TWO STEPS FORWARD, ONE STEP BACK:
IMPROVING ACCESS DURING AN ECONOMIC BOOM

Steve Heminger – Metropolitan Transportation Commission
TRB Annual Meeting – January 2017
The Bay Area's economy is booming – but new challenges have emerged.

% Job Growth

2010-2015

Top 10 Metros (by population)

Sources: California Employment Development Department (Bay Area); US Bureau of Labor Statistics (all other metros)
While unemployment is down and incomes are rising…

**REGIONAL UNEMPLOYMENT**

- Unemployment Rate: 3.6%
- Source: Employment Development Department
- Note: 2016 data is provisional (based on unadjusted November 2016 estimate)

**REGIONAL MEDIAN INCOME**

- Median Household Income: $89 K
- Median Worker Earnings: $49 K
- Source: U.S. Census Bureau/American Community Survey, Bureau of Labor Statistics
- Note: inflation-adjusted to 2015 dollars
... traffic congestion and rent payments are at all-time highs.

**PER-COMMUTER FREEWAY DELAY**

- **Total Delay** (less than speed limit) * = 2015 data unavailable
- **Congested Delay** (less than 35 mph)

**REGIONAL MEDIAN RENT PAYMENTS**

- Inflation-Adjusted (in 2015 dollars)
- Not Inflation-Adjusted (in reporting year dollars)

Source: INRIX/Iteris/MTC, 2015; Texas Transportation Institute, 2014
Note: reflects typical weekday conditions

Source: U.S. Census Bureau/American Community Survey; Bureau of Labor Statistics
Note: inflation-adjusted to 2015 dollars
Priced out of expensive San Francisco and Silicon Valley communities, existing residents have been displaced to less-accessible cities at the periphery of the region – or out of the region entirely.

Source: American Community Survey/U.S. Census Bureau – County-to-County Migration Data
Note: relies on 5-year rolling average data; * = data limitations exist with international migration, as emigration is not reflected

2014 Net Migration
Bay Area

- Asia: +45,900 people*
- Europe: +17,800 people*
- Other Continents: +16,300 people*
- All Other California Counties: -6,600 people
- Sacramento Region: -7,200 people
- San Joaquin Valley: -7,200 people
- Central Valley: -2,200 people
- Southern California: +7,900 people
- Other States: -1,000 people
Priced out of expensive San Francisco and Silicon Valley communities, existing residents have been displaced to less-accessible cities at the periphery of the region – or out of the region entirely.

<table>
<thead>
<tr>
<th>County</th>
<th>Includes city of</th>
<th>2014 Net Migration</th>
<th>Primary In-Migration Locations:</th>
<th>Primary Out-Migration Locations:</th>
</tr>
</thead>
<tbody>
<tr>
<td>San Francisco County</td>
<td>San Francisco</td>
<td></td>
<td>From Asia: +6,100 people*</td>
<td>To Peninsula: -4,500 people</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>From Europe: +3,800 people*</td>
<td>To East Bay: -7,300 people</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>From So. California: +2,000 people</td>
<td></td>
</tr>
<tr>
<td>Alameda County</td>
<td>Oakland</td>
<td></td>
<td>From Asia: +10,200 people*</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>From San Francisco: +5,000 people</td>
<td>To San Joaquin Valley: -2,900 people</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>From Peninsula/S. Bay: +4,300 people</td>
<td>To East Bay: -6,500 people</td>
</tr>
<tr>
<td>Santa Clara County</td>
<td>San Jose</td>
<td></td>
<td>From Asia: +19,900 people*</td>
<td>To Sacramento: -2,700 people</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>From Europe: +4,100 people*</td>
<td>To East Bay: -3,400 people</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>From Rest of USA: +2,400 people</td>
<td></td>
</tr>
</tbody>
</table>

Source: American Community Survey/U.S. Census Bureau – County-to-County Migration Data
Note: relies on 5-year rolling average data; * = data limitations exist with international migration as emigration is not reflected.
As transportation planners, our first inclination is to do what has worked in the past – **expand our transportation network** to provide additional access.
We’ve maxed out our state highway strategy. Our region has instead focused on modernization, pricing, and select transit expansion projects to improve access to booming job centers.
eBART – an extension of the BART regional rail system to still-affordable suburban communities – is a classic example of this strategy. While local benefits are significant, regional benefits are limited.

2015 BART Weekday Ridership: **433,000** boardings*

eBART Ridership Forecast: **41,000** boardings* (50% new to BART)

Net Ridership Gain: **+2,000** boardings (~+0.5% growth)

Example of diminishing marginal returns from expanding a mature system

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Our maturing transportation system means “Fix It First” is a top priority. While maintenance projects yield significant benefits, limited funding is left over for expansion projects to boost access.

Plan BayArea 2040

- Expand: 10%
- Maintain & Modernize: 90%
Accessibility is superior to mobility as a performance measure precisely because it incorporates origins and destinations into the mix – not just speed of travel. And in many cases, transportation is just a “band aid” solution to what is fundamentally a land use problem.
While the Bay Area has continued to invest more in transportation, housing production (especially in inner-ring suburbs) has declined.

PERMITTED UNITS BY YEAR

And while jobs boom in Silicon Valley, limited housing has been built in Bayside cities – resulting in a severe jobs-housing imbalance.

Jobs added from 2011 through 2015: 501,000

Housing units built from 2011 through 2015: 65,000

Regionally: 1 house was built for every 8 jobs created

Big 3 Cities:
1 housing unit built for every 7 jobs created

Bayside Cities and Towns:
1 housing unit built for every 15 jobs created

Inland, Coastal, Delta Cities and Towns:
1 housing unit built for every 3 jobs created

Given the importance of accessibility for all modes in our region, we set an aggressive target for our latest integrated land use & transportation plan: to roughly double the share of jobs accessible within 30 minutes by car or 45 minutes by public transit.

2005

18% of jobs accessible

+20%

Target (2040)

38% of jobs accessible

PlanBayArea

2040
While Plan Bay Area 2040 is based on a revenue forecast of over $300 billion, limited expansion funding meant minimal accessibility gains.

### Performance Target Results

<table>
<thead>
<tr>
<th>Goal Performance</th>
<th>Final Preferred Performance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Goods Movement/Congestion Reduction</td>
<td>-20%</td>
</tr>
<tr>
<td>Climate Protection</td>
<td>-15%</td>
</tr>
<tr>
<td>Middle-Wage Job Creation</td>
<td>+38%</td>
</tr>
<tr>
<td>Open Space and Agricultural Preservation</td>
<td>100%</td>
</tr>
<tr>
<td>Adequate Housing</td>
<td>100%</td>
</tr>
<tr>
<td>Transit Maintenance</td>
<td>-100%</td>
</tr>
<tr>
<td>Non-Auto Mode Shift</td>
<td>+10%</td>
</tr>
<tr>
<td>Road Maintenance</td>
<td>-100%</td>
</tr>
<tr>
<td>Affordable Housing</td>
<td>+15%</td>
</tr>
<tr>
<td>Healthy and Safe Communities</td>
<td>-10%</td>
</tr>
<tr>
<td>Access to Jobs</td>
<td>+20%</td>
</tr>
<tr>
<td>Displacement Risk</td>
<td>+0%</td>
</tr>
<tr>
<td>Housing + Transportation Affordability</td>
<td>-10%</td>
</tr>
</tbody>
</table>

Performance target results for the Final Preferred Scenario are ranked from best to worst, depending on the degree to which performance exceeds (or underperforms) on a given target.
The results are **even more stark** when you look at affordability trends – it’s not transportation that is limiting access to opportunity. Unless we deal with housing, all Bay Area residents (but especially those of lesser means) will be increasingly burdened.

<table>
<thead>
<tr>
<th>Year</th>
<th>Housing Costs</th>
<th>Transportation Costs</th>
<th>Housing + Transportation Costs</th>
</tr>
</thead>
<tbody>
<tr>
<td>2005</td>
<td>54% of household income</td>
<td>+12%</td>
<td>54% of household income +12%</td>
</tr>
<tr>
<td>2040</td>
<td>67% of household income</td>
<td>+1%</td>
<td>67% of household income +1%</td>
</tr>
</tbody>
</table>

* = for lower-income households

CAVEAT ALERT:
All of these results are contingent on housing production doubling.

PERMITTED UNITS – HISTORICAL TREND AND PLAN FORECAST

- Single-Family Units
- Multi-Family Units
- Combined Forecast

Source: Construction Industry Research Board (1967-2010); California Homebuilding Foundation (2011-2015); Association of Bay Area Governments (2016)
To encourage infill growth over the past half-century, our region made significant transportation investments to support the revitalization of urban centers.
But as we have improved our cities – and access to them for all modes – housing costs have skyrocketed, meaning that many of yesterday’s residents aren’t able to enjoy today’s benefits.
“When faced with a choice between two evils, I always choose the one I haven’t tried before.”

- Mae West
Displacement from existing affordable housing means downsizing, moving to far-flung exurbs, or relocating to another metro.
Fiscalization of land use, combined with NIMBYism, continues to disincentivize cities and towns close to regional job centers from building housing (both market-rate and affordable).
Even in a progressive region, there are plenty of residents who would prefer a no-growth policy – “building a wall” around the region.
One potential solution to the jobs-housing imbalance – **generate more local funds** to build affordable and working-class housing through housing bonds. This would mirror the self-help approach taken by the transportation sector in California.
Many of these problems are not limited to the Bay Area – they are a result of statewide laws and propositions (such as Proposition 13).

- CEQA Reform
- Prop 13 Reform
- Transportation Funding Incentives (OBAG)
- Affordable Housing Funding Boosts
Additionally, the Bay Area is moving forward with the **CASA initiative** in 2017.

**Committee for Affordable and Sustainable Accommodations**

- Blue ribbon multi-sector committee to identify **game-changing** solutions
- Build **regional consensus** on legislative, regulative, financial and market-related measures
- Identify **near- and medium-term** actions
QUESTIONS?

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