CAPTURING THE MOMENTUM FOR PLAN BAY AREA IMPLEMENTATION

ABAG Spring General Assembly

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STRATEGIC ECONOMICS

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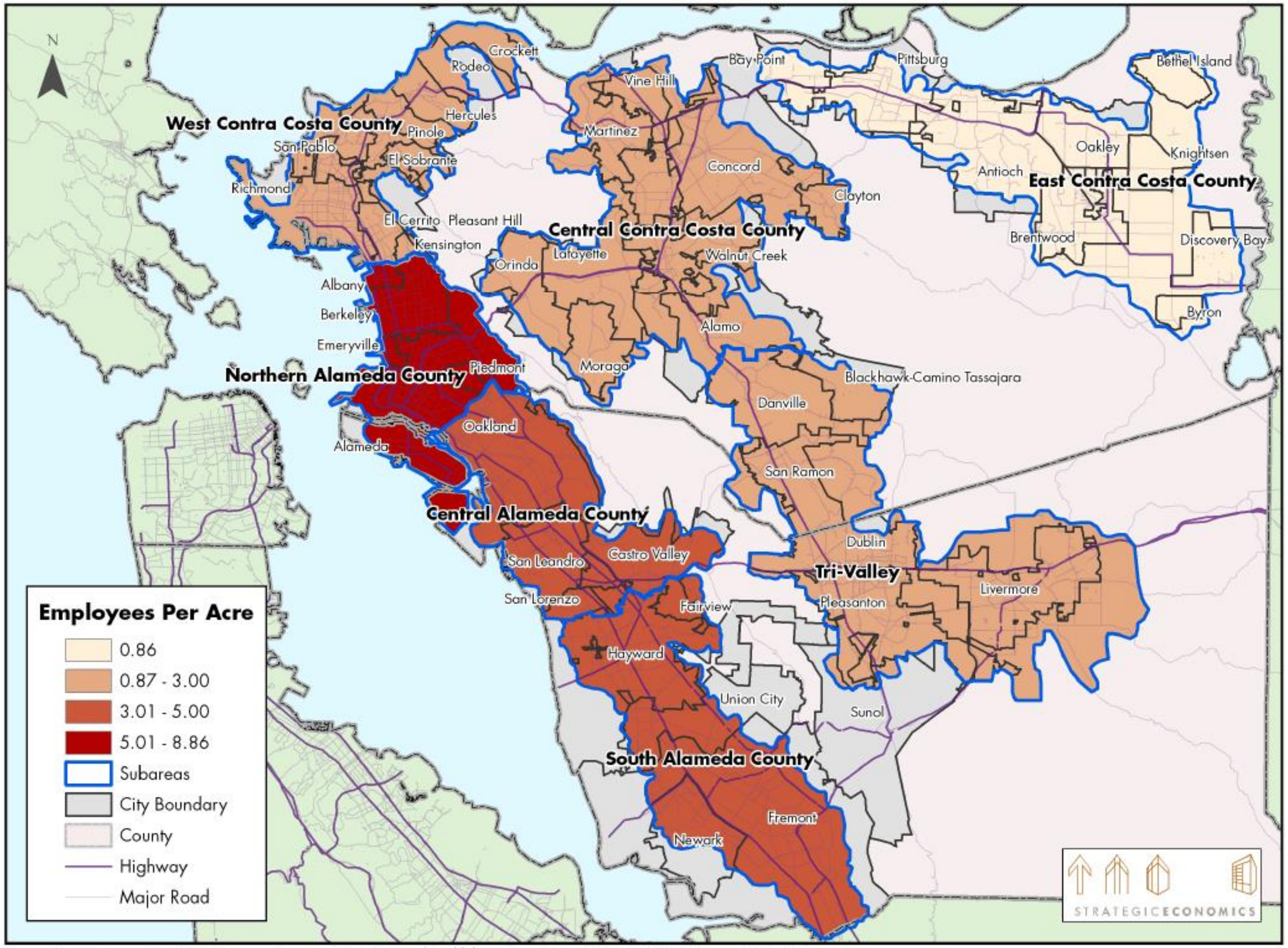
Implementing Plan Bay Area Will Be Challenging

1. Employment growth remains concentrated, and will drive housing demand.
2. Adding housing supply will take a nuance approach based on location, not formulaic density.
3. Ongoing conflicts between “highest and best use” for land and other community objectives will create dilemmas for policy makers.
4. Limited options for financing infill infrastructure

1. Concentrated Employment Growth

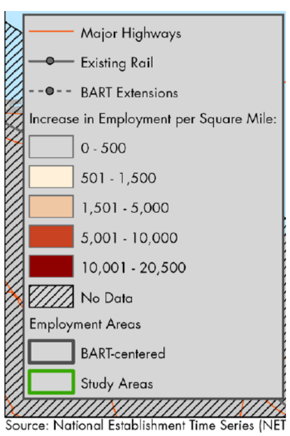
The Inner Bay Area Continues To Have the Biggest Employment Concentrations

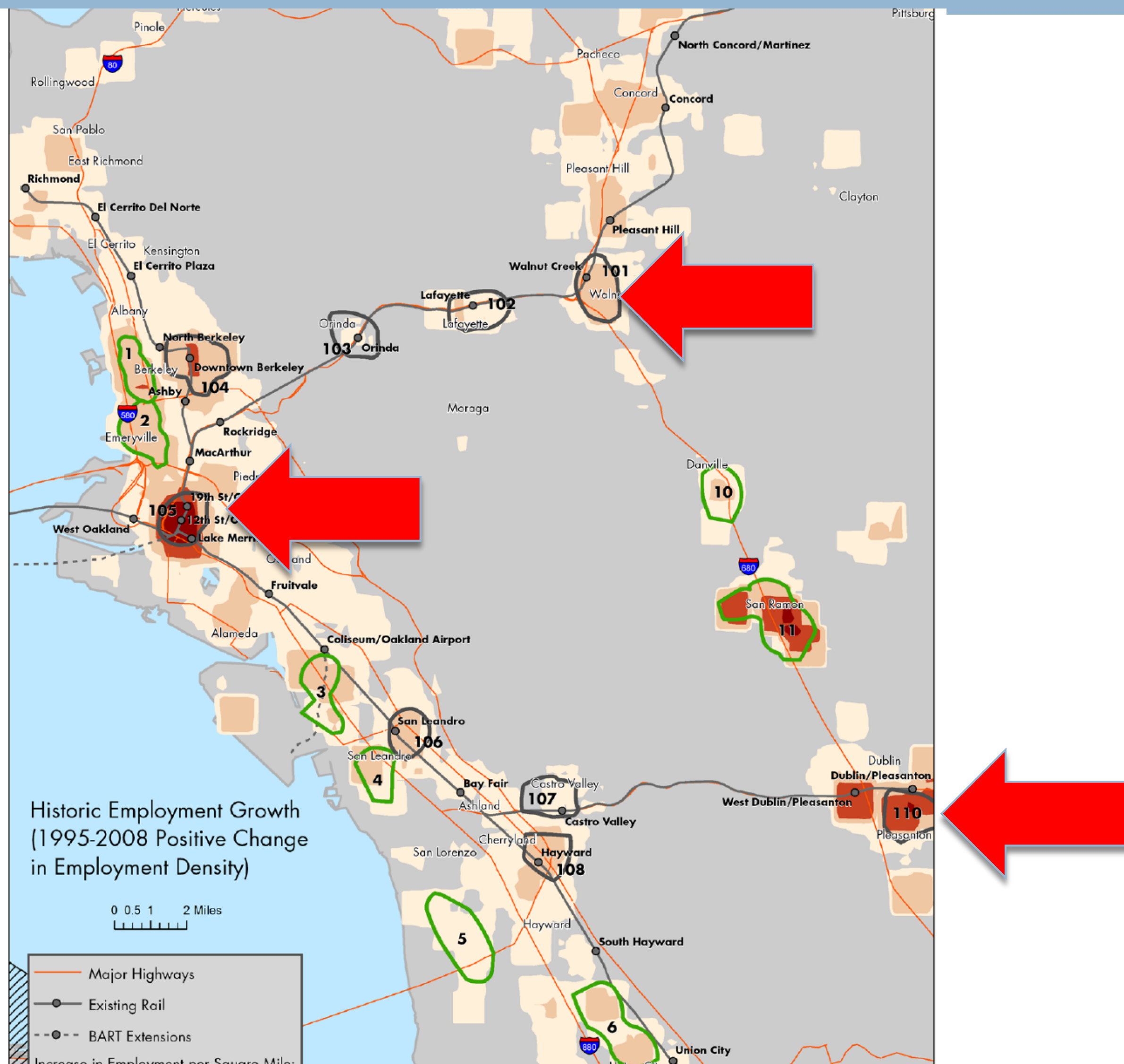
Alamdea and Contra Costa County Subarea Employment Density, 2009



Source: Strategic Economics, 2011; Compass Ecomics, 2011; National Establishment Time Series (NETS), 2009; US Census; ESRI; MTC.

East Bay Employment Growth Trends 1995-2008 Illustrate This Dynamic



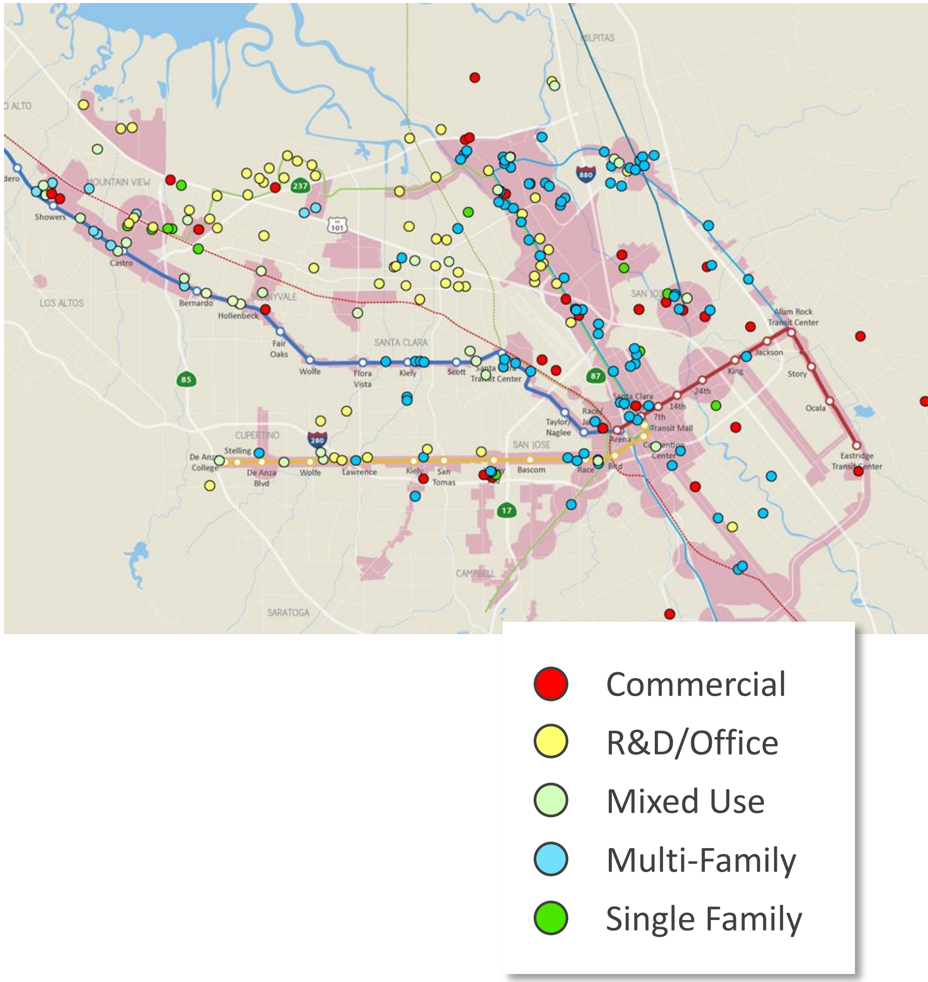


In San Mateo County, Where Employment Growth has been Stellar, So Has Residential Development

Grand Boulevard Initiative
Housing Unit Production
2006- 2013 (estimated)

- 3,690 completed
- 5,284 under construction
- 2727 entitled
- 3,311 proposed

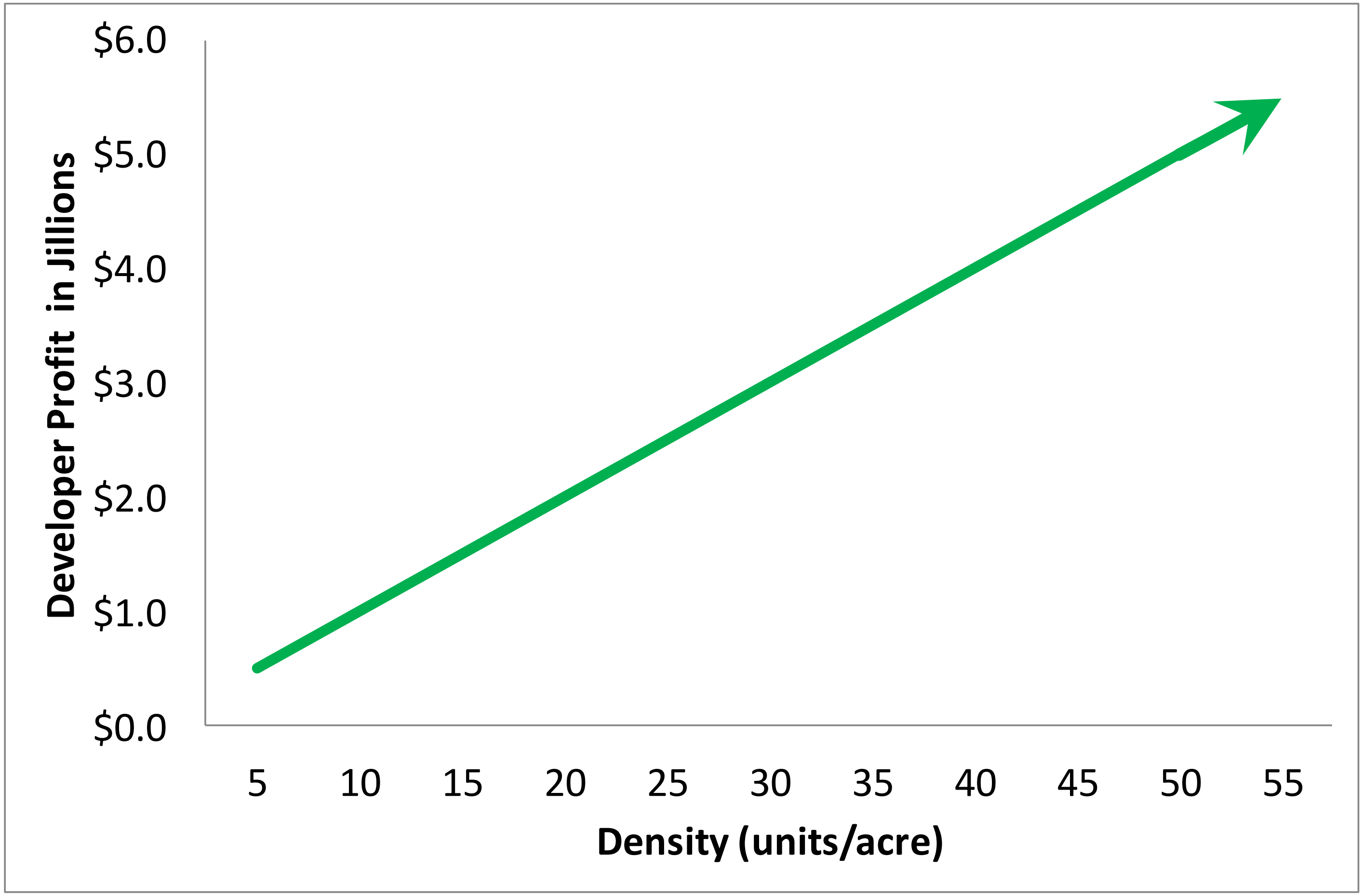
15,000 Units!



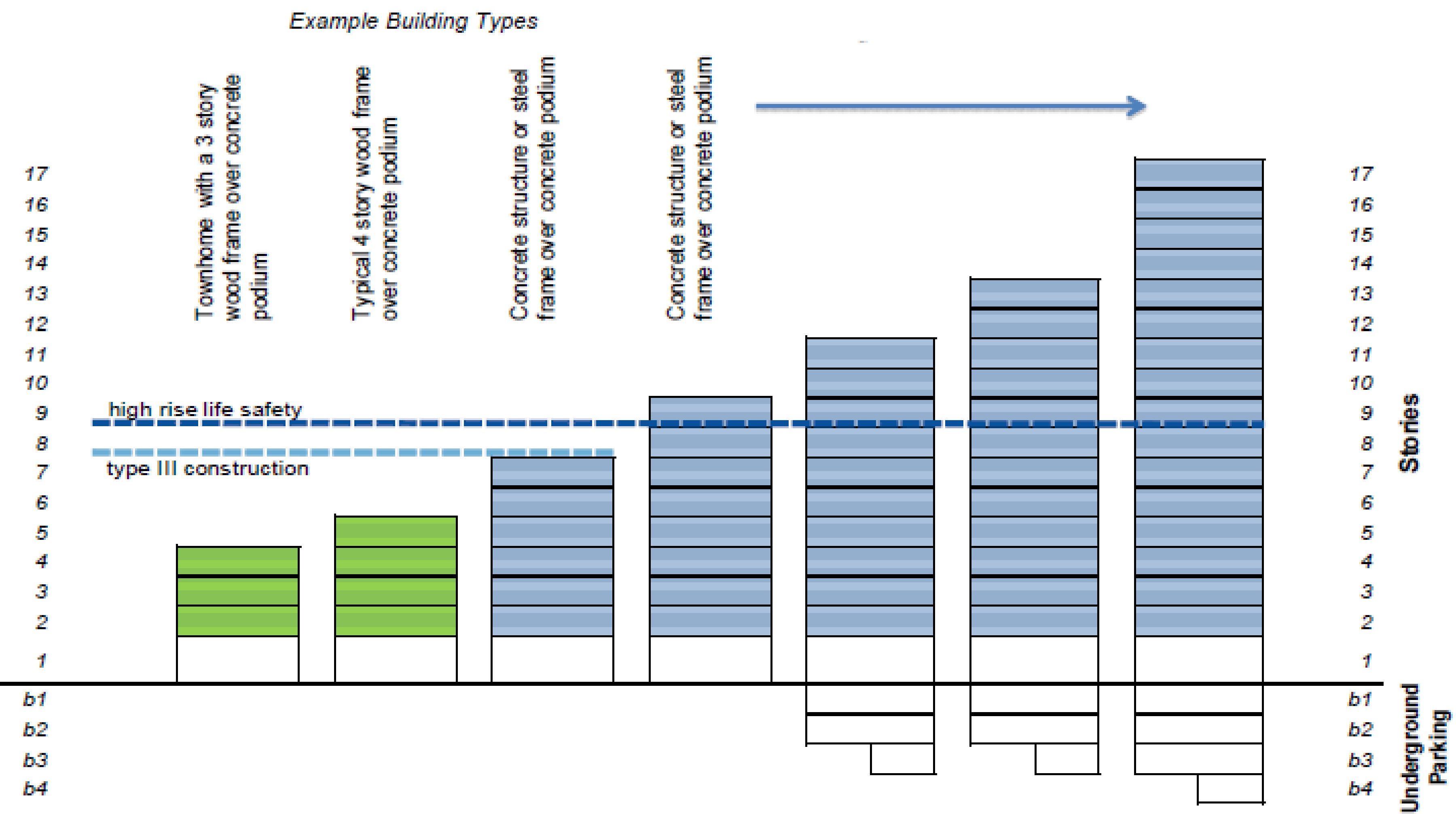
2. Rethinking Density

What Are the Economics of Density

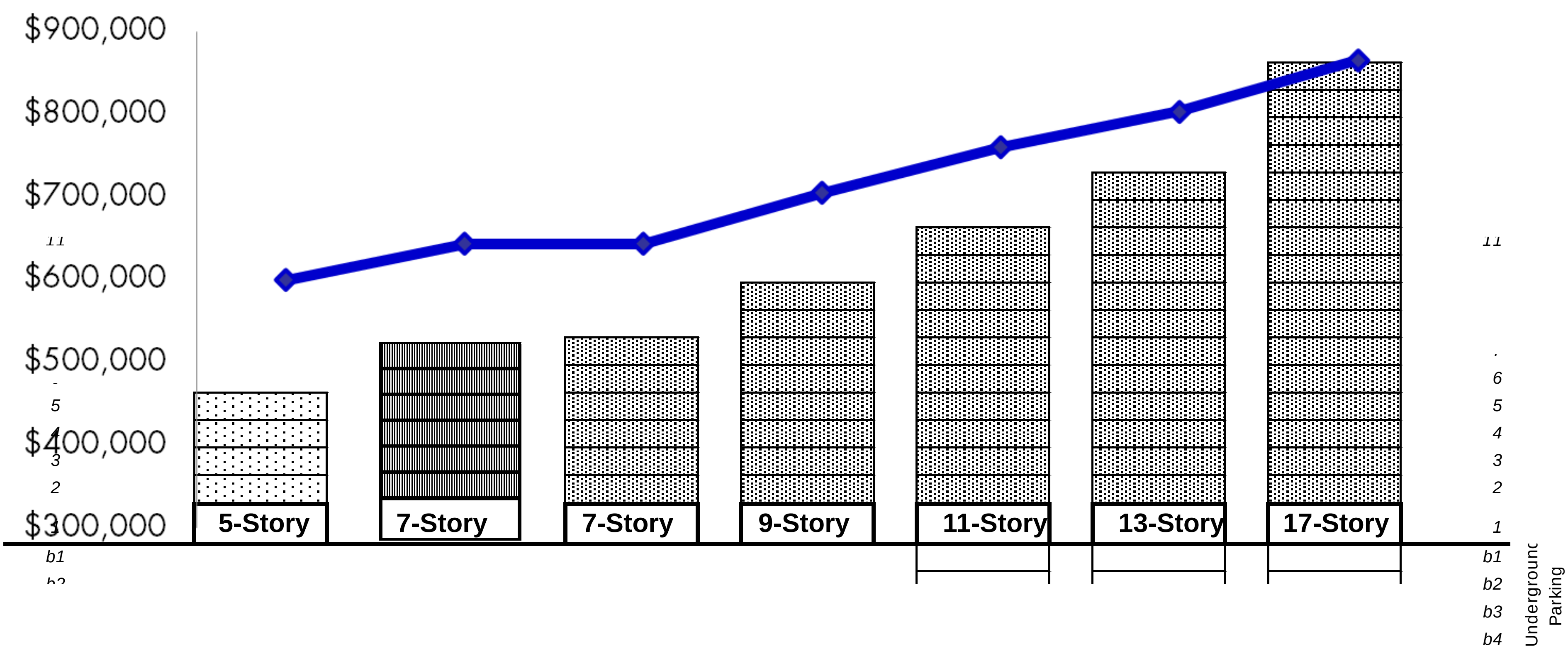
Common perception of “density”



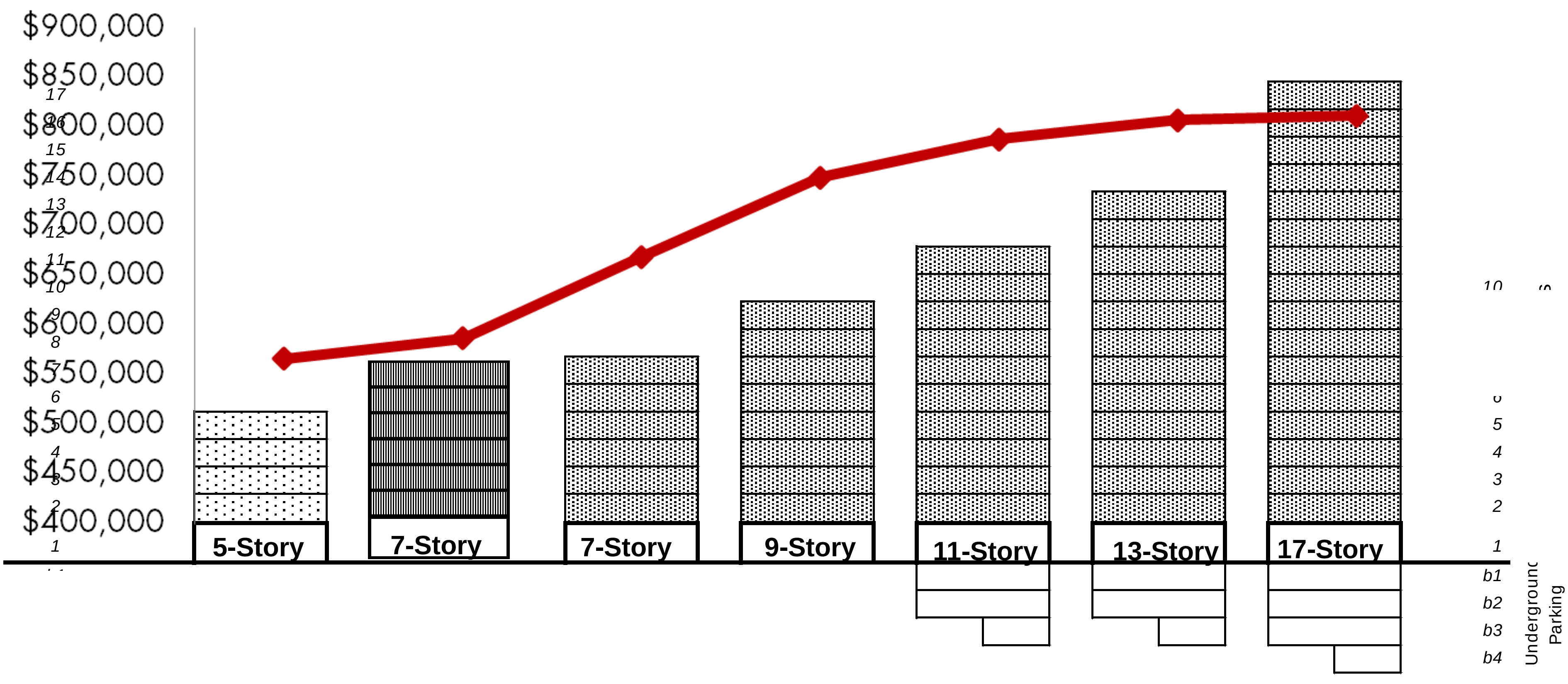
Different Densities Require Different Building Types



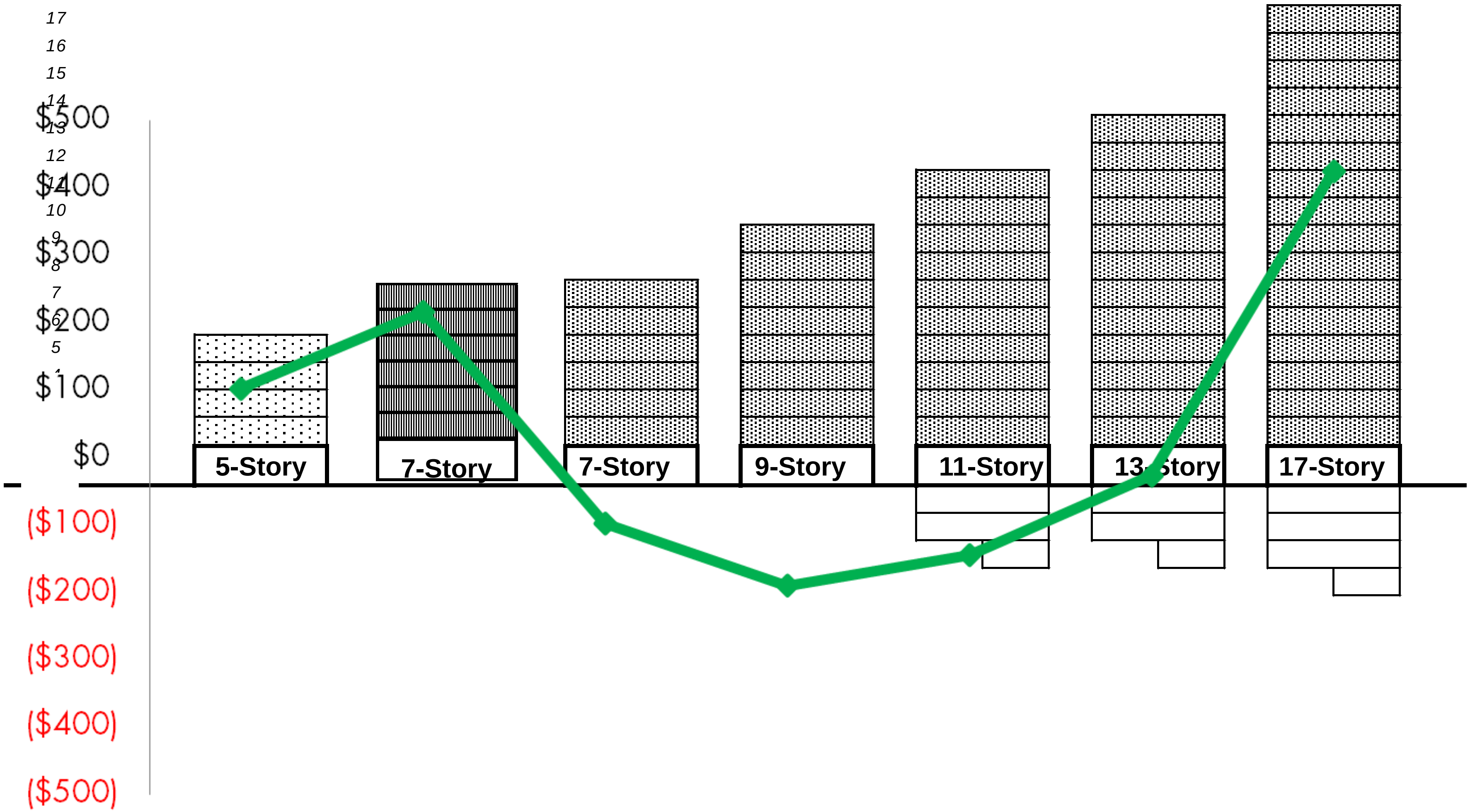
Average Revenue per Unit



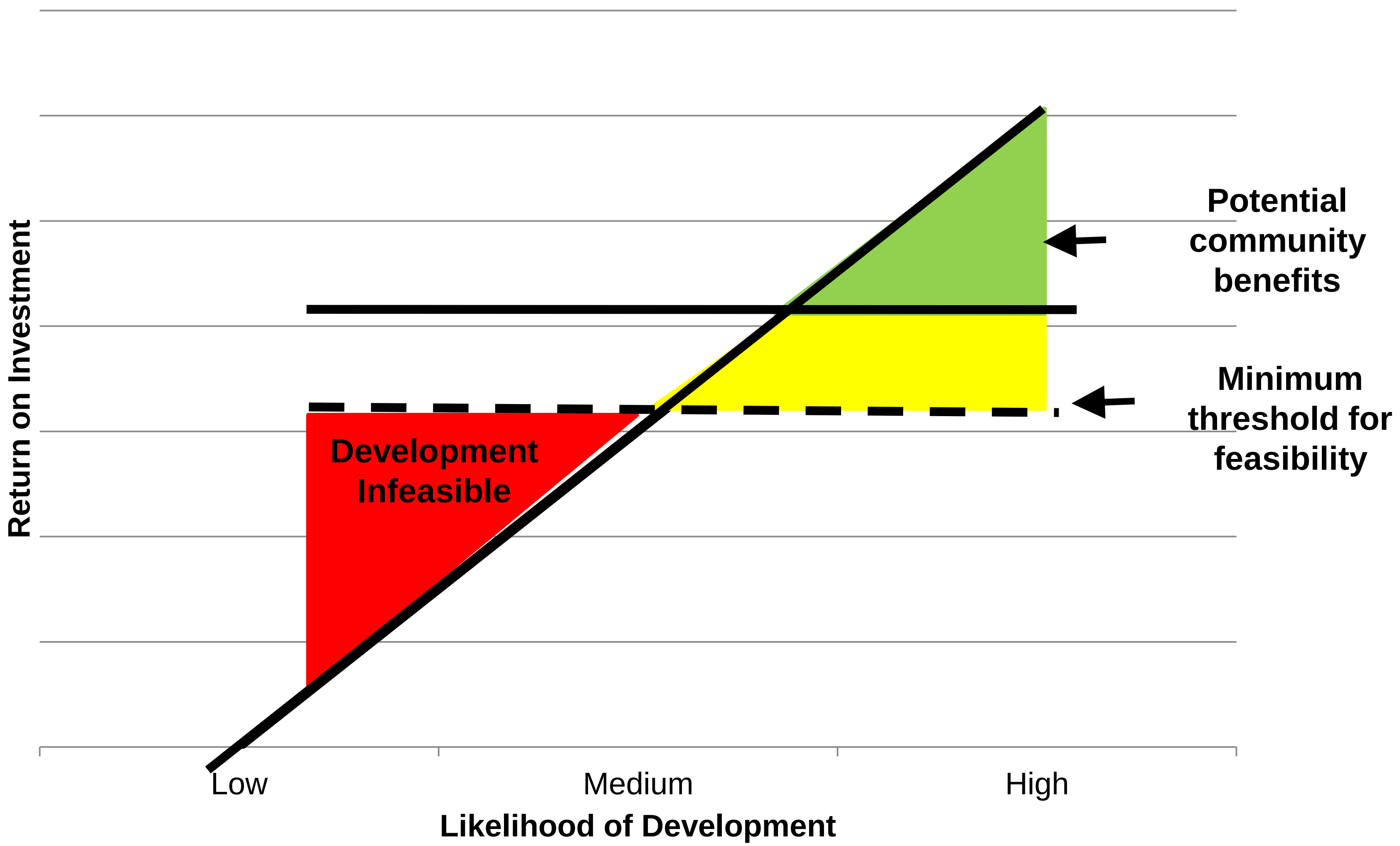
Average Cost per Unit



Residual Land Value
(per Square Foot Land)



Community Benefits Contingent on Development Feasibility



3. Short-Term Market Versus Long Term Policy

Housing or Industrial?

Industrial buildings in the East Bay Have some of the lowest vacancy rates of any non-residential building type, but housing has higher values per square foot.

Infrastructure Financing

The American Society of Civil Engineers Estimates $2.83 Billion Annually is Required to Bring the Region's Infrastructure Up to Acceptable Standards

GRADE COMPARISON BETWEEN 2005 AND 2011:

Category	**2005**	**2011**
Roadways	"D+"	"D+"
Bridges and Structures	"C"	"C+"
Transit	"C"	"C "
Aviation	"C-"	"B "
Goods Movement	"D+"	"D+"
Parks	"C-"	"C-"
Urban Stormwater and Flood Control	"D+"	"D+"
Water	"C-"	"B-"
Wastewater	"A "	"C+"
Overall Grade	**"C-"**	**"C"**

Source: Report Card for Bay Area Infrastructure 2011 – American Society of Civil Engineers

Brief Conclusions

We Have Our Work Cut Out For Us

1. We need to consider regional context in local planning
2. We need to bring a more market based approach to land use policy decisions regarding appropriate densities
3. We need to protect opportunities for future employment growth
4. We need to continue exploring new mechanisms for infrastructure financing