water



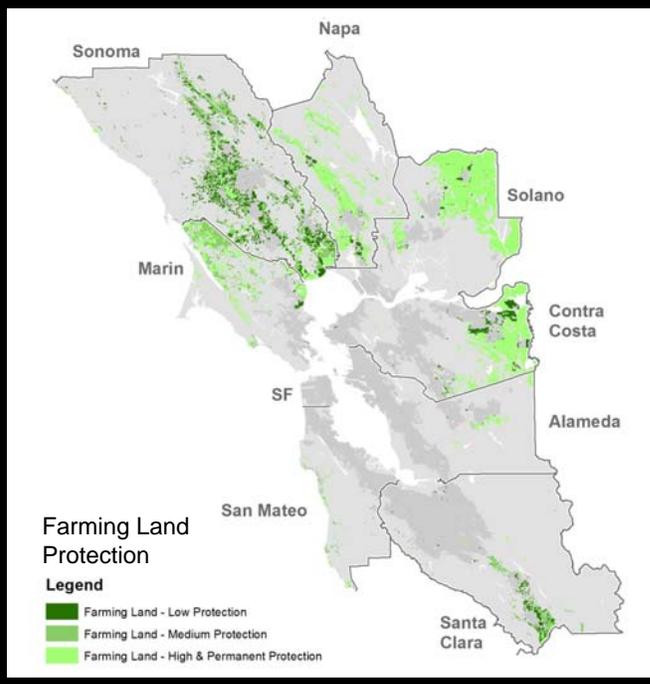
# Agricultural Lands



# Strategy 1: Updated PCA Framework



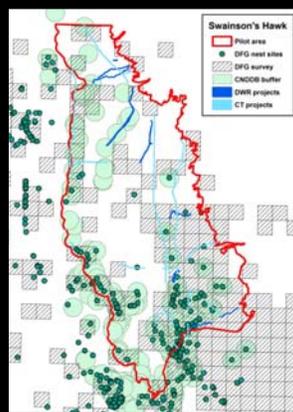
## Strategy 2: Regional Farmland Protection Plan



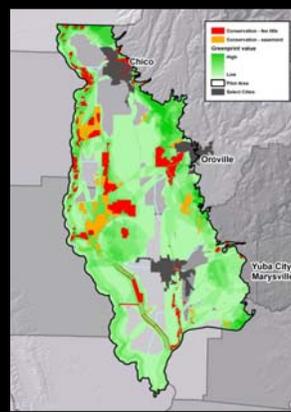
## Strategy 3: Regional Advanced Mitigation Program (RAMP)



Map planned infrastructure projects



Map resources that may need mitigation due to potential impacts



Map locations of existing conservation land and other conservation priorities

*Regional Policy Background Papers – Fall 2012*  
**Conservation and Open Space**

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**1. The Open Space Qualities of the Bay Area**

**2. The Bay Area's Open Space Network**

*2.1 Habitat and Water*

*2.2 Agricultural Lands*

*2.3 Open Space and Parks*

**3. Strategies to Preserve and Strengthen Our Open Space Network**

*Strategy 1: Updated Priority Conservation Area (PCA) Framework*

*Strategy 2: Regional Farmland Protection Plan*

*Strategy 3. Regional Advance Mitigation Program*

## 1. The Open Space Qualities of the Bay Area

The Bay Area possesses a unique network of natural habitat and water resources, agricultural land, and park lands that promote a strong regional economy and support Bay Area residents' health and quality of life. Natural habitats—including forests, grasslands, and coastal areas—deliver clean and reliable drinking water, clean air, and protection from disasters such as flooding, landslides, and climate change. Working farms and ranches offer affordable local food and support a \$1.8 billion regional agriculture industry. Parks and recreational open spaces provide opportunities for outdoor activity, encouraging active, healthy lifestyles. This network contributes to the character of Bay Area rural communities, while also promoting a high quality of life in urban areas and adding to the region's economic competitiveness by attracting a talented workforce that encourages businesses to locate and stay here.

Over the past several decades, Bay Area local governments and regional agencies have succeeded in protecting many of these lands and waters through policies and partnerships that have drawn upon both public and private funds. Conservation receives strong support from the voters in the nine-county region: 93% agree that a clean, healthy, and vibrant San Francisco Bay is important for the region's economy; 72% regard the loss of open space as a concern.<sup>1</sup> Since 1988, Bay Area voters have approved more than \$1.5 billion to improve water quality, create new parks, protect farmland, and preserve critical habitat through bond measures and tax increases.<sup>2</sup>

When compared to many other metropolitan areas, the Bay Area has excelled in its efforts to protect the natural environment. Still, the region's base of agricultural and habitat land is at risk of decline. The supply of clean water for fish, wildlife and humans can be diminished as streams are constrained, polluted, and dewatered. Habitat and corridors vital for healthy wildlife populations can be degraded or lost. Financial pressures contribute to the conversion of land critical to conserving biodiversity and providing food to urban uses. Where the region's next two million new residents live, work, and recreate will play a crucial role in determining the viability of these natural resources.

Regional planning strategies can help protect and maintain our natural habitat, water resources, agricultural land, and open space. Since 2007, local jurisdictions and regional agencies have worked together to establish nearly 200 Priority Development Areas (PDAs) and more than 100 Priority Conservation Areas (PCAs). PDAs are places with access to quality transit identified by jurisdictions as locations for future housing and jobs. PCAs are locally-selected lands critical to preserving the vitality of the region's ecosystem and rural economy. A coordinated approach that focuses a significant amount of future growth in PDAs can help reduce development pressure on PCAs, supporting the region's rural economy and complex ecosystem while increasing transit use, walking, and bicycling.

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<sup>1</sup> Fairbank, Maslin, Maullin, Metz & Associates, "Support for Funding the Restoration of the San Francisco Bay: Key Findings from a Regional Voter Survey," August 2010.

<sup>2</sup> Trust for Public Land, Land Vote from <http://www.landvote.org> retrieved on 8/21/2012.

Developing a regional planning strategy provides an opportunity to expand upon initial efforts that led to the identification of more than 100 PCAs by strengthening collaboration between regional agencies, local jurisdictions, and the non-profit and business communities around a comprehensive strategy for conservation of our natural environment. This paper highlights the region's conservation and open space network, explores opportunities to leverage regional plans and investments to achieve greater integration with ongoing conservation efforts, and presents concrete specific strategies for achieving this objective.

### **Success Through Partnership: The Bay Trail**

The **San Francisco Bay Trail** is a visionary plan with wide public support for a bicycle and pedestrian trail allowing continuous travel around the shoreline of San Francisco Bay. In 1965, only four miles of bay shoreline were open to public access. Today, over 330 of the trail's 500 miles have been completed. When finished, the trail will link the shoreline of nine counties, passing through 47 cities and crossing seven toll bridges. It is a project of the Association of Bay Area Governments and funding for its administration is provided by the Metropolitan Transportation Commission.

The Bay Trail is a collaboration between elected officials, government agencies, private companies, non-profit organizations, advocacy groups and the public to increase access to the edge of the bay. It provides recreational opportunities for hikers, joggers and bicyclists; offers a setting for wildlife viewing and environmental education; attracts tourists to explore the region; and serves as a bicycle transportation corridor. The Trail provides access to points of historic, natural and cultural interest, and to numerous recreational areas, including over 130 parks.

The trail will not only encircle the Bay but will also provide access inland to open spaces and preserves, streams, and the Bay Area Ridge Trail, which forms the second of two concentric rings around the bay. Nearly 2.7 million people and 1.8 million jobs are within two miles of the trail, making it convenient not only for recreation but also for bicycling or walking to work – healthy, climate-friendly commute options that also relieve traffic.



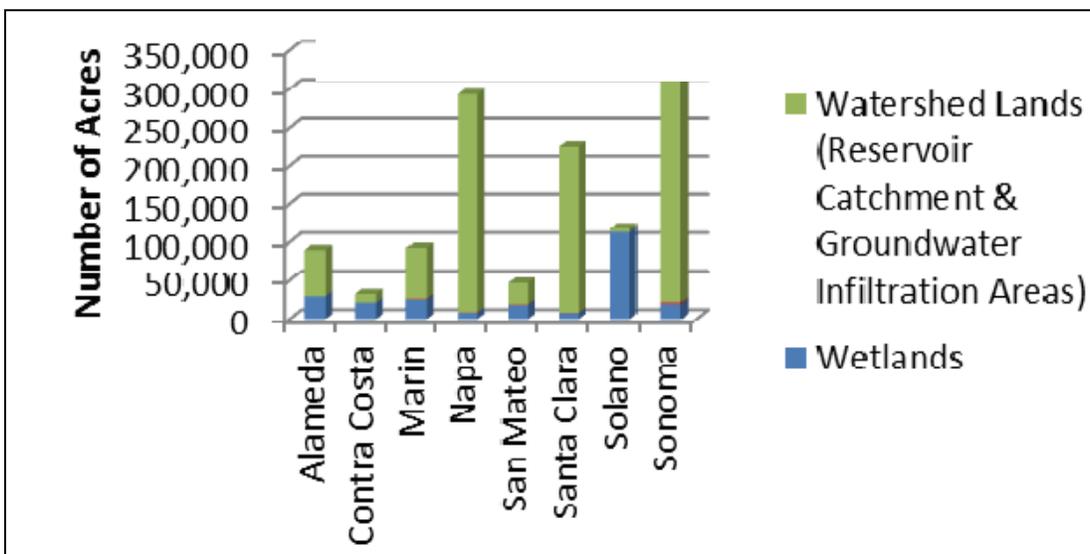
## 2. The Bay Area’s Conservation and Open Space Network

The Bay Area’s network of natural habitats, agricultural land, and open spaces is made up of a diversity of landscapes that act in concert to provide an array of ecological, economic, and social benefits. Collectively, these natural assets provide much of the region’s food, sustain a clean and reliable water supply, store carbon in vegetation, improve community health, reduce damage from sea level rise and extreme weather events, and provide an array of other benefits.

### 2.1 Habitat and Water

The Bay Area’s forests, grasslands, wetlands, and other natural habitats support 33% of the state’s wildlife and plants and comprise a portion of the California Floristic Province, which is a globally recognized biodiversity hotspot.<sup>3</sup> Beyond their biological significance, natural habitats support necessary environmental functions on which residents and the regional economy depend.

Figure 1. Number of Acres of Water Resources by Bay Area County



- Intact natural lands provide clean drinking water for Bay Area residents by catching rainfall, filtering pollutants from the water, and recharging groundwater supplies. They also help to ensure clean water for coastal and marine ecosystems that sustain fisheries. The economic value of ecosystem services provided by wetlands, for instance, is

<sup>3</sup> Greenbelt Alliance, the Bay Area Open Space Council, and the Association of Bay Area Governments, “Golden Lands, Golden Opportunity: Preserving vital Bay Area lands for all Californians,” 2009; Myers, N. et al. *Nature* 403 (2000): 853–858.

Figure 2: Wildlife Habitat

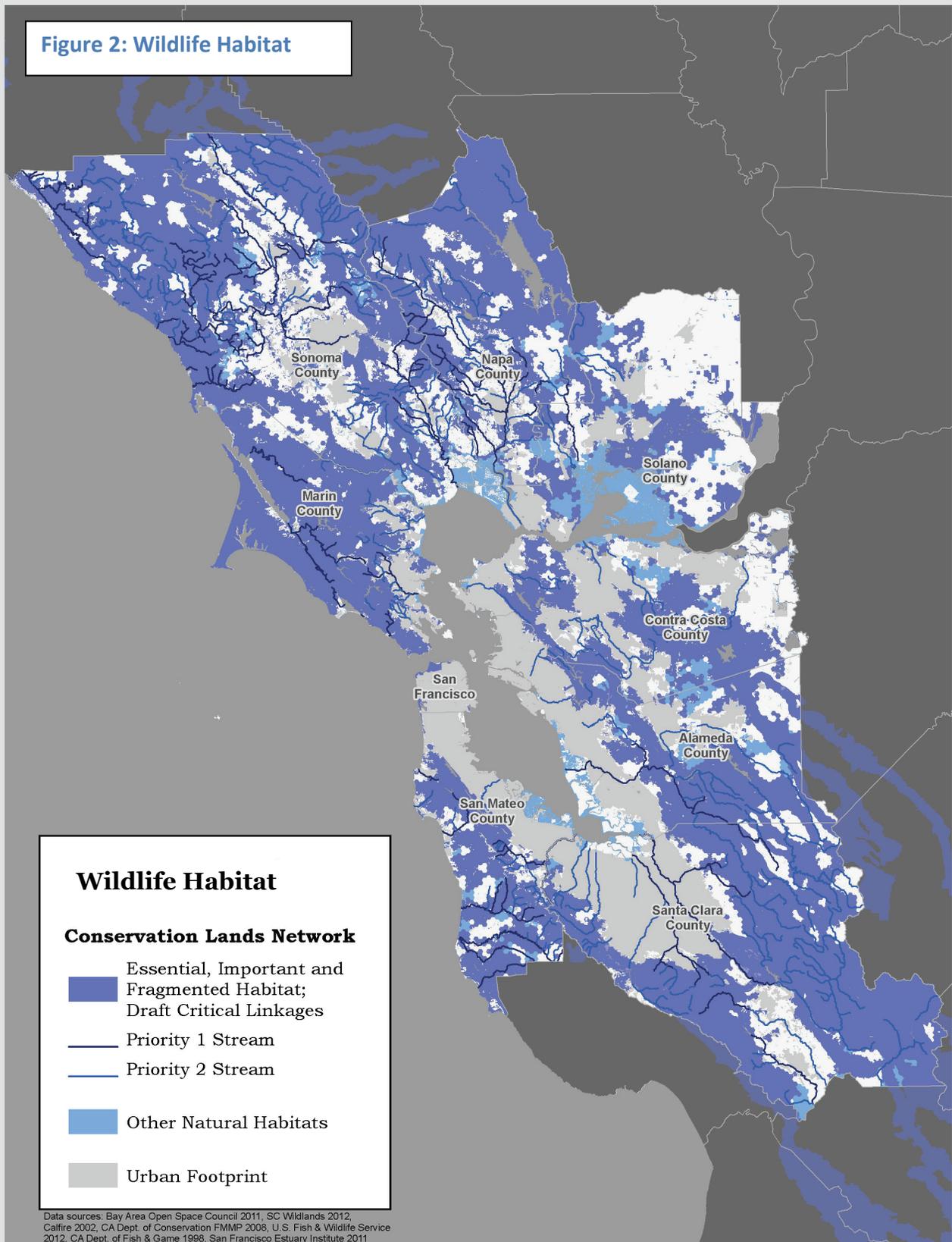


Figure 3: Watersheds and Wetlands

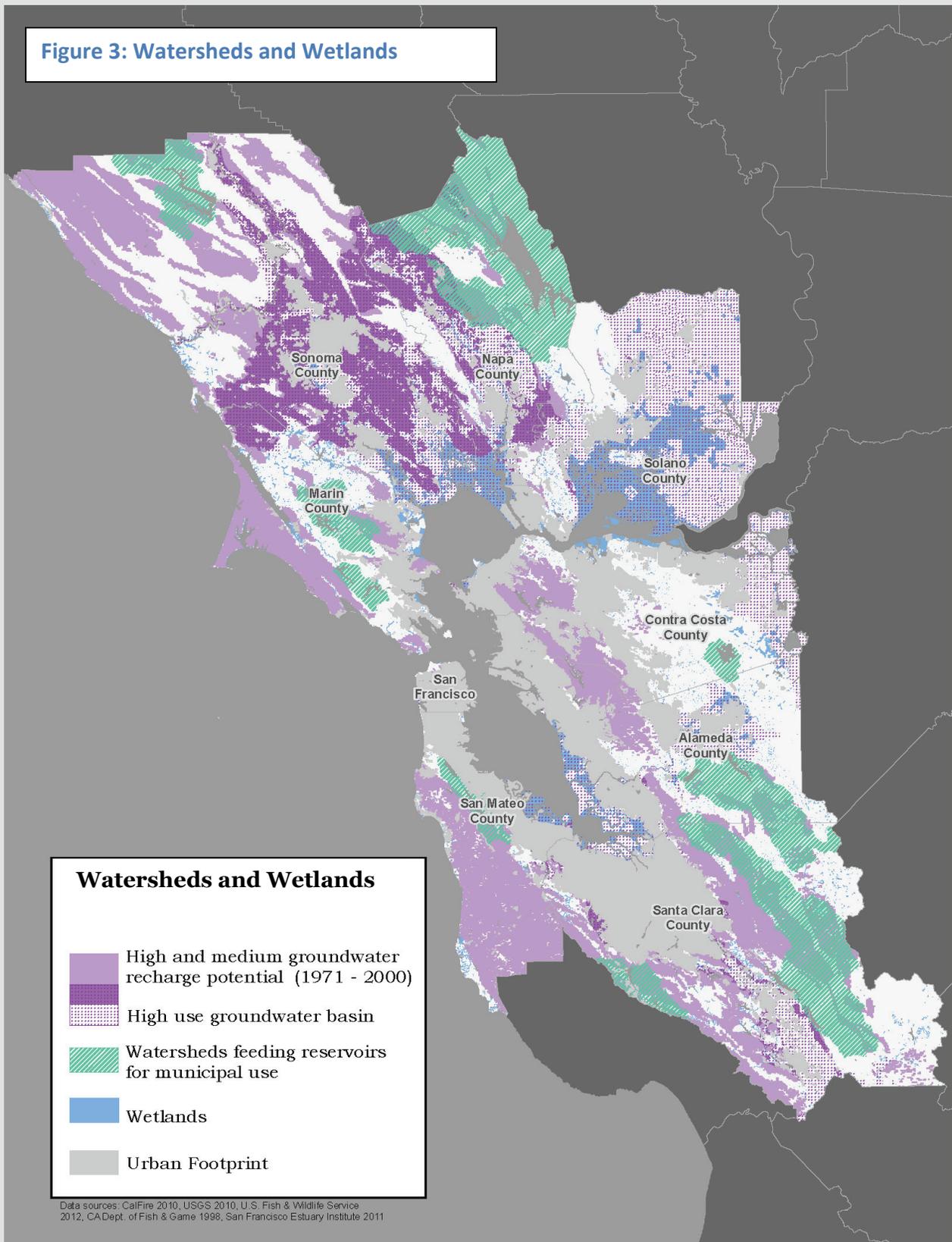
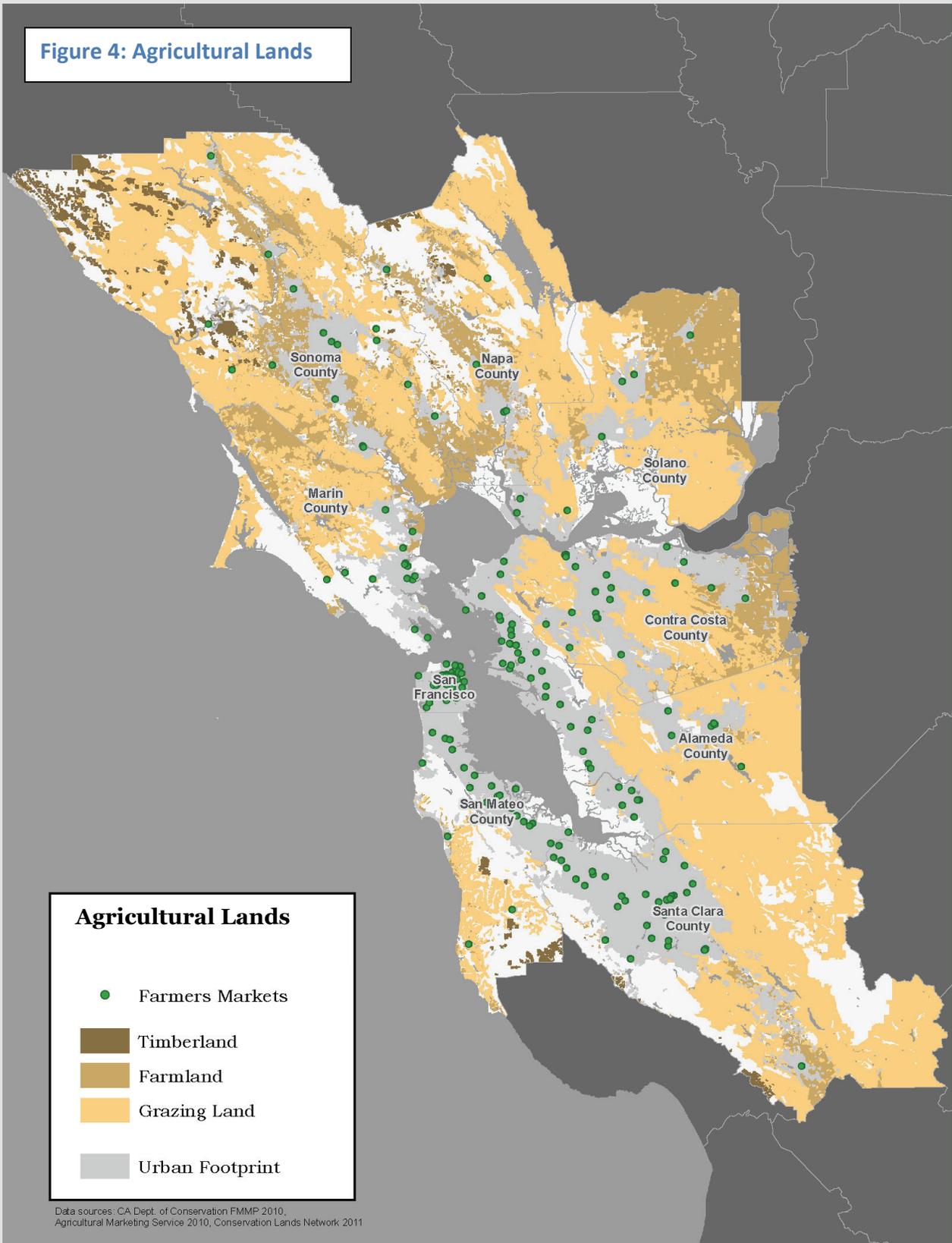


Figure 4: Agricultural Lands



significant. Scholars have estimated the annual value of tidal wetlands in Napa County to exceed \$8 million and the value of freshwater wetlands to exceed \$19 million. The Bay Area’s natural habitats also help curb and mitigate the impacts of climate change. Natural habitats decrease and mitigate flooding events by distributing water to the landscape where it can be absorbed into the ground. Combined, conservation lands in the Bay Area store nearly 25 million metric tons of carbon aboveground tree and shrub biomass, the equivalent to avoiding the carbon dioxide emissions of over 17 million cars annually.

Natural habitats sustain an array of plant and animal life. Local organizations, in conjunction with scientists, have identified Bay Area lands that are most essential to maintaining biological diversity—the variation of life at all levels that is crucial for human health and wellbeing—with the goal of creating a Conservation Lands Network (CLN). If protected from development, this CLN can help to support a number of plant and animal species, as well as maintain migratory routes and provide buffers against anticipated climate change effects.

Natural habitats also function as “green infrastructure”—natural features that perform services typically accomplished with built infrastructure such as flood control, water filtration, and water storage, providing viable, cost-effective and resource-efficient alternatives to traditional “grey” infrastructure. The City of Martinez, in partnership with the East Bay Regional Park District and Caltrans, recently implemented an innovative green infrastructure project that involved enhancing the Martinez marsh in order to alleviate flooding in downtown Martinez. Although these watershed lands and wetlands are critical to maintaining a supply of clean water, many acres are unprotected, including a large number in Napa and Sonoma Counties.

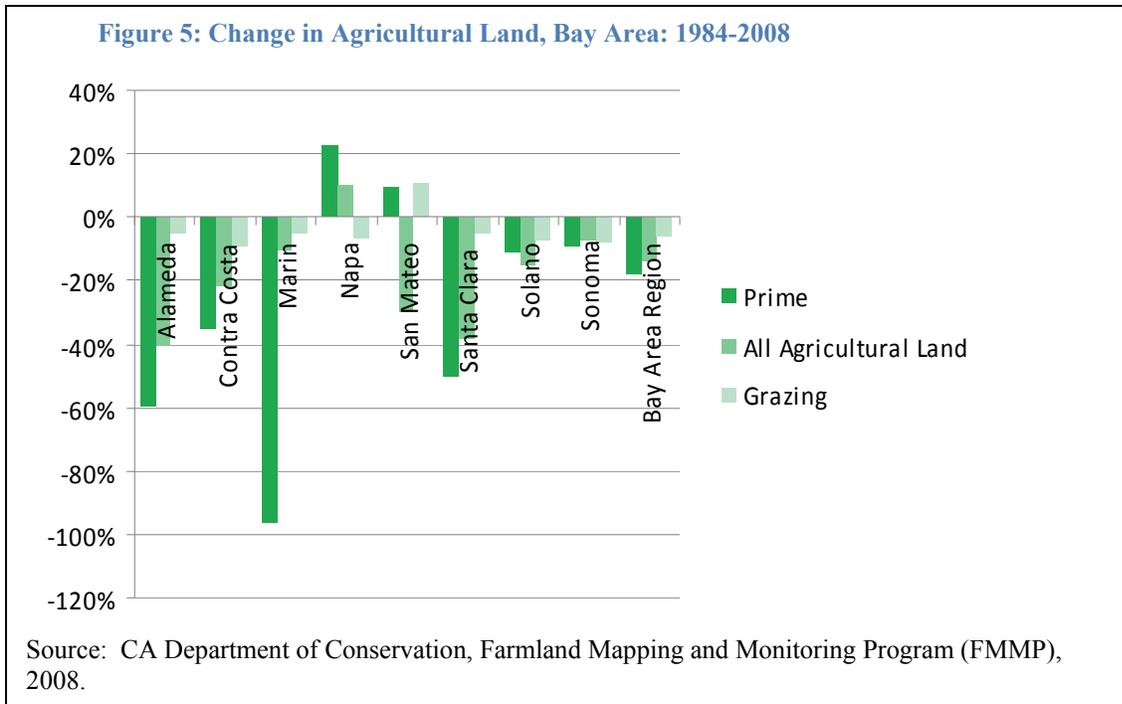
## **2.2 Agricultural Lands**

Agricultural lands include farms that produce a variety of food and provide space for livestock to graze. The Bay Area’s agricultural lands result in over \$1.8 billion of crop production value annually and generate nearly 25,000 jobs—including 8.2% of jobs in Napa County and 3.7% in Sonoma County.<sup>4</sup> These lands offer additional economic benefits through the activities that accompany agriculture, such as food processing and food-related tourism. Napa and Sonoma Counties attract business conventions to the Bay Area, as participants can complement their business travel with trips to the counties’ premier vineyards. Taking into account these broader impacts, the estimated annual economic benefit of agriculture in the region is over \$5.5 billion.<sup>5</sup> Agricultural lands are an integral part of the region’s infrastructure network, dependent on road and rail access to markets within the Bay Area’s urban areas and outside of the region. In addition, working lands support the region’s watershed by allowing water infiltration into the groundwater storage system, contribute to flood control, and absorb greenhouse gas emissions.

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<sup>4</sup> Crop Reports, Bay Area Counties, 2010 and 2011; US Census 2010

<sup>5</sup> Crop Reports, Alameda and Contra Costa Counties, 2010. These counties determined that the total economic impact of agricultural production is three times the gross production value.

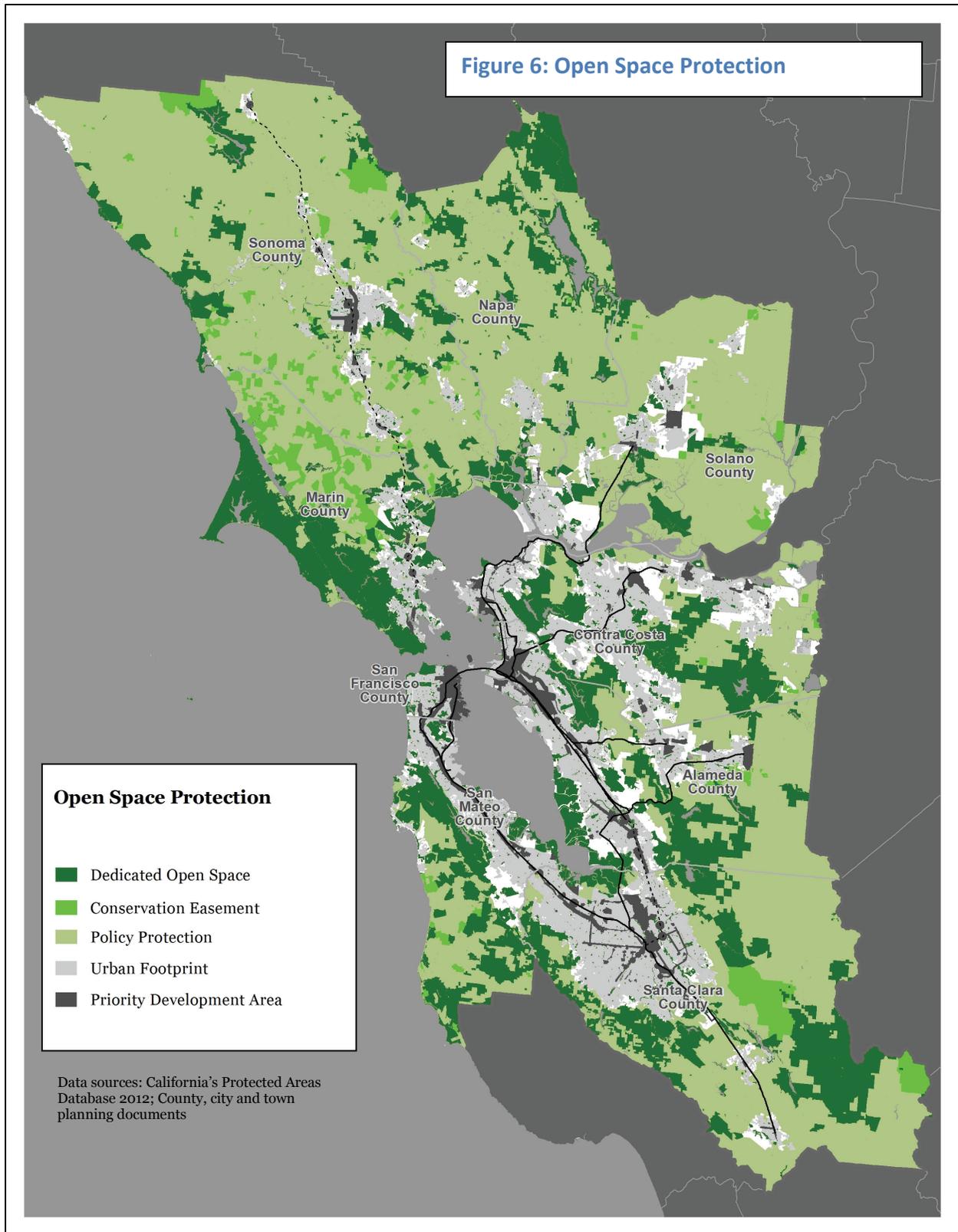


Despite its continued positive economic impact, the region’s agricultural land base is declining. Between 1984 and 2008, acreage of prime farmland<sup>6</sup> fell by 18% and total acreage of agricultural land fell by 8%.<sup>7</sup> This trend was most pronounced in Alameda and Marin Counties, which saw reductions in prime farmland of 60% and 96% respectively. Sonoma County, which has the highest value of agricultural production, lost 9% of its prime farmland during this period and 8% of its total agricultural land. Napa, the county with the second highest value of agricultural production, is the only county in the Bay Area to gain prime farmland, which increased by 23% (total agricultural land fell by 2%). One positive trend across much of the region is the expansion of unique farmland, which is of lesser soil quality than prime farmland or farmland of statewide importance, but is used to produce many of the state’s leading crops; acreage in this category increased in every county except Solano, and more than doubled in Alameda, Marin, Santa Clara and Sonoma Counties.

The region’s loss of agricultural land is due primarily to conversion to urban uses, particularly residential development. Napa’s success in preserving prime farmland—as well as less productive but important and unique farmland—was supported by voter adoption of the Agricultural Lands Preservation Initiative (Measures J and P), which prevented the re-

<sup>6</sup> Farmland with the best combination of physical and chemical features able to sustain long term agricultural production. [http://www.conservation.ca.gov/dlrp/fmmp/mccu/Pages/map\\_categories.aspx](http://www.conservation.ca.gov/dlrp/fmmp/mccu/Pages/map_categories.aspx) retrieved on 9/21/2012.

<sup>7</sup> California Department of Conservation, Farmland Mapping and Monitoring Program 2008.

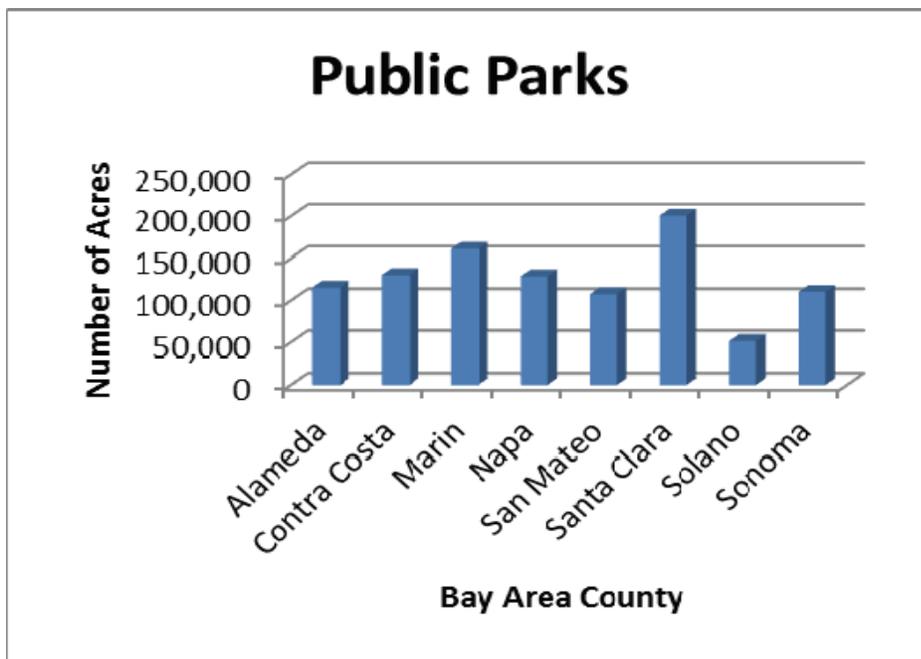


designation or subdivision of agricultural or watershed lands or subdividing them without voter approval.

### 2.3 Open Space and Parks

The Bay Area has an extensive network of regional parks, trails and open space, including 587,837 acres (an area the size of 578 Golden Gate Parks) of publicly accessible land.<sup>8</sup> This network has helped shape the region’s identity as a place of natural beauty, active lifestyles and recreational opportunities. In addition to improving individual and community health, the region’s parks and open spaces capture greenhouse gas emissions and yields regional and local economic benefits. State parks attract nearly 10 million visitors annually across the region, while the Golden Gate National Recreation Area attracts 14 million visitors—many of them tourists that help bolster the region’s economy. Open spaces and parks run by regional park districts attract millions more and provide additional economic benefits. The East Bay Regional Park District estimates that park visitors spend \$254 million each year on durable and non-durable goods.<sup>9</sup>

Figure 7: Park Acreage by Bay Area County

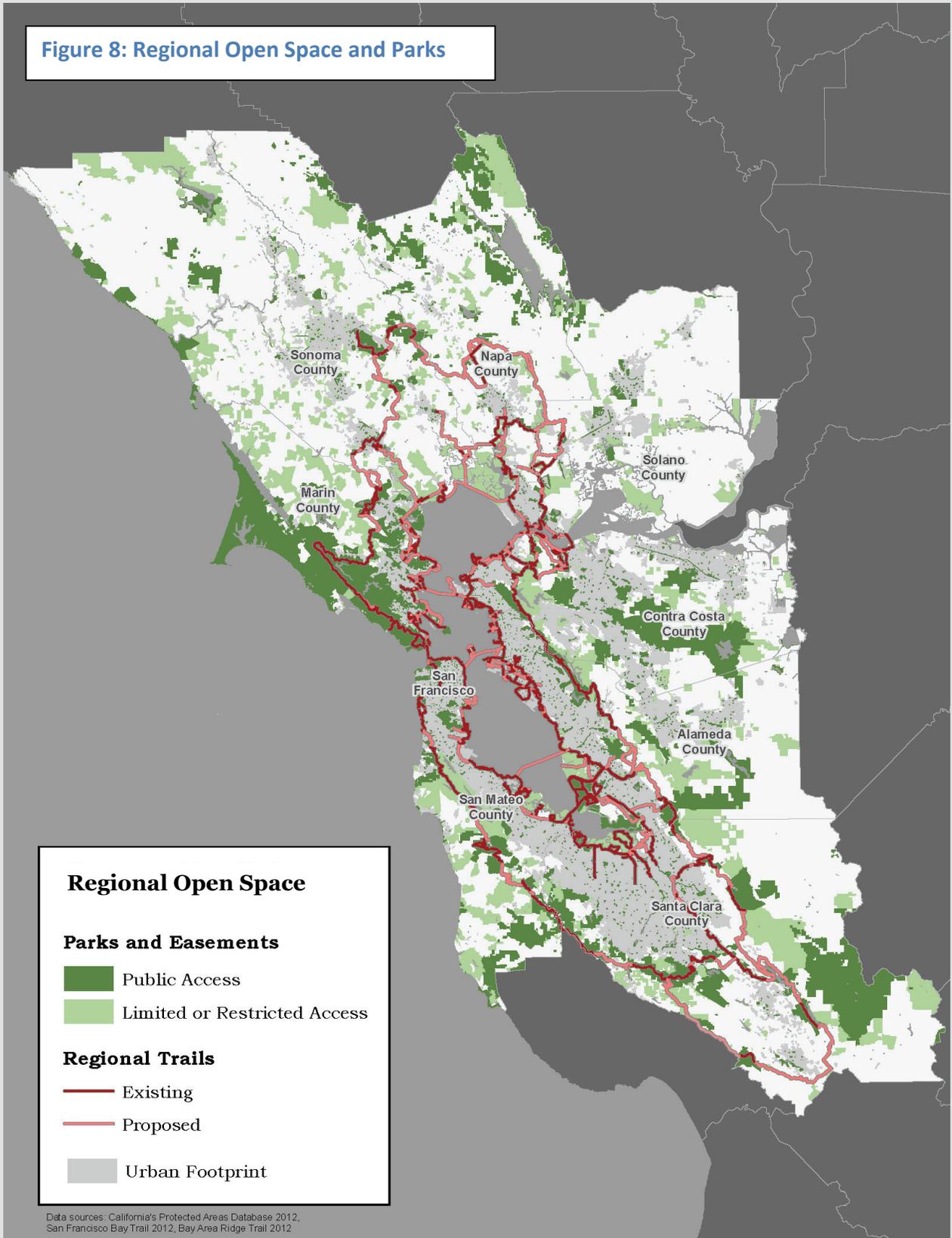


The expansion the Bay Area’s park and open space network illustrates the potential for stakeholders and public agencies to work together to support voter initiatives and programs to

<sup>8</sup> California Protected Area Data Base, Jan 2012; US Census Block Level 2010.

<sup>9</sup> East Bay Regional Park District, “Quantifying our Quality of Life: An Economic Analysis of the East Bay’s Unique Environment,” 2000.

Figure 8: Regional Open Space and Parks



acquire land to complete regional park and open space networks. In addition to acquiring new parkland, the region also has made significant progress toward completion of the Bay Trail and the Ridge Trail. This tradition of collaboration can be leveraged to increase the amount of green space in communities that currently lack trees and neighborhood parks. Many low-income communities have significantly fewer acres of parkland per resident and dramatically fewer trees than wealthy neighboring communities. In some neighborhoods, residents have developed their own public and semi-public greenspaces. Innovative, grassroots efforts to expand the amount of greenspace in low-income neighborhoods have transformed vacant lots and other neglected areas into parks, community gardens, and playgrounds. Supporting these organic efforts and recent efforts by state and federal agencies to increase the urban tree canopy<sup>10</sup> could provide significant benefits at a relatively low cost.

This collaborative approach to parks and open space planning has helped shape new development as well. Coordination between stakeholders, local governments, and state and federal agencies led to an adopted plan for the Concord Naval Weapons station that focuses future homes and workplaces around convenient transit service, preserving 60% of the site for green spaces ranging from community gardens to a 2,500 acre addition to the East Bay Regional Park District. In addition, recent plans for development around transit stations and traditional downtowns have set aside land to fill in gaps in regional trail and open space networks.

### **3. Strategies to Preserve and Strengthen our Open Space Network**

Regional agencies have played an important role in supporting the preservation and expansion of the region's conservation and open space lands. The most successful examples of regional agency involvement have grown out of partnerships with non-profit organizations, other public agencies, and stakeholder groups with an ongoing involvement in conservation activities. In some cases, a regional agency has taken on a leadership role. Planning for the Bay Trail, for example, is led by ABAG with funding from MTC. Priority Conservation Areas, developed through the FOCUS program, are another example of a regionally-led program closely linked to a network of government, non-profit, and private sector partnerships. PCAs were selected by the region's jurisdictions based upon both local priorities and the wealth of research and planning conducted in the region to identify lands with the greatest ecological, recreational and economic value. Building upon the identification of PCAs over the past 5 years, the One Bay Area Grant (OBAG) directs \$10 million in competitive funds to support PCAs.

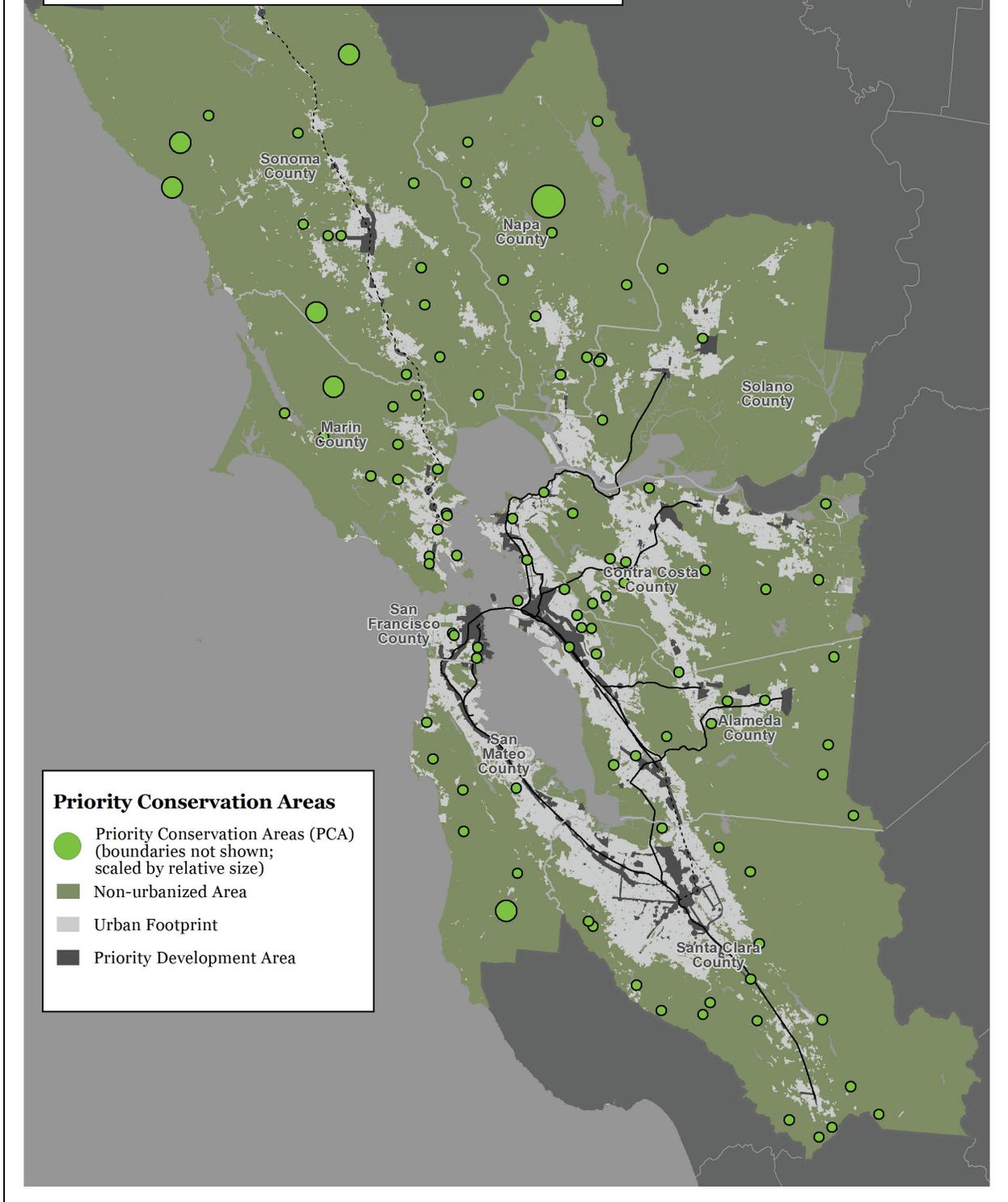
#### ***Strategy 1: Updated Priority Conservation Area (PCA) Framework***

Working in partnership with local jurisdictions, state agencies, special districts, and stakeholder groups, regional agencies will refine the definition of Priority Conservation Areas in supporting regional efforts to protect valuable agricultural, habitat, and open space lands, and to preserve and expand urban green spaces.

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<sup>10</sup> [http://www.marini.com/ci\\_21505045/gauge-neighborhood-wealth-look-trees](http://www.marini.com/ci_21505045/gauge-neighborhood-wealth-look-trees), accessed 9/21/2012

Figure 9: Priority Conservation Areas (PCAs)



The strategy could explore opportunities to:

- Link the identification, funding and preservation of PCAs to ongoing regional initiatives led by public agencies and non-profit organizations—including opportunities for joint funding of both acquisition and planning activities. The impact of regional funds for PCAs could be increased by partnering with existing state and non-profit efforts to acquire and preserve land; identifying these opportunities could set the stage for a more robust, coordinated long-range approach to regional open space planning.
- Revise the PCA framework to provide greater specificity about the qualities and function of different types of PCAs. Currently, only a single category exists for the region’s 106 PCAs. The regional agencies and working group could investigate the development of a set of PCA Types that would play a similar role as PDAs by identifying the unique role of different kinds of PCAs in preserving and enhancing the region’s natural habitat, agricultural, and open space. This would help communicate the quality of the PCAs to community members, and identify the interrelationships between different PCAs as well as the built environment. Combined with data about the specific benefits of each PCA, the Types would help prioritize planning and investment.
- Gather data and make it accessible. To support implementation of the PCA framework, ABAG can review and integrate into the regional spatial database the wealth of available data related to the habitat and water, agricultural land, and open space—including policies and other incentives applicable to these areas. In tandem with the Area Types, this expanded database would help inform local and regional decisions about the prioritization of different PCAs. The database could be available online and be updated as new information becomes available. Links could be provided to the data sources of different map layers to provide transparency. Ongoing efforts by state and regional scientists can provide the basis for identifying, compiling, and reviewing data to include in the database.

### ***Strategy 2: Regional Farmland Protection Plan***

A regionally coordinated plan to preserve the Bay Area’s agricultural land and support farmers could strengthen the vitality of rural economies and communities, while also improving the long-term resilience of the region’s food supply and helping to mitigate the impacts of climate change and sea level rise. This effort would complement the Regional Prosperity Plan currently underway by providing a greater level of analysis on the unique challenges and opportunities facing the region’s rural communities.

This strategy could involve:

- Identifying the role of existing and potential PCAs in supporting preservation of valuable at-risk agricultural lands, and exploring opportunities to link these efforts.

- Developing and disseminating model zoning and regulatory elements for jurisdictions, such as agricultural enterprise zones, on-farm value added facilities (i.e. commercial kitchen), worker housing, and expanding ag-tourism by allowing visitors to interact and engage with farmlands more directly.
- Providing guide/policy on best practices for allowing groundwater recharge, carbon sequestration, and wildlife movement.
- Facilitating policies that allow delivery of local produce to local schools, hospitals and market stores.
- Exploring options for creating an entity to coordinate across the counties and subsectors of agriculture. This entity should be attentive to how the entire food system functions and be strategic in its engagement.

### ***Strategy 3: Regional Advance Mitigation Program (RAMP)***

A regional advance mitigation program is an emerging approach to infrastructure development that aims to expedite project delivery, reduce risk and create certainty for the infrastructure agency, as well as delivering more effective conservation of our natural resources by bundling mitigation needs of multiple projects and funding mitigation projects at a larger, more effective scale and tied to regional conservation priorities. This approach has been applied successfully by the San Diego Association of Governments and the Orange County Transportation Authority. State infrastructure (Caltrans and Department of Water Resources) and state and federal resource agencies (Department of Fish and Game, U.S. Fish and Wildlife Service, Army Corps of Engineers and U.S. Environmental Protection Agency) are engaged in developing a statewide RAMP framework. Developing a regional program in the Bay Area could involve:

- Analysis and integration of regional spatial data, planned projects, and analyses, including:
  - A list of transportation and potentially other projects expected to be developed over ten to twenty years, drawn initially from the 2035 RTP
  - An analysis that indicates the range of estimated mitigation needs of identified projects
  - A defined list of conservation priorities in a landscape that reflects the mitigation needs
  - Potential options for mitigation actions.
- Integration of the mitigation needs (or “mitigation demand”) with the conservation priorities (or “mitigation supply”) to determine the most effective mitigation actions to meet the goals. The mitigation demand can be drawn from RTP and additional projects identified by Congestion Management Agencies. The mitigation supply can be drawn

from existing data that incorporates conservation and working lands priorities (e.g., Conservation Lands Network).

- Identifying options for the scope and scale, governance framework of a RAMP, financial and funding structure, and involvement of regulatory agencies. Preliminarily, a list of partners in the RAMP framework could include: ABAG and MTC; infrastructure agencies (e.g. Caltrans, CMAs); resource agencies (e.g. Coastal Conservancy, US EPA); conservation agencies and organizations (e.g. special districts, Bay Area Open Space Council); scientific researchers; and non-profit organizations representing business, equity, conservation, and other stakeholder groups.