REGIONAL GROWTH STRATEGIES

PERSPECTIVE PAPER

FEBRUARY 2019

ASSOCIATION OF BAY AREA GOVERNMENTS
METROPOLITAN TRANSPORTATION COMMISSION
EXECUTIVE SUMMARY

The Bay Area has long been a destination for people seeking a better life: a place to pursue dreams, find a welcoming community and turn new ideas into reality. Recent trends put the region’s unique character at risk. Rapidly escalating housing costs, long commutes and growing inequality have priced out many longtime residents, diminished migration by people seeking upward mobility and threatened one of the world’s most vibrant economies.

Regional Growth Strategies Perspective Paper introduces a suite of potential strategies for shaping the Bay Area’s future housing and job growth while creating a more affordable, connected, diverse and environmentally sustainable region. The strategies are intended to spur discussion about the Bay Area’s long-range regional growth framework, which for a decade has sought to focus development in transit-served Priority Development Areas (PDAs) nominated by cities and counties, and to protect open space, including Priority Conservation Areas (PCAs) nominated by local governments and open space districts.

This Perspective Paper finds that the current framework is succeeding in preserving open space and increasing the share of new housing in PDAs but is facing significant obstacles to implementation. Many places with the Bay Area’s best transit access have not been nominated as PDAs by cities, particularly communities with high-quality schools and services. A large share of PDAs do not meet the program’s transit guidelines. Finally, the level of housing production — both inside and outside of PDAs — is falling far short of meeting the Bay Area’s needs.

The strategies discussed in this paper are designed to address the current framework’s shortcomings while addressing the broader set of regional aspirations reflected in the Horizon Guiding Principles. Key strategies include:

- Expanding the range of places prioritized for housing growth, particularly transit-rich and high opportunity communities
- Promoting job growth in centers located closer to households with long commutes
- Accelerating the reuse of obsolete shopping centers and office parks as mixed-income communities
- Mitigating the potential displacement impacts associated with infrastructure investments
- Increasing dramatically regional and state investments in the infrastructure required to create successful communities in the places taking on new growth

This paper is the third in a series of Perspective Papers for Horizon, a regional initiative exploring how the Bay Area can thrive in an uncertain future. The Horizon initiative is a comprehensive Bay Area planning effort, led by the Metropolitan Transportation Commission (MTC) and the Association of Bay Area Governments (ABAG), meant to go beyond transportation and housing policies and to consider economic development, resilience and the effects of emerging technologies in advance of the next long-range regional plan, Plan Bay Area 2050. Each Perspective Paper aims to explore strategies that will help to achieve regional goals and to start the discussion about a potential suite of strategies to consider in Plan Bay Area 2050. The papers use a “blue sky” planning approach to developing strategies, going beyond traditional fiscal or political constraints.
The next step of the Horizon process, Futures, will test the strategies introduced in this and other Perspective Papers against a variety of potential political, technological, economic and environmental challenges that would impact the lives of Bay Area residents. Working with stakeholders and residents this spring and summer, MTC and ABAG will identify a suite of transportation, land use, economic development and resilience strategies to optimize future outcomes regardless of what happens in the decades ahead.

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CHAPTER 1
OUR REGIONAL REALITY
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The Bay Area is moving toward its next long-range regional plan, Plan Bay Area 2050, which will chart a path toward meeting the Bay Area’s housing needs over the next three decades, building the transportation network of the future, strengthening the region’s ability to respond to natural disasters and economic change, and reducing greenhouse gas emissions. A key component of Plan Bay Area 2050 will be its regional growth framework – a development pattern proposing places for housing and jobs, areas to preserve or restore open space, and policies and investments to make these places inclusive and equitable.

For the past 10 years, the Bay Area has pursued a regional growth framework that focuses on Priority Development Areas (PDAs) – development around rail stations and bus stops, and increasing the range of transportation options available to residents – and Priority Conservation Areas (PCAs), which protect open space from development. This strategy shaped Plan Bay Area and Plan Bay Area 2040, helping them meet statutory requirements, including per capita greenhouse gas (GHG) reduction goals. At the same time, Plan Bay Area and Plan Bay Area 2040 fell short on a number of regional priorities – in particular, significantly increasing the share of trips made on public transportation and meeting the housing needs of low- and middle-income households – and implementation of the framework has been uneven.

To stimulate discussion and shape Plan Bay Area 2050, this paper:

- Identifies successes and shortcomings with the current PDA-centric growth framework
- Investigates potential new options for meeting regional housing needs and reducing GHG emissions, while aligning with Horizon’s Guiding Principles
- Develops planning, policy and funding strategies for each option
- Sets the stage for a framework update in 2019

This is the third in a series of Perspective Papers that propose innovative strategies to address challenges and trends with the potential to alter the Bay Area’s trajectory. The first two papers – Autonomous Vehicles and Toward a Shared Future – explore fundamental changes to the way people move around the Bay Area. This paper, Regional Growth Strategies, will be followed by four more papers, which will investigate strategies for improving travel across the Bay, addressing regional governance, exploring the future of jobs and adapting to sea level rise.

THE HORIZON GUIDING PRINCIPLES

The Horizon Guiding Principles reflect the breadth of regional concerns and aspirations, calling for a Bay Area that is: affordable to people of all income levels, connected by an expanded, reliable transportation network; made up of a diverse population; healthy, with natural resources and a reduced environmental footprint; and economically vibrant, with opportunities for all communities.
The solutions pursued in this and other Perspective Papers are designed to shape Plan Bay Area 2050 and achieve the Guiding Principles of the Horizon initiative, an effort led by the Association of Bay Area Governments (ABAG) and the Metropolitan Transportation Commission (MTC) to engage Bay Area residents in a conversation about the region’s future. Five principles emerged from more than 10,000 comments received at Horizon pop-up events throughout the region, an online forum and engagement with elected officials:

**AFFORDABLE** - All Bay Area residents and workers have sufficient housing options they can afford – households are economically secure.

**CONNECTED** - An expanded, well-functioning transportation system connects the Bay Area – fast, frequent and efficient intercity trips are complemented by a suite of local transportation options, connecting communities and creating a cohesive region.

**DIVERSE** - Bay Area residents support an inclusive region where people from all backgrounds, abilities and ages can remain in place – with access to the region’s assets and resources.

**HEALTHY** - The region’s natural resources, open space, clean water and clean air are conserved – the region actively reduces its environmental footprint and protects residents from environmental impacts.

**VIBRANT** - The Bay Area is an innovation leader, creating quality job opportunities for all and ample fiscal resources for communities.

To identify strategies capable of moving the Bay Area closer to achieving these principles, the next step in the Horizon process will evaluate how well the strategies perform in different “futures”: “what if” scenarios with varying political, technological, economic and environmental challenges, such as sea level rise and use of autonomous vehicles. Working with Bay Area residents, MTC and ABAG will identify a suite of transportation, land use, economic development and resilience strategies to “win the future,” regardless of what happens in the decades ahead. These strategies will become a part of Plan Bay Area 2050.
Paper Organization

The remainder of the paper is organized into five chapters. Chapter 2 investigates the Bay Area’s progress in implementing the current PDA-focused regional growth framework. Chapter 3 identifies regional priorities and potential geographies to consider in a revised framework. Chapter 4 introduces for discussion three potential growth frameworks – ranging from intensifying the current PDA-focused approach to taking a “clean slate” look at the framework – to bring the region closer to supporting Plan Bay Area housing and GHG reduction targets as well as Horizon’s Guiding Principles. A set of strategies is offered for each option. Chapter 5 outlines the next steps toward updating the growth framework and integrating framework refinements into Plan Bay Area 2050.
CHAPTER 2
THE BAY AREA’S GROWTH FRAMEWORK
CHAPTER 2 THE BAY AREA’S GROWTH FRAMEWORK

How Did We Get Here?

The concept of a “San Francisco Bay Area” with a shared environment and economy gained momentum in the mid-20th century as the region grappled with social, environmental quality and transportation challenges.

The Bay Area Air Quality Management District, Regional Water Quality Control Board, and Metropolitan Transportation Commission, new regional organizations established during this period, drew the Bay Area’s boundaries to include the nine counties touching the shoreline of the Bay. In doing so, they created a vast region anchored by three major cities – San Francisco, Oakland and San Jose – along the Bay and smaller inland cities such as Santa Rosa and Concord. By this point in the region’s history, the Bay Area’s land had been divided into nearly 100 cities, each with land use authority governing the type and location of new development permitted within its boundaries. Communities were heavily segregated by race and income, in large part due to federal guidelines that effectively restricted people of color from new development outside of central cities. Increasingly, the region’s land was carved into single-use housing, commercial, and industrial zones connected by highways and arterials. No regional body existed to coordinate this growth and infrastructure investment.

In the 1960s, land use took a more prominent role in Bay Area politics. Following a proposal by the Army Corps of Engineers to dramatically reduce the size of the San Francisco Bay by adding thousands of acres of fill to accommodate new development, a group of activists and elected officials spearheaded state legislation to establish the San Francisco Bay Conservation and Development Commission (BCDC). BCDC is charged with reviewing and, if appropriate, permitting proposed developments that would add fill to the Bay, as well as ensuring permitted projects maximize public access to the shoreline. BCDC remains the only regional agency with the ability to permit or deny development projects – albeit in limited circumstances.

During the same period, the Bay Area’s cities and towns came together to form the Association of Bay Area Governments (ABAG), a voluntary membership organization established to lead regional collaboration on land use, housing and other regional issues. A driving force behind ABAG’s creation was a proposal by the region’s business community to create a Golden Gate Authority that would be responsible for major infrastructure investments, an idea that many cities viewed as a stepping stone toward regional land use control. In contrast to BCDC, ABAG by design was not permitted to engage in local land use decisions.

SOURCE: Oakland Tribune
In 1970, the ABAG Executive Board adopted Regional Plan 1970–1990 (Regional Plan). The Regional Plan proposed a “city-centered” regional growth framework anchored by higher density “community centers” around anticipated BART stations. Places outside these centers were designated “predominantly residential,” “predominantly employment,” “permanent open space” and “controlled development.” While the Regional Plan envisioned growth primarily within existing communities, it also anticipated development on farmland and other open spaces.3

Because the Regional Plan carried no legal authority – it did not compel Bay Area cities to modify local policy to reflect the plan – it included a variety of implementation strategies that remain relevant today, such as a regional land bank and a program to promote developing communities both inside and outside of the urban footprint. In addition to developing these “carrots,” ABAG also identified a “stick” to support the Regional Plan’s implementation: a state law4 requiring that it review federal grants to local jurisdictions to assess consistency between local planning and the Regional Plan. For a short period of time, this approach appeared to influence local land use decisions, but in the late 1970s this law was eliminated, and with a dramatic reduction in federal support for regional planning, the Regional Plan lost its relevance.

Figure 1. Regional Plan 1970–1990

![Regional Plan 1970-1990 Diagram](source: ABAG, 1970)
The Bay Area’s Current Growth Framework

A new regional growth framework emerged in the 2000s in response to widespread concern about continued development of the Bay Area’s open space, traffic congestion and the potential to create more walkable communities around rapid transit stations. In 2007, MTC and ABAG launched the FOCUS Program, which mirrored the core principles of Regional Plan 1970-1990 but placed a greater emphasis on greenbelt protection and local coordination. Five key components of the Bay Area’s regional growth framework derived from FOCUS to become the centerpiece of Plan Bay Area and Plan Bay Area 2040:

• GEOGRAPHIES
  — Priority Development Areas (PDAs): places within walking distance of transit service that local jurisdictions have planned, or are committed to planning, for additional housing, including affordable housing.
  — Priority Conservation Areas (PCAs): farmland, ecologically sensitive areas, and other open space in need of permanent protection, or urban areas prioritized for additional greenspace and open space access.

• PRINCIPLES
  — Opt-in: Local jurisdictions voluntarily nominate PDAs and PCAs. As a result, the framework does not address the vast majority of the region that has not been designated a PDA or PCA, including places that are eligible for PDA designation but have not yet been nominated by a local government.
  — Local control: Nominating a PDA does not require a city to bring its zoning into conformance with the PDA’s Place Type or to permit developments consistent with the regional growth framework.
  — Regional funding and policy support: A share of regional transportation funding is set aside for planning and capital projects in PDAs through the One Bay Area Grant (OBAG) Program.

Table 1. Priority Development Area Guidelines

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<th>DEFINITION</th>
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<td>Planned for Housing</td>
<td>Planned for a significant increase in housing units, including affordable units</td>
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<tr>
<td>Transit Access</td>
<td>A half mile from a rail station, ferry terminal, high-frequency bus or bus rapid transit corridor (high frequency bus is defined today as 20-minute frequencies during peak commute periods)</td>
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<tr>
<td>Infill Growth</td>
<td>Within an existing urbanized area or urban growth boundary (if applicable), and served by existing or planned infrastructure</td>
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SOURCE: ABAG

In 2008, cities were invited to nominate PDAs in areas that met ABAG Executive Board adopted guidelines, with the short-term incentive of planning grants and the prospect of future transportation funding. To demonstrate local commitment, cities were required to include in their PDA nomination a city council resolution, specific boundaries, potential future growth, and evidence of current and future transit service to the PDA. The first set of PCAs were nominated during the same period by local governments, parks districts and non-profit organizations.

Through FOCUS, many of the same places identified as “community centers” in the Regional Plan became PDAs while many of its “controlled development” areas were designated PCAs or already had been placed off-limits from development by local growth management policies. At the same time, many transit-rich places eligible for PDA designation have yet to be nominated by local jurisdictions and thus have not been integrated into the Bay Area’s growth framework.
Just as FOCUS was getting underway, California adopted Senate Bill 375, which requires each metropolitan area to integrate a Sustainable Communities Strategy (SCS) into its next Regional Transportation Plan (RTP). The SCS identifies areas for growth sufficient to meet the Bay Area’s forecasted long-term housing need. Together, the transportation investments in the RTP and growth framework in the SCS are required to meet a state-mandated greenhouse gas (GHG) reduction target.

MTC and ABAG’s approach to crafting Plan Bay Area, the region’s first RTP/SCS, “(built) on an existing framework” made up of the more than 150 PDAs and 100 PCAs adopted by local jurisdictions to advance “places and policies for sustainable growth.” Adopted in 2013, Plan Bay Area proposed to focus nearly 80 percent of new homes in PDAs while leaving PCAs largely untouched by development, helping the region exceed its per-capita GHG reduction goal. Plan Bay Area 2040, the 2017 update to Plan Bay Area, proposed a growth pattern with a similar share of development in PDAs.

Framework Implementation

How Are We Doing?

The Bay Area’s current regional growth framework, as outlined in Plan Bay Area 2040, generally is viewed as an innovative approach under politically and financially constrained circumstances. The growth framework establishes a meaningful connection to local planning through the PDAs, which are embedded voluntarily into General and Specific Plans throughout the region and into funding for planning and transportation improvements. However, the framework’s implementation has yet to be systematically assessed. The following section evaluates framework implementation in terms of:

   a) consistency with PDA guidelines; and

   b) progress toward the focused growth pattern that is the hallmark of the framework and both Plan Bay Area and Plan Bay Area 2040.

Consistency with PDA Guidelines

By design, the PDA program guidelines offered local jurisdictions flexibility, expanding the range of eligible places and helping to build regional consensus. If PDAs were not already consistent with guidelines, it was expected that they would meet them through planned future transit service and Specific Plans. To evaluate progress 10 years into the program, metrics were selected for each PDA guideline: planned for housing, transit access and infill development.

Planned for Housing

Adopting a Specific Plan is an important step in advancing a Priority Development Area. Successful plans are community-supported blueprints for a neighborhood’s future that define standards for homes, jobs, public spaces and streets, and in many cases they include affordable housing and community benefits. Effective plans provide clear expectations for developers seeking permits in the area, leading to a transparent review process resulting in development more closely aligned with the plan’s vision.

Cities have adopted Specific Plans for 65 percent of PDAs, with 55 percent of those covering the entire boundary of the PDA and 10 percent covering most, but not all, of the area. Plans are currently underway in another 10 percent of PDAs. Plans have not been adopted or initiated in approximately 25 percent of PDAs. Many of these are narrow corridors along major arterials, such as El Camino Real and San Pablo Avenue, currently occupied by commercial uses that generate local sales taxes.
Transit Access

People that live and work within walking distance of frequent transit are less likely to travel by automobile. Thus, Plan Bay Area and Plan Bay Area 2040 have focused growth in these areas as a key strategy to achieve per-capita greenhouse gas emissions reductions targets. Forty-five percent of all PDAs currently meet the transit access guidelines for the entire area; nearly 70 percent meet the guidelines for at least three-quarters of the area. In 25 PDAs, which account for 13 percent of all PDAs, none of the land area meets the transit guideline; these PDAs are concentrated in the North Bay and the eastern parts of Alameda and Contra Costa counties. A handful of additional PDAs do not have access to transit service consistent with the PDA guidelines as a result of anticipated future service, such as Dumbarton Rail and a rail extension to Livermore, which are not fiscally constrained projects in the Plan Bay Area 2040. Less than half the area of approximately one-quarter of all PDAs meet the transit guideline.7

While some PDAs may have had more frequent transit service in the past, most of these PDAs never had services at a level that met the requirements of the PDA program. Additional funding beyond what is included in Plan Bay Area 2040 would be needed to provide a higher level of transit service in these locations that is in line with the program guidelines.
Figure 3. Priority Development Areas (PDAs): Existing or Planned* Transit Service Within One-Half Mile

**Transit Priority Areas (TPA)**
- Within Area Designated PDA
- Outside Area Designated PDA

- Regional Rail Transit (Under Construction)
- Regional Rail Transit
- Interstate Highway

**SOURCE:** MTC/ABAG, 2018, Google GTFS, 2017

*Area within 1/2 mile of a major transit stop, defined as rail stations or ferry terminals (existing or included in most recent RTP), intersection of two or more bus routes with AM and PM peak headways of 15 minutes or less.
Infill Growth

A central goal of the current regional growth framework is to protect the Bay Area’s open space and increase transit use by steering development into already urbanized, or “infill” locations.

All PDAs in the Bay Area are fully within an urban growth boundary, which is consistent with program guidelines. Over 90 percent of PDAs are fully within a previously developed area (the urban footprint). Among the 10 percent of PDAs that are not fully within the urban footprint, the vast majority occupy land surrounded on all sides by urban areas, such as a small agricultural site surrounded on all sides by residential and commercial development. In only three PDAs is half of the land outside of the urban footprint; in each of these cases, it is within the urban growth boundary.8

Progress Toward Focused Growth

Progress toward implementing the focused growth pattern envisioned in the regional growth framework from FOCUS through Plan Bay Area 2040 was evaluated through three lenses: open space protection, development in PDAs and transportation behavior.

Depending on the availability of accurate, reliable data, the evaluation time period varies for each indicator. In the case of open space protection and transportation behavior, the period covers the beginning of the FOCUS Program (2007) through the most recent available year (2017). In the case of development trends, the data covers the years following the adoption of the first Plan Bay Area (2013–2017).

Successful Open Space Protection

The region’s open space provides farmland that offers food security, supports rural economies, sustains the Bay Area’s unique ecosystem, and protects communities from wildfire and other natural hazard risks, in addition to other benefits.

Overall, the amount of new land utilized for development has fallen in recent years. The 10 years between 2004 and 2014 saw an increase of 20,000 urbanized acres across the Bay Area. This 2.5 percent increase compares favorably to the 8 percent increase between 1994 and 2004 – a period when population grew at a similar rate. With the exception of Solano and Napa counties, Bay Area counties’ urbanized areas grew by less than 5 percent.

Housing units permitted after the first Plan Bay Area was adopted in 2013 have continued to leave open space largely untouched. Less than three percent of permitted units were outside of the urban footprint. At the same time, the amount of land permanently protected from development continues to grow.9
New Development Shifts Toward PDAs

Focusing new housing in PDAs reduces pressure on the Bay Area’s open space while providing alternatives to single-occupancy vehicle driving. With the right combination of planning and market forces, building housing in PDAs broadens the mix of housing available to the region’s diverse population in walkable communities with local amenities. Focusing new jobs in PDAs, particularly around high-capacity transit, can reduce the share of regional commute trips made by solo drivers while creating the population base necessary to support local amenities.

Overall, Bay Area housing growth shifted dramatically toward PDAs. In 2014, the year after the adoption of the first Plan Bay Area, just above 20 percent of all Bay Area homes were located in PDAs. Between 2014 and 2017, the share of permitted housing units in PDAs was 60 percent, with a high of 64 percent in 2017, suggesting a clear trajectory toward focused growth consistent with the regional growth framework. However, this share remains well below the 77 percent of regional housing growth forecast for PDAs in Plan Bay Area 2040.10

Housing permitted in PDAs between 2014 and 2017 does not reflect the Bay Area’s diverse housing needs. Units affordable to very low-income and low-income households accounted for 13 percent of permits, compared to 40 percent of regional need. Housing affordable to moderate-income households accounted for 4 percent, compared to the 18 percent of regional need. The number of permits issued for above moderate-income housing units in PDAs alone was enough to meet 110 percent of the entire regional need for this income category. Overall, above moderate units accounted for 83 percent of permits in PDAs alone was enough to meet 110 percent of the entire regional need for this income category. Overall, above moderate units accounted for 83 percent of permits in PDAs, similar to the share outside PDAs and about double this category’s share of regional need.11

The shortfall of affordable units was even more acute outside PDAs, where only 10 percent of permitted homes were affordable to very-low and low-income households. Eight percent of units permitted outside of PDAs were affordable to moderate-income households.

Progress toward Plan Bay Area 2040 housing growth projections varies dramatically across PDAs. PDAs in the Bay Area’s three regional centers – the downtowns of San Francisco, Oakland and San Jose – are on pace to meet 130 percent of the Plan Bay Area 2040 housing projection by permitting a total of 14,000 units. In contrast, the 59 PDAs located beyond a half mile of a rail station permitted 3,300 total units as a group, putting this set of PDAs on track to meet just 20 percent of the projection. In the North Bay, PDAs along the Sonoma-Marin Area Rail Transit (SMART) corridor are also expected to meet 20 percent of Plan Bay Area 2040 projections. PDAs in Bay Area Rapid Transit (BART) and Caltrain station areas, on the other hand, are on track to meet 77 percent and 92 percent of the projection, respectively.12

Progress toward Plan Bay Area 2040 job growth projections are more challenging to assess due to limitations on comparable, recently available data. Between 2005, shortly before the inception of the FOCUS program, and 2015, 45 percent of new jobs across the Bay Area were located in PDAs – slightly above the 42 percent of jobs in PDAs in 2005. This compares to more than 60 percent of forecasted job growth in PDAs in Plan Bay Area 2040.13
Market Demand is Growing in PDAs

Across the Bay Area, the value of real estate appears to be increasing in PDAs relative to the rest of the region. Between 2010 and 2017, the median sales price per square foot of residential property inside PDAs grew significantly faster than properties outside of PDAs. This trend is apparent in all Bay Area counties except for Napa County, but it is most striking in several counties with traditionally weaker markets for infill development. For example, in Contra Costa County, median sales prices in PDAs saw a 180 percent increase, compared to 120 percent outside of PDAs, while in Solano County median sales prices in PDAs saw an 114 percent increase compared to 85 percent outside of PDAs.\(^4\)

In much of the Bay Area, particularly around BART and Caltrain stations, office markets in PDAs grew increasingly desirable relative to markets outside of PDAs. Office vacancies in the three regional centers – downtown San Francisco, San Jose and Oakland – have dropped precipitously since 2010, with rents rising to historic levels.

This trend reflects the location preferences of sectors, such as the technology sector, with strong recent job growth that increasingly are attracted to walkable, transit-served places preferred by the industry’s workforce. Notable exceptions exist with large employers such as Apple, which continue to expand in stand-alone campuses.
CHAPTER 3

WHAT’S MISSING FROM THE CURRENT REGIONAL GROWTH FRAMEWORK?
CHAPTER 3 WHAT’S MISSING FROM THE CURRENT REGIONAL GROWTH FRAMEWORK?

When the Bay Area’s current regional growth framework was developed in the early 2000s, regional planning focused on open space preservation and concentrating future housing and job growth in places near rail stations and other forms of frequent transit. The Bay Area has made significant progress toward implementing this two-pronged approach: priority conservation areas (PCAs) largely have been untouched by new development, land use plans are completed or in motion in the vast majority of PDAs, and new development is increasingly located in PDAs or other locations around rapid transit. At the same time, plans for frequent transit service have not materialized in some PDAs, and the region is not on track to build enough housing – both overall and in PDAs – envisioned in the framework and the first two iterations of Plan Bay Area.

Since the framework’s introduction, a much wider range of issues have emerged: rising unaffordability, growing displacement risk, and increased resilience challenges associated with sea level rise and other natural disasters. Coupled with the Bay Area’s persistent failure to meet its housing needs, these challenges highlight the need to revisit the PDA-focused framework.

As a “blue sky” planning initiative, Horizon provides an opportunity to explore these challenges further and investigate their implications for the Bay Area’s growth framework. This chapter focuses on elements missing from the current regional growth framework and identifies ways to bring the framework into closer alignment with the Bay Area’s current policy landscape, meet a more aggressive set of GHG reduction and housing production targets in Plan Bay Area 2050, and ensure that an adequate range of places are prioritized to deliver the level and pattern of growth needed.

Horizon’s Guiding Principles

At the start of the Horizon process, MTC and ABAG asked Bay Area residents what they most wanted to preserve and change about life in the Bay Area in 2050. MTC and ABAG received over 10,000 comments, both in-person and online, and this feedback helped to define five Guiding Principles to direct the Horizon initiative. The Horizon Guiding Principles reflect the breadth of regional concerns and aspirations, calling for a Bay Area that is: affordable to people of all income levels; connected by an expanded, reliable transportation network; made up of a diverse population; healthy, with natural resources and a reduced environmental footprint; and economically vibrant, with opportunities for all communities.

Understanding the implications of these principles for the Bay Area’s regional growth framework requires stepping beyond the limited geographic (PDAs and PCAs) and policy (transit-oriented development and open space conservation) boundaries of the current framework.
Where Would Growth Support Horizon’s Guiding Principles?

To test how well new homes and jobs in different parts of the Bay Area are likely to support each Horizon Guiding Principle today, an indicator was selected and analyzed for each principle. Using objective, publicly available data, indicators were measured for every Bay Area Census Block – an area about the size of a city block or suburban subdivision. Indicators include:

- **AFFORDABLE**
  - **Housing Costs** – as reflected by median monthly rent

- **CONNECTED**
  - **Potential Vehicle Miles Traveled (VMT) Reduction** – as reflected by the average number of miles driven by car per person

- **DIVERSE**
  - **Community Stability** – as reflected by change in the number of low-income residents

- **HEALTHY**
  - **Hazard Protection** – as reflected by exposure to wildfire, earthquakes and flooding, today and in the future

- **VIBRANT**
  - **Access to Opportunity** – as reflected by resources available to residents, such as quality schools and a variety of jobs

A score of 1 to 5 was calculated for each indicator in each block, with a “5” representing the highest performing locations in the Bay Area and a “1” the lowest. For example, a VMT reduction score of “5” was assigned to the blocks with the lowest 20 percent of per capita VMT in the region, while a score of “1” was assigned to blocks with the highest 20 percent. The results of this analysis follows.
In general, the places with the lowest median rents are concentrated in parts of the East Bay and North Bay, including the Interstate 80/Interstate 880 corridor in the East Bay between Hayward and Oakland; between Richmond and the Carquinez Bridge in Crockett; Antioch and Pittsburg, north of Highway 4; and rural parts of all four North Bay counties. The Bay Area’s least affordable areas, based on median monthly rent, are concentrated along the Peninsula and in Silicon Valley, the Tri-Valley and Marin County. Small areas of affordability are scattered throughout otherwise unaffordable areas, and vice versa. A more diverse patchwork of high- and low-rent areas is present in San Francisco, due in part to the presence of public housing and rent control. About 40 percent of the most affordable Census Blocks in the Bay Area are located in PDAs – similar to the share of the region’s Blocks located in PDAs overall.
The Census Blocks with the greatest VMT reduction potential for new development are places that already are well below the region’s state-mandated per capita VMT reduction target for Plan Bay Area 2050. These Census Blocks are heavily concentrated in San Francisco, Oakland and Berkeley, with a handful of blocks in the central parts of San Jose, Gilroy and Santa Rosa. Throughout the Bay Area, high-ranking Blocks are clustered around rail stations, including BART, Caltrain, and SMART.

Overall, the Interstate 680 corridor between Contra Costa and Alameda counties, rural parts of the North Bay, and parts of eastern Contra Costa County have the highest VMT, or lowest reduction potential. Eighty percent of the Census Blocks with the greatest potential VMT reduction are in PDAs – the largest share of any of the highest performing indicators.
Low-income households are being displaced across the region, leading to a patchwork of high- and low-stability neighborhoods, often in close proximity. San Francisco and much of Oakland are home to some of the Census Blocks with the region’s highest displacement rates (lowest stability). In some cases, low-income residents in currently high stability areas may be at high risk of future displacement.

Clusters of high stability Blocks are found along the I-680 corridor, and in the Tri-Valley, east San Jose, and parts of Antioch and Pittsburg. Just 14 percent of Blocks with lowest levels of displacement risk (greatest stability) are in PDAs, reflecting the displacement pressures facing households in many PDAs.
Hazard Protection (HEALTHY)

Figure 8. Exposure to Natural Hazards - Bay Area Block Groups, 5 Lowest - 1 Highest

Hazard Protection is defined in this indicator as exposure to a combination of wildfire, landslide earthquake (liquefaction), and/or current or future flood risk. Areas with little to no hazard risk rank the highest, while those with severe exposure to one or more hazard score lowest.

Areas with the greatest exposure to natural hazards, or with the least hazard protection, are generally located along the Bay shoreline, such as in eastern San Francisco, along the Peninsula, in much of Marin County, and in hillsides at the edge of an urbanized area throughout the region.

The most protected Blocks – places with the lowest levels of hazard exposure – are buffered from the shoreline by natural or man-made features (i.e. industrial areas), are situated at higher elevations or are located in inland areas with little wildfire hazard. These Blocks are concentrated along the BART corridors in San Francisco, San Mateo and eastern Contra Costa counties; the eastern portion of Silicon Valley; in flatlands of Napa and Solano counties; and in the downtowns of Sonoma County cities. Twenty-seven percent of the most protected, or highest scoring, Blocks are in PDAs.
**Access to Opportunity (VIBRANT)**

Figure 9. Community Resource Level - Bay Area Block Groups by Quintile - 5 Highest - 1 Lowest, 2017

For this indicator, “Access to Opportunity” is defined using the state-adopted 2018 Opportunity Map, which identifies areas that score the highest and lowest on a set of indicators predictive of upward mobility among low income households, such as school performance, employment access, and environmental quality. Places that score the highest on these indicators are categorized as “highest resource,” while places that score the lowest, and feature racially concentrated poverty, are categorized as “high segregation and poverty.”

Relative to the other indicators, Access to Opportunity is heavily concentrated, with the highest resource areas grouped in the eastern portion of Silicon Valley, the I-680 corridor, Marin County, western San Francisco and San Mateo County. Pockets of low opportunity areas are gathered along the East Bay corridor between Hayward and Crockett, eastern Contra Costa County, east San Jose, and large parts of Napa and Solano counties. Despite this concentrated pattern, adjacent high- and low-opportunity areas are present throughout the region in places such as San Rafael, Santa Rosa, Napa and San Francisco. Just 6 percent of the Blocks with the highest levels of opportunity are located in PDAs, by far the lowest share of all indicators. This finding suggests that families in PDAs are unlikely to have access to places with the best resources to support upward mobility.
Figure 10. Location of Highest-Ranking* Census Blocks

* Top 20% of Census Blocks in the Bay Area by indicator

Photo - Need Photo Credit
Bringing Together Guiding Principles and Regional Targets

Analyzing this set of indicators underscores the need to find different solutions to challenges in different places to achieve regional principles. As MTC and ABAG revisit the Bay Area’s regional growth framework, staff can investigate strategies that support all Horizon Guiding Principles while also meeting the legally mandated requirements of Plan Bay Area 2050, as described below:

- Identify locations for housing adequate to meet the region's entire projected population growth between 2020 and 2050, including the eight years of the next Regional Housing Needs Allocation (RHNA) cycle; and
- Reduce per capita transportation-related greenhouse gas emissions by at least 19 percent over the same period, demonstrated through a regional transportation model.15

Greenhouse Gas (GHG) Emissions Reduction

Meeting the GHG emissions reduction mandate requires a mix of a) focusing the growth of new homes and jobs in places that are already below the regional target (low VMT areas); and b) investing in transportation solutions that reduce the number of auto trips, particularly solo commutes, for places with otherwise high VMT rates. Doing this in a way that supports Horizon’s Guiding Principles requires that indicators such as Access to Opportunity and Hazard Protection be considered in potential areas for growth.

As a group, low VMT Blocks fare relatively well in supporting the Horizon Guiding Principles, with an average score above 3 on all indicators except Access to Opportunity – illustrating the need for coupling strategic investments with focused growth to ensure that every community can perform well in each of the indicators. Figure 11 shows blocks that already meet the VMT reduction target and have a score of above 3 on all indicators. These Blocks are located throughout San Francisco; in a cluster between Downtown Oakland and North Berkeley; and around a handful of Caltrain, BART and SMART stations. Fifty-five percent of these Blocks have not been nominated PDAs by Bay Area cities, a fact that highlights the potential limitations of the current framework’s “opt-in” approach.

Meeting Housing Needs

The Bay Area could accelerate its progress toward meeting GHG reduction and housing production targets by focusing a larger share of housing and jobs are built in low VMT areas.16 In addition to better leveraging the region's transit infrastructure than PDAs, these locations also score higher on average on the Access to Opportunity and VMT Reduction indicators, with similar scores on Community Stability and Housing Costs.

As Chapter 2 highlights, turning capacity into actual development – particularly residential development – faces multiple challenges. This difficulty suggests that the region should explore a wider array of locations for growth than PDAs in an updated regional growth framework. To be successful, this approach must not only investigate a broader set of geographic areas, but also take into account the benefit of development in each area on existing and future residents, especially in vulnerable communities.
Transit Priority Areas (TPA)*

- **Within Area Designated PDA**
- **Outside Area Designated PDA**

**Source:** MTC/ABAG, 2018; Google GTFS, 2017

*Area within 1/2 mile of a major transit stop, defined as rail stations or ferry terminals (existing or included in most recent RTP), intersection of 2 or more bus routes with AM and PM peak headways of 15 minutes or less.
Integrating Transit Priority Areas

Many of the region’s transit-rich, low-VMT locations have not been designated PDAs by local jurisdictions. These include Transit Priority Areas (TPAs), defined in state law as within a half mile, or about a 10-minute walk, from an existing or planned rail station or ferry terminal, or the intersection of two or more bus routes that arrive every 15 minutes or less during commute hours.\(^7\) As Figure 13 illustrates, more than 50% of the urbanized land within TPAs is not a PDA. The Bay Area is alone among California’s large metropolitan areas in not including TPAs in its SCS/RTP (Plan Bay Area) as a focus area for future development (with the exception of portions of TPAs designated PDAs). Integrating TPAs as focus areas in an updated growth framework would make better use the Bay Area’s major transit investments, helping to reduce GHG emissions, meet housing needs, and increase mobility. Successful implementation would require collaboration between ABAG/MTC and local jurisdictions to tailor transit-supportive growth to the unique characteristics of various communities.

Expanding the Framework’s Geographic Footprint

To explore a wider range of places to meet the Bay Area’s housing needs and provide nearby jobs, objective criteria were developed to identify an array of potential focus areas for this growth. These places are both inside and outside of PDAs, and they are not proposed as future land use designations, but rather as study areas to help identify constraints and potential strategies for providing housing for all. These areas, which will help inform the framework options outlined in Chapter 4, are likely to vary significantly in density and character across the region. Eight potential focus areas have been identified:

- **Urban Centers:** TPAs with a critical mass of jobs necessary to support transit, a mix of local services, and existing and potential housing. **Examples:** Downtown San Jose, Downtown Santa Rosa, Walnut Creek BART station area
- **Transit Neighborhoods:** TPAs outside of Urban Centers. In addition to urban centers, overlapping large public sites, commercial corridors, and aging commercial and industrial sites were not included in this category. **Examples:** Rockridge (Oakland), Inner Richmond (San Francisco), Roseland (Santa Rosa)
- **Large Publicly-Owned Sites:** Individual or multiple sites owned by a public agency capable of accommodating a substantial number of new homes. **Examples:** VTA and BART parking lots; Concord Naval Weapons Station (Concord); Coliseum (Oakland)
- **Commercial Corridors:** Segments of major arterials and state highways historically occupied by commercial uses, such as auto-serving businesses and low-density retail, with recently developed or potential housing. **Examples:** El Camino Real (Peninsula-Silicon Valley); San Pablo Avenue (East Bay); N. Texas Street (Fairfield)
- **Aging Commercial Sites:** Shopping centers, office parks and light-industrial areas with potential for reuse as housing or mixed-use developments with a housing component. **Examples:** Vallco (Cupertino); Bayfair (San Leandro); North Bayshore (Mountain View)
- **Residential Infill Neighborhoods:** Neighborhoods proximate to regional transit suitable for “missing middle” housing, such as backyard accessory dwelling units, duplexes and fourplexes. **Examples:** numerous, throughout region
- **Urban Edge Sites:** Locations immediately adjacent to existing communities, typically within an existing urban growth boundary, with the potential for a significant number of new homes. **Examples:** San Marino (Pittsburg); Somerset Orchards (Brentwood)
- **New Towns:** Large areas outside of existing communities, in some cases outside of an urban growth boundary, that could be developed into the equivalent of a self-contained new city or large section of an existing city. **Examples:** Coyote Valley (San Jose), Discovery Bay (Eastern Contra Costa County)
Table 2. Constraints by Potential Focus Area

<table>
<thead>
<tr>
<th>Constraints</th>
<th>Urban Centers</th>
<th>Transit Neighborhoods</th>
<th>Large Public Sites</th>
<th>Commercial Corridors</th>
<th>Aging Shopping Centers (1990 or older)</th>
<th>Aging Office Parks (1990 or older)</th>
<th>Residential Infill</th>
<th>Urban Edge</th>
<th>New Towns</th>
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**LEVEL OF CONSTRAINT**

- ✓ HIGH
- ✓ MEDIUM
- ✓ LOW

**SOURCE:** ABAG/MTC, 2019.
A preliminary evaluation of the opportunities and challenges associated with each of these future focus areas indicates that each could deliver a substantial number of new housing units given the right conditions, with several areas – aging commercial sites, large publicly-owned sites and select urban centers – well-positioned in the near future, and others requiring varying levels of political and/or market changes to reach their potential.

**Combining Horizon Guiding Principles and Potential Focus Areas**

The regional growth framework options and strategies described in Chapter 4 balance three objectives:

1. Support the Horizon Guiding Principles (reflecting performance on Horizon indicators presented in this chapter).
2. Meet the Bay Area’s housing and GHG emissions reduction targets.
3. Identify a geographic footprint that can feasibly accommodate growth while achieving the first two objectives and using supportive strategies as needed. The potential focus areas introduced above will be used as building blocks.

**Integrating Related Efforts**

Plan Bay Area 2050 will be guided by a unified regional growth framework which itself will be developed from concepts that emerge from this paper, as well as parallel efforts currently underway:

- **CASA, The Committee to House the Bay Area:** A collaborative effort by private, non-profit and public stakeholders to build an actionable political consensus around increasing housing production at all levels of affordability, preserving existing affordable housing and protecting vulnerable populations from housing-instability and displacement. **Example outcome relevant to growth framework:** Strategy to increase production of “missing middle” housing in all single-family neighborhoods.

- **Priority Production Areas:** Industrial areas critical to the functioning of the Bay Area economy, and the protection and expansion of middle-wage jobs. Eligibility will be based upon specific criteria, with adoption potentially based on local nomination – similar to PDAs. **Example outcome relevant to growth framework:** Defining locations (PPAs) for long-term industrial activities and employment, with limited or no housing and commercial development.

- **Adapting to Rising Tides and Operational Landscape Units:** Nature-based strategies to both adapt to long-term flood risk accelerated by sea level rise as well as protect people and critical ecological systems. **Example outcome relevant to growth framework:** Supporting restored wetlands and habitat corridors.
WHAT IS CASA?

CASA, the Committee to House the Bay Area, was convened in 2017 by the Metropolitan Transportation Commission and the Association of Bay Area Governments to make game-changing recommendations to tackle the region’s housing crisis.

CASA was led by an 18-member steering committee comprised of leaders from the public, private and non-profit sectors with a stake in the housing crisis and advised by a 32-member technical committee of staff-level experts. After 18 months of meetings and negotiations, the CASA Steering Committee approved 10 policy recommendations known as the CASA Compact.

The items are intended to help solve the Bay Area’s longstanding housing affordability problem by addressing 3 P’s simultaneously:

- Protecting current residents from displacement in rapidly-changing neighborhoods
- Preserving affordable housing that already exists
- Producing more housing for people at all income levels

SEVEN CORE PRINCIPLES GUIDED DEVELOPMENT OF THE CASA COMPACT

1. Shared Responsibility: All sectors and interests should share the burdens — and the benefits — of housing in the Bay Area.

2. Inclusion Everywhere: Find ways to include more housing for all income levels in every city and every county.

3. Promote the ‘Missing Middle’: Encourage development of smaller homes that are more affordable by design and less likely to cause displacement.

4. Stabilize Communities: Preserve the Bay Area’s historic diversity and access to opportunity.

5. Balance Across the Three P’s: Individual CASA Compact components should advance together and avoid undermining one another.

6. Level the Playing Field: The CASA Compact should create fair and more uniform standards for the housing development process across the Bay Area.

7. Minimize Administrative Burden: Focus on strategies that can be implemented rapidly and efficiently while avoiding new administrative requirements.
CASA Strategies to Address the Regional Housing Crisis

The ten elements of the CASA Compact take an integrated approach to addressing the region’s housing crisis—tackling many of the key challenges identified in this Perspective Paper. The table below illustrates the challenges addressed by each Compact Element, which range from development feasibility to available financing.

<table>
<thead>
<tr>
<th>CASA ELEMENT</th>
<th>REGIONAL GROWTH STRATEGIES CHALLENGES ADDRESSED</th>
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<tbody>
<tr>
<td></td>
<td>FEASIBILITY</td>
</tr>
<tr>
<td>1</td>
<td>Just Cause Eviction Policy</td>
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<tr>
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<td>Rent Cap</td>
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<tr>
<td>3</td>
<td>Rent Assistance and Access to Legal Counsel</td>
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<tr>
<td>4</td>
<td>Remove Regulatory Barriers to Accessory Dwelling Units</td>
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<tr>
<td>5</td>
<td>Minimum Zoning Near Transit</td>
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<tr>
<td>6</td>
<td>Reforms to Housing-Approval Processes</td>
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<tr>
<td>7</td>
<td>Expedited Approvals and Financial Incentives for Select Housing Types</td>
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<tr>
<td>8</td>
<td>Unlock Public Land for Affordable Housing</td>
</tr>
<tr>
<td>9</td>
<td>Raise $1.5 Billion Annually from a Range of Sources to Fund Implementation of the Compact</td>
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<tr>
<td>10</td>
<td>Establish a Regional Housing Enterprise</td>
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CHAPTER 4
TOWARD A FUTURE GROWTH FRAMEWORK
CHAPTER 4
TOWARD A FUTURE GROWTH FRAMEWORK

Moving toward Plan Bay Area 2050, the Bay Area has an opportunity to create a more robust framework for future growth. This paper recommends that a successful framework:

• Take into account the successes and shortcomings of the Bay Area’s current PDA-focused framework;
• Respond to the broader aspirations of Bay Area residents, as reflected in the Horizon Guiding Principles; and
• Offer a viable path toward meeting the region’s full housing needs and greenhouse gas (GHG) emissions reduction targets.

To set the stage for a regional growth framework update in 2019, this chapter offers three potential Framework Concepts, highlights potential Challenges, and proposes a set of Strategies to overcome these Challenges. The Framework Concepts prioritize where to promote future growth in the Bay Area and what type of growth to prioritize in these places. Strategies are policy changes and investments on the regional, local and state levels to set up each framework for success in achieving key objectives.

Each Framework Concept builds on the successes of the current regional growth framework: greenbelt preservation, a shift toward transit-oriented development, and local adoption of Priority Development Areas (PDAs) and Priority Conservation Areas (PCAs). The Concepts account for the current framework’s shortcomings as well: inadequate housing production for low and middle-income residents, a growing jobs-housing imbalance, and the exclusion of many transit-rich areas and high-opportunity areas from areas prioritized for development. The Concepts and Strategies also anticipate emerging challenges, such as sea level rise, and the increasingly aggressive per-capita GHG reduction targets that Plan Bay Area 2050 and future versions of the plan must achieve. (The state Air Resources Board issued a per capita GHG reduction target of 19 percent for Plan Bay Area 2050, which exceeds the 15 percent target in the first and second versions of Plan Bay Area.)

The Framework Concepts are not intended to be “alternatives” from which a “preferred option” is selected and included in Plan Bay Area 2050. The objective is to illustrate several ways to grow, test implementation policies and investments, and identify promising strategies to include in an updated growth framework.
Framework Concepts

FRAMEWORK CONCEPT A: Double Down on PDAs

Concept A "doubles down" on the Bay Area’s current growth framework. PDAs would take on the vast majority of the region’s new housing, helping to relieve development pressure on the Bay Area’s greenbelt. Job growth would also be focused in PDAs to begin addressing the region’s long-standing jobs-housing imbalance, with a particular emphasis on housing-rich communities that have traditionally struggled to attract employers. With a balance of jobs, housing and improved local services, PDAs throughout the region could emerge as centers for surrounding communities — places to meet, shop, and access high-quality healthcare and education.

The perception of PDAs as a “one size fits all” approach would be addressed under Concept A. Responding to more rigorous GHG reduction goals, places with the best transit and lower vehicle miles traveled (VMT) take on higher density development. At the same time, each city that adopts a PDA understands that the city must play a role in meeting regional housing and climate goals. Communities that remain concerned about the impact of new growth would need to adopt PDA plans that achieve regional performance standards while defining the design of new development.

Transit service in PDAs would be upgraded regionwide. Rail service would increase in frequency in the region’s three largest cities and in the corridors connecting these cities, providing the capacity necessary to support high-density job and housing development. Frequent bus service would connect PDAs that previously had not achieved the program’s transit standard.
Figure 12. Framework Concept A: Double Down on PDAs

Legend

- **Priority Development Areas (2019)**
- **Regional Rail Transit (Under Construction)**
- **Regional Rail Transit**
- **Interstate Highway**

**SOURCE:** MTC/ABAG
FRAMEWORK CONCEPT B: PDAs Plus

Concept B would expand upon the current growth framework. PDAs would be complemented by new priority areas that allow the Bay Area to improve on its housing goals without compromising its climate goals. New housing and local amenities would be prioritized for parking lots in transit-rich areas not yet designated PDAs, particularly high-opportunity places with frequent rail service. Aging shopping malls and office parks would be converted to mixed-income neighborhoods with supportive services such as parks and clinics. Redevelopment of publicly owned land would be accelerated to provide a mix of supportive services and affordable housing. “Missing middle” housing, such as duplexes and accessory dwelling units, would be added in many high-opportunity residential neighborhoods, providing homes for an aging population and longtime residents priced out by the current housing market.

Like Concept A (Double Down on PDAs), PDAs Plus responds to the Bay Area’s aggressive climate targets by increasing transit capacity and prioritizing high-density growth in low-VMT places that are regionally connected, such as downtown San Francisco and San Jose. Places outside PDAs could become more walkable; local centers emerge that are anchored by shared work and community spaces. High-opportunity areas, particularly those well-connected by transit, could transition into mixed-income communities that provide low-income children and families access to the region’s best schools and services.
Figure 13. Framework Concept B: PDAs Plus

Legend

- **Priority Development Areas (2019)**
- **Transit Priority Areas and High Opportunity Areas**

**SOURCE:** MTC/ABAG
**FRAMEWORK CONCEPT C: Expanded Footprint**

Concept C, Expanded Footprint, would create the largest geographic footprint for meeting the Bay Area’s future housing needs. A large share of housing and jobs would continue to be focused around transit, in many cases in PDAs. “Missing middle” housing would be prioritized in neighborhoods across the Bay Area, expanding upon the transit-focused approach in Concept B (PDAs Plus). New communities at the edge of the region’s urbanized area would provide tens of thousands of new homes, minimizing the spillover of housing that serves Bay Area workers into neighboring counties, particularly San Joaquin and Yolo. Increased housing production, particularly for middle income households, could serve to reduce outmigration to adjacent counties (e.g. San Joaquin County) or more affordable regions where per capita greenhouse gas emissions related to VMT and other uses are higher.

As the Bay Area adapts to sea level rise, Bay restoration projects would integrate new forms of flood-resistant housing. Like Concept B (PDAs Plus), Concept C would spread responsibility for accommodating future growth more broadly across the Bay Area, including high-resource, high-opportunity communities.

Major investments to expand the transit network and create new mobility options would allow Concept C to achieve the region’s GHG reduction targets. Rail extensions would connect new communities to job centers. As the Bay Area shifts toward a “mobility as a service” transportation paradigm, residents would reduce vehicle ownership and join neighbors in autonomous transit vehicles for trips that cannot be made by foot or on traditional fixed-route transit.

<table>
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<th>Priority Conservation Areas</th>
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Figure 14. Framework Concept C: Expanded Footprint

*New Town sites shown for illustrative purposes only. Sites identified based upon a review of previously and currently proposed master planned developments with approximately 5,000 or more new homes. This map does not represent an endorsement of the development of any specific location.

SOURCE: ABAG/MTC
Challenges

This section highlights the greatest challenges — today and in the future — that stand in the way of implementing the Framework Concepts. These challenges are divided into four categories:

• **Feasibility**: Limits on developable land, consumer and investor demand, and delivering affordable housing
• **Policy**: Plan requirements and development standards limiting implementation
• **Social and Environmental**: Impacts of growth on communities and the natural environment
• **Financial**: Availability of funding to build desired development, especially development that requires public subsidy

The growth envisioned by each Concept overlaps with the others. This overlap is reflected in the Challenges and Strategies — some of which relate to all of the Concepts, and others of which relate to only one or two.

**Feasibility Challenges**

**Availability and Developability of Land**

As a result of urban growth boundaries and zoning restrictions, finding and acquiring undeveloped sites in the Bay Area is difficult, particularly in transit-rich areas. Places with the greatest demand for development, such as downtown San Francisco, also tend to be those with the least land supply. The development potential of sites in urbanized areas, both in strong and weak real estate markets, are often constrained by the parcel size and shape, which may not be appropriately sized to accommodate the type of buildings that would otherwise be financially feasible on the site, and by environmental contamination left from previous uses. Prior to the dissolution of redevelopment agencies, cities overcame this obstacle by acquiring multiple neighboring parcels to create a developable site that could then be sold or leased to a developer or reused by the city as affordable housing or a community facility.

**Market Demand for Housing and Jobs**

Despite the overall shift in market demand toward transit-oriented development highlighted in Chapter 2, the medium- and high-density housing necessary to meet Plan Bay Area 2040’s housing goals is not yet financially feasible for private developers in many parts of the region. This challenge, which often exists even when local jurisdictions have minimized common obstacles to feasibility, is exacerbated by the lack of job growth outside of traditional job centers such as San Francisco and Silicon Valley, with some “spillover” to other urbanized areas such as downtown Oakland and the Tri-Valley. Job growth in parts of the Bay Area beyond these clusters has been concentrated largely in lower paying service industries. Without a wider geographic distribution of jobs with adequate wages to support market-rate development, or significant reductions in construction costs, short-term market demand for higher density housing will be hindered in PDAs outside of the region’s core.

**Unaffordability of New Housing for Low- and Moderate-Income Households**

Even if the constraints highlighted in Chapter 2 and in this chapter can be overcome, delivering the required volume of housing units affordable to the low- and middle-income households that make up more than half the Bay Area’s demand for new housing will prove challenging. The price of new market-rate units would need to be reduced by as much as 200 percent or more to be affordable even to moderate-income households. Based upon research by the UC Berkeley Terner Center, the rent a market-rate developer would need to charge to meet profit targets (or “pencil out”) for a typical one-bedroom apartment in Oakland is two and a half times the federally defined affordable rent for a typical single-person Bay Area household. Even in a historically weaker real estate market such as eastern Contra Costa County, a new for-sale home costs more than double the price affordable to the median four-person household.

Historically, regions faced with wealth disparities, geographic constraints and levels of housing scarcity similar to the Bay Area’s have needed significant public sector intervention in the housing market, including the production of social housing, to address a housing crisis. In the long run, the production of market rate housing has been shown to improve regional affordability. However, this “filtering” process also has been shown to take decades to bring prices to levels affordable for moderate- and low-income households.
Policy Challenges

Disconnect Between Regional and Local Land Use Planning

A large body of research has found that regional plans that rely upon voluntary local implementation have very limited success, even when coupled with financial incentives such as the Bay Area's One Bay Area Grant (OBAG) program. Bay Area cities are not required to make General Plans and other local land use plans consistent with Plan Bay Area — making implementation voluntary. Successful regional plans, both in North America and abroad, are empowered either with land use controls or formally linked in some way to local land use plans (i.e., in California, General and Specific Plans); closely aligned with state and/or national infrastructure plans and funding sources; and integrated into regional plans for environmental quality and infrastructure provision. At the same time, the research finds that requiring local plans to conform with a regional plan does not guarantee success unless coupled with local engagement and meaningful penalties for non-compliance.

Restrictive Zoning

Each Bay Area jurisdiction adopts a zoning code that determines the land uses (e.g., housing, retail, industrial) permitted on different parcels within its boundaries. Historically, zoning has been used to exclude people of color from predominantly white neighborhoods, and to separate industrial, commercial and residential uses. Today, the types of development permitted on similar parcels varies tremendously between and within Bay Area cities. Transit-rich areas not designated PDAs are far more likely to feature zoning that restricts multifamily housing and to be located in high-resource communities than those designated PDAs. Because these transit- and opportunity-rich places are often in stronger real estate markets, restrictive zoning removes many of the most financially feasible sites that would support meeting regional housing and climate targets from the pool of potentially developable locations. In many of these communities, the lack of space to build housing can lead to the redevelopment of scarce “naturally affordable” rental housing into townhomes or condominiums affordable only to high-income households, as this housing occupies the limited number of sites zoned for multifamily housing.

In addition to its social equity impacts, restrictive zoning also can be a drain on regional prosperity. Drawing on nationwide and Bay Area data, economists argue that this practice has significantly reduced the wealth and productivity of the Bay Area as a whole.

Development Entitlement Process

The lengthy process required in many Bay Area cities to approve new development is widely cited as a leading cause of the Bay Area’s housing shortage. Development projects seeking approval often navigate several phases of review involving staff, design review boards, planning commissions, and city councils or county boards of supervisors. The original proposal may be modified numerous times as it passes through each stage, responding to requested changes and impacts identified during environmental review. If approved, the project may face litigation that can stall the project long enough to make it infeasible.

Combined with restrictive zoning, onerous review processes have likely led to less housing and workplace development in the Bay Area than would occur with a less risky and costly process typical of other regions in the U.S. and throughout the world — including places with strong environmental protection records such as the Portland metropolitan area, the Vancouver, B.C., metropolitan area, and Sweden.

Social and Environmental Challenges

Inequities – Displacement Pressure and Growth Focused in Lower-Resource Areas

As Chapter 3 highlighted, places designated PDAs are much more likely than other parts of the Bay Area to face community instability and less likely to include high-quality public services. Low-income households, particularly Black and Latino households recently displaced from Bay Area communities, are moving primarily to low-resource communities elsewhere in the Bay Area or California — compounding the historic exclusion of people of color from high-resource areas.

In addition to limiting implementation of many of the Horizon Guiding Principles, displacement can negatively affect the Bay Area’s economy by reducing the labor pool and its environmental quality through increased in-commuting.
While this constraint is greatest in today’s PDAs, new areas targeted for growth — particularly those with increasingly vulnerable populations — will need to address equity challenges.

Quality of Life and Fiscal Concerns
Resistance to new housing development in many communities is driven by concern that housing does not “pay its own way” — new homes will not generate enough local tax revenue to pay for the increased demand they are expected to create for local schools and other services, negatively affecting a community’s quality of life. In addition, some cities’ uncertain public finances add to concern about the new housing’s impacts. For communities with lower performing schools, higher rates of violent crime and lower-quality public services, quality of life concerns affect these communities’ ability to attract jobs or the moderate-income and higher-income households able to pay for market-rate housing development. When these communities do begin to attract higher income residents, longtime residents may also face displacement pressure if community stabilization measures are not put in place.

Hazard Risk and Climate Change
Flooding, earthquakes and wildfires are already affecting the Bay Area’s livability and economic vitality. Climate-related hazards are expected to become more frequent and intense due to rising temperatures, sea level rise and other impacts. PDAs are more likely than the Bay Area average to be located in relatively high-hazard risk areas. Many transit-rich areas that would be prioritized in Concept B (PDAs Plus) but are not yet designated PDAs, such as the western half of San Francisco and higher-elevation areas to the west of many Caltrain stations, are well protected from hazards. At the same time, both Concept B (PDAs Plus) and C (Expanded Footprint) would include places with high-hazard vulnerability. Areas outside the urban growth boundary, a key feature of Concept C (Expanded Footprint), would face substantial wildfire and flooding risk. In addition, a number of large publicly owned sites, obsolete shopping centers, and aging office parks with the greatest potential for redevelopment are within or in close proximity to areas likely to face elevated flood risk due to sea level rise.

Figure 15. Downtown San Francisco - Future Sea Level Rise

Inundation by Sea Level Rise Scenario

SOURCE: BCDC, 2017

Figure 16. Wildfire Risk - Solano and Napa PDAs

Wildfire Risk

SOURCE: CalFIRE, 1999
**Financing Challenges**

**Inadequate Funding and Land for Low- and Moderate-Income Housing**

A recent estimate through the CASA effort suggests that the Bay Area needs an additional $2.5 billion each year to build the number of new homes that the market currently is unable to produce for low- and middle-income households. County and state housing bonds could make a dent in this figure — particularly if state legislation to reintroduce redevelopment agencies is adopted in 2019 and is accompanied by reductions in development costs due to innovations such as modular construction and community land trusts. Even with these steps, however, the Bay Area would still likely remain far short of meeting its housing needs, a position it has been in since the retreat of the federal government from supporting low-income housing in the 1980s.

**Limited Infrastructure Funding**

Inadequate infrastructure funding is a primary obstacle to producing the type of development envisioned in the first two Plan Bay Areas. And new development in PDAs — whether affordable housing, market-rate housing or offices — often requires costly upgrades to streets and other infrastructure. Prior to 2012, California cities were able to use redevelopment agencies to generate the funding required to build the infrastructure that private developers are often not willing to finance. With the loss of redevelopment and the escalation of construction costs, the additional burden of providing new or upgrading existing infrastructure — which can account for 10 to 15 percent of a housing development — can make many previously viable projects financially infeasible.
Table 3. Challenges and Strategies

Table 3 highlights the relative importance of the strategies introduced in this Chapter to implementing each Growth Concept.

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<tr>
<th>CHALLENGES AND STRATEGIES</th>
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<td><strong>FEASIBILITY</strong></td>
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<td>Availability and Developability of Land</td>
<td>Expand Areas Prioritized for Growth</td>
<td>✓ ✓ ✓</td>
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<tr>
<td>Market Demand for Housing and Jobs</td>
<td>Create a Regional Employment Location Policy to Align Jobs with Transit and Housing</td>
<td>✓ ✓ ✓</td>
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<td>Unaffordability of New Housing for Low- and Moderate-income Households</td>
<td>Expand the PDA Planning Program to Support Local Implementation</td>
<td>✓ ✓ ✓</td>
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<td>Accelerate the Development of Regional Catalyst Projects</td>
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<td>Establish Urban Reserves for Future Growth</td>
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<td><strong>POLICY</strong></td>
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<td>Disconnect Between Regional and Local Land Use Planning</td>
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<td>Restrictive Zoning</td>
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<td>Inequities – Displacement Pressure and Growth Focused in Lower-Resource Areas</td>
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<td>✓ ✓ ✓</td>
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<tr>
<td>Quality of Life and Fiscal Concerns</td>
<td>Invest in Infrastructure, Schools and Services in Planned Growth Areas</td>
<td>✓ ✓ ✓</td>
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<tr>
<td>Hazard Risk and Climate Change</td>
<td>Create a Bay Area Climate Change Adaptation Strategy Aligned with the Regional Growth Framework</td>
<td>✓ ✓ ✓</td>
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<tr>
<td>Inadequate Funding and Land for Low- and Moderate-Income Housing</td>
<td>Expand One Bay Area Grant (OBAG) Funding and Strengthen Criteria</td>
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<td></td>
<td>Increase Share of Transportation Funding Dedicated to Core Transit Capacity and Improve Service to All Priority Areas</td>
<td>✓ ✓ ✓</td>
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Strategies

The Strategies outlined in this section respond to the Challenges just described. Like the Challenges section, strategies are organized into Feasibility, Policy, Social and Environmental, and Financing categories. The relative importance of the Strategies to implementing each Concept is shown in Table 3.

Feasibility Strategies

Expand Areas Prioritized for Growth

This strategy would expand the regional growth framework to combine existing PDAs with a set of new areas to better position the Bay Area to achieve its climate and housing goals, and to support the Horizon Guiding Principles. An expanded framework could include:

• **Transit Priority Areas (TPAs)** – places within a half mile, or an approximately 10-minute walk of a rail station, ferry terminal or bus rapid transit stop. Although all Transit Priority Areas are eligible to be designated PDAs, less than half have been nominated by local jurisdictions. In addition to better leveraging regional transit investment, promoting growth in TPAs will position the Bay Area’s communities to take advantage of state funding sources, such as the Affordable Housing and Sustainable Communities (AHSC) program, which prioritize projects in TPAs. This approach would also ensure that Plan Bay Area 2050 is consistent with state law.

• **High-Opportunity Areas** – communities with qualities that increase upward mobility, such as high-quality schools and access to middle-wage jobs. Areas with transit service could be prioritized to reduce household VMT and transportation costs. Increasing the share of new housing in these areas, particularly affordable housing, would help even the playing field for children born into higher and lower income families, an approach shown to increase a region’s long-term economic vitality. It would also help address the historic exclusion of low-income households and people of color from many higher-income areas, fulfilling the new requirement to “affirmatively further fair housing” in local General plans, RHNA and Plan Bay Area.

• **Regional Catalyst Projects** – large public and privately-owned sites, such as aging shopping centers and transit agency parking lots, with the capacity to deliver more than 1,000 homes, one-third of which would be permanently affordable to low-income households.

• **Priority Production Areas** – industrial districts that support industries that are critical to the functioning of the Bay Area economy and are home to “middle wage” jobs. These new geographies could supplement the existing PDA geographies to create a more inclusive framework. PDAs in transit priority or high-opportunity areas with adopted plans could receive priority for regional housing and infrastructure funding sources that emerge in the coming years. Guidelines and implementation actions would be developed for each designation, with additional detail based upon a location’s performance on indicators such as VMT and hazard vulnerability.

To strengthen the link between Plan Bay Area, RHNA and local Housing Elements, the updated framework geographies could be used to help local jurisdictions identify “Regional Housing Opportunity Sites” — potential development sites where new housing would support regional goals. Local jurisdictions could be incentivized to include these sites in their next Housing Element update. This concept is developed in greater detail in the “Align Plan Bay Area and Local General Plans” strategy. Priority Conservation Areas, which underwent an update prior to Plan Bay Area 2040, would remain in place.

Expand the PDA Planning Program to Support Local Implementation

To implement a growth framework that extends beyond PDAs, an expanded PDA program would provide an array of planning grants and technical support to address the needs of Bay Area communities, such as assistance with updates to outdated PDA Specific Plans, Specific Plans for new priority areas, objective development standards that meet state requirements, and context-sensitive design guidelines for “missing middle” housing in residential neighborhoods.

The expanded program would continue to research, convene expert forums and provide resources on emerging issues that affect Bay Area cities. This would include a regional framework guidelines document with standards, best practices and implementation resources for each designation, replacing the Station Area Planning Manual released at the inception of the PDA program.
Create a Regional Employment Location Policy to Align Jobs With Transit and Housing

Attracting employers that traditionally locate in employment centers such as downtown San Francisco and in Silicon Valley to other parts of the Bay Area is challenging but critical to improving transit utilization, reducing commute times and improving the fiscal health of housing rich communities. This strategy would put in place policies and incentives for employers to locate in PDAs with regional rail service planned for, but not attracting, significant job growth. The strategy would focus first on public agencies and non-profits, such as hospitals and educational institutions, with relatively stable employment and traditionally high levels of transit ridership. Collaborating with the California Air Resources Board (ARB) and Bay Area Air Quality Management District (BAAQMD), MTC and ABAG could establish location criteria for major new public and non-profit facilities in the region to implement the Bay Area Clean Air Plan and Plan Bay Area.

Public and non-profit employers — which are often less location-sensitive than private employers — may be needed to “make a market” in some PDAs. Yet the Bay Area could also immediately engage large private employers to develop incentives that would steer a larger share of “back office” job growth, which is currently taking place in other regions, into Bay Area PDAs closer to lower-cost housing but connected to the regional rail network. The state can also play a key role in attracting private employers to these PDAs by creating tax abatements and other financial incentives. Through the Regional Economic Development District expected to launch in 2019, MTC and ABAG can act as liaisons between cities and these public, non-profit, and for-profit employers to connect new jobs to PDA sites that meet employers’ needs, an idea consistent with the recommendations in the Comprehensive Economic Development Strategy adopted by the ABAG Executive Board.

Accelerate the Development of Regional Catalyst Projects

The number of declining and financially distressed shopping centers and office parks throughout the Bay Area is growing. Credit Suisse predicts that 25 percent of U.S. malls in operation in 2017 will be closed by 2022, and older Silicon Valley office parks are increasingly being repurposed as housing where conversion is permitted in local zoning. Bay Area Rapid Transit (BART) and Santa Clara Valley Transportation Authority (VTA) each have dozens of sites identified for future development. Many of these shopping centers, office parks and transit-owned sites are in strong real estate markets with a jobs-housing imbalance and are large enough to support projects that make a significant dent in the Bay Area’s housing needs, particularly if deed-restricted affordable units are included.

To accelerate these sites’ development, the Bay Area could provide funding and technical support to Regional Catalyst Projects planned for 1,000 or more housing units, at least 30 percent of which would be deed-restricted affordable to very low- and low-income households. In addition to meeting an affordability threshold, Catalyst Projects would be within a half mile of a major transit station or include Transportation Demand Management (TDM) measures sufficient to reduce GHG below the Plan Bay Area 2050 regional per capita target. Eligible projects designated by cities would receive very low-interest loans for infrastructure and housing, as well as technical expertise to move projects through the development process.
Establish Urban Reserves for Future Growth

The Bay Area’s historic growth involved building on open spaces and filling the San Francisco Bay to create new waterfront development sites. This strategy would combine these two approaches to significantly increase the amount of developable land in the Bay Area in a relatively short period of time. The first step in this strategy would be identifying locations that achieve multiple regional priorities — including overall housing production, reduced vehicle miles traveled as a result of a better jobs-housing balance and access to opportunity. These priority locations would be included in the regional growth framework as “urban reserves.”

Projects in urban reserves would need to provide environmental mitigations, potentially through a regional permit process similar to that described in the following strategy, as a condition for future development. Bay fill projects, for example, would integrate housing and local services into sea level rise adaptation features, such as restored wetlands. Development projects in open spaces outside of urban growth boundaries would include new or restored natural habitat and landscape features that provide protection from natural hazards, such as wildfires and flooding.

Policy Strategies

Align Plan Bay Area and Local General Plans

A common feature of successful regional plans missing from Plan Bay Area 2040 is a direct link to local land use plans. This strategy would better connect the Bay Area’s regional and local plans by establishing Regional Opportunity Sites and Regional Land Use Designations to include in Plan Bay Area 2050 and local General Plans.

Regional Opportunity Sites would be locally-identified parcels with capacity for 100 or more housing units in locations that support regional goals, such as High-Opportunity and Transit Priority areas. Eligible sites could be integrated into Plan Bay Area and local Housing Elements, and “pre-screened” by ABAG and the California Department of Housing and Community Development (HCD) for acceptance in meeting the city’s Regional Housing Needs Allocation (RHNA) target — making it easier for cities to comply with the complex requirements for opportunity sites created by recent state legislation. Sites capable of providing 1,000 or more units could also be prioritized as Regional Catalyst Projects. ABAG/MTC and HCD would provide technical assistance to local staff to identify eligible sites, including maps and checklists. To incentivize participation, eligible sites could receive priority in regional housing-supportive grants and low-interest loans.

Regional Land Use Designations would reflect areas prioritized in the updated regional growth framework. Some Bay Area cities identify adopted PDAs in General Plan Land Use Elements, providing a precedent for this approach. The designations could identify the current and future roles of an area in supporting regional goals, accompanied by minimum performance standards to meet these goals. This approach would leave decisions about detailed development standards that define the unique character of communities, such as zoning, to local jurisdictions.

The geographic area included in the designations would vary across the Framework Concepts. For example, Concept A (Double Down on PDAs) would only include a designation for PDAs and PCAs. Options B (PDAs Plus) and C (Expanded Footprint) would incorporate a wider range of designations, such as regional catalyst sites and urban reserves.

To support local implementation, ABAG and MTC could adopt guidelines for updating General Plans to align with growth framework priorities. MTC and ABAG could offer direct technical support to local jurisdictions to complete updates, following a successful model used by the Metropolitan Council in the Minneapolis-St. Paul region. To incentivize jurisdictions to adopt these updates, MTC and ABAG could provide access to a dedicated pool of funding drawn from OBAG or new sources potentially identified in collaboration with the state agencies responsible for oversight of General Plans and Sustainable Communities Strategies, including HCD, ARB, and the Office of Planning and Research (OPR).
Since the 1980s, Metropolitan Vancouver, Canada, has pursued a growth framework that focuses new jobs and housing in designated Centres around the region’s Skytrain stations and Frequent Transit Development Areas along corridors with frequent bus service. The framework is formalized in the regional plan as a series of general Regional Land Use Designations with performance standards and growth targets, and in local plans as more detailed Community Plan Designations and zoning. This approach ensures that cities support shared regional goals (local plans are reviewed for consistency) while preserving flexibility in creating detailed development standards tailored to individual communities. The integration of the region’s transit agencies, and close coordination between the agencies and the regional land use planning body – Metro Vancouver - has created greater certainty that an adequate level of transit is delivered to places planned for growth.

Metro Vancouver is widely viewed as being more successful than other North American regions – including areas with robust legal requirements such as Portland and Toronto – in achieving its goals. It is on pace to meet its focused growth target, and has maintained an agricultural land preserve that continues to provide a significant amount of food for the region’s residents.

Vancouver also experienced the highest rate of transit ridership growth in North America in 2017, and was one of only four regions of more than 1 million residents that is not losing transit riders.

Despite its success in shaping growth and attracting market-rate housing development, particularly condominiums, Metro Vancouver faces an affordability crisis. The region is responding by reintroducing previously successful subsidies for non-profit and cooperative housing and incentives for private rental housing.
Establish Minimum Transit-Supportive Density Standards

Based on transit service level, this strategy would set a minimum transit-supportive density standard for PDAs and places that support key policy objectives. For example, a PDA located at a hub for multiple regional rail systems would be required to meet a higher standard than a PDA served by a single frequent bus route. These areas would include: high-resource communities, which would expand housing access and support fair housing; and low VMT areas, which would allow the Bay Area to meet its more aggressive "newly increased state-mandated GHG reduction target.38

Create Regional Environmental Permits

Addressing water quality, habitat conservation and other potential environmental impacts at the regional level can deliver more effective habitat and species conservation, while improving the feasibility of building new housing on previously undeveloped land. This strategy would establish a streamlined regional permit for development that: a) identifies the regionwide impacts of development in different locations, b) prioritizes habitat restoration and other projects with the greatest ecological benefit, and c) creates clear expectations for developers for the type and cost of required mitigations.

A current regional permit example is the Municipal Regional Stormwater Permit developed and enforced by the Bay Area Regional Water Quality Control Board. Another approach frequently applied to highway and development projects in other parts of the state is a Regional Advanced Mitigation Program (RAMP). ABAG and MTC could coordinate with other regional and state resource agencies, such as California Environmental Protection Agency (CalEPA) and California Department of Fish and Wildlife, and participating federal agencies to replicate this regional permitting approach in a way that supports the growth framework’s implementation.

Social and Environmental Strategies

Mitigate Displacement of Residents and Businesses in Priority Areas

To mitigate the displacement impacts that in the Bay Area often accompany plans to focus new development in low-income communities and communities of color, this strategy would establish a set of displacement mitigation standards for PDA Plans and regional transportation projects in Communities of Concerns are census tracts with a concentration of people of color, low-income residents, or other vulnerable populations.39 The standards could require that local jurisdictions and, for some projects, transportation agencies adopt regional policies and make investments with demonstrated success in reducing displacement in low-income communities planned for transit-oriented development. These policies and investments could be used as a “menu of options” selected by cities based upon local conditions.

As part of an expanded PDA Planning Program, MTC and ABAG could offer technical support to assist local jurisdictions and transit agencies in implementing policies. In addition, the recently established Regional Economic Development District (EDD) could partner with counties, cities and non-profits to provide grants and very low-interest loans to support investments that allow community members to benefit from new development (e.g., construction apprenticeships, start-up space for small businesses); help small businesses stay afloat during construction disruptions; and support institutions that are focal points for community life (e.g., houses of worship).

Invest in Infrastructure, Schools and Services in Planned Growth Areas

This strategy would work with local jurisdictions and special districts to identify the current capacity of local services and infrastructure, and projected future need given the anticipated level of growth in Plan Bay Area 2050. This strategy would focus first on PDAs and growth areas identified on the State of California’s Opportunity Maps as “Low Resource” or “High Segregation and Poverty.”40 The analysis would build on the 2015 PDA feasibility assessment, which focused on physical infrastructure to assess “civic infrastructure” that affects quality of life, such as parks and community centers;
public facilities, such as schools and libraries, and basic services such as healthcare. A second analysis phase could evaluate current and future needs in higher resource communities and could assess the local fiscal impacts of different types of new housing.

To fill in the gaps in local and state funding sources, ABAG and MTC could work with the state to provide a combination of tax reforms, sales tax redistribution, grants and low-interest loans to sustain and enhance the quality of local services in areas expected to take on high levels of housing and job growth. MTC and ABAG also could coordinate with local and regional service providers to promote investment and high public service levels in growth areas.

Because additional investment in public services can contribute to displacement in communities already facing displacement pressure, this strategy’s viability regionwide is linked closely to displacement mitigation measures.

Create a Bay Area Climate Change Adaptation Strategy Aligned With the Regional Growth Framework

The 2017 and 2018 North Bay fires have increased the urgency of developing a regional strategy for adapting to climate change, which would complement existing strategies to reduce the Bay Area’s contribution to climate change. Regardless of which regional agency — existing or newly established — leads this strategy, it must be coordinated closely with the regional growth framework to be successful. A robust set of regional strategies, tailored for the different parts of the Bay Area, are needed and must take into account environmental and social vulnerabilities; type and magnitude of future risk; and current and potential future land uses, densities and key services (e.g., hospitals).

Before such a strategy could be enacted, MTC and ABAG are integrating climate resilience and adaptation into Plan Bay Area 2050 and could include policies and investments based upon land use and density, level of hazard risk, and proximity to sensitive ecosystems within its guidelines for climate adaptation.

Financing Strategies

Expand One Bay Area Grant (OBAG) Funding and Strengthen Criteria

This strategy would increase the amount of available funding in the upcoming round of OBAG (OBAG 3) and set more rigorous eligibility criteria. These criteria could prioritize larger investments in projects demonstrated to reduce vehicle miles traveled and improve the feasibility of housing development. This strategy could also revise funding eligibility and scoring criteria to give greater weight to housing policies and permitting decisions, such as aligning local plans with Plan Bay Area 2050, achieving a jobs-housing balance, and contributing local funding to affordable housing.

This strategy’s effectiveness could be increased significantly if state and regional agencies that fund local services, such as the California Department of Education, also conditioned funding on local support for state and regional housing and GHG reduction objectives. Better alignment between state transportation investments and regional plans, as recommended by ARB in its review of SB 375 progress, would play a key role.

This strategy requires funding sources beyond the federal programs (Congestion Mitigation and Air Quality Improvement Program and Surface Transportation Program) currently devoted to OBAG. The state could fill in this gap by allocating a share of SB 1 funding to regional programs in Regional Transportation Plans/Sustainable Communities Strategies dedicated to capital and planning projects in priority growth areas. MTC and ABAG also could work with congestion management agencies to leverage local self-help sales taxes to increase the impact of OBAG funds. In addition, MTC and ABAG can advocate that state and federal infrastructure grants require that grant recipients support state and regional housing goals.
The regional plan for Helsinki, Finland is implemented through a formal agreement between the state government, metro transit agency, a regional council and its member municipalities. To coordinate growth with existing and future transit, as well as basic infrastructure and local services, the plan identifies priority areas for detailed planning and housing production. The long-term plan is accompanied by a four-year “regional programme” that identifies detailed housing targets for priorities and actions for addressing near-term “strategic priorities” such as segregation and biodiversity.

Included in the detailed targets for housing is a requirement that municipalities identify sites for new mixed-income housing, which a state-owned company subsidizes and/or develops. In exchange for planning, and meeting its housing targets, cities are provided infrastructure improvements funding from the state and the metro transit agency. This approach has helped the region meet its targets and succeed in avoiding the growing housing affordability and homelessness challenges facing industrialized countries across the world, including its Scandinavian neighbors.
Pilot and Scale Up Innovative Housing Solutions
In this strategy, MTC and ABAG would partner with the state, cities and mission-driven developers to advance housing production and preservation projects that address a significant hurdle to meeting the Bay Area’s housing needs but are unable to attract private investment. This could involve both piloting emerging strategies, such as co-living and “tiny homes,” and scaling up models, such as community land trusts and housing cooperatives, with a track record of success throughout the world.

Establish a Regional Housing Enterprise to Accelerate Protection, Preservation and Production of Affordable Housing
Metropolitan areas that successfully have addressed housing crises through coordinated regional action have used financing, incentives and technical assistance to deliver the low- and moderate-income housing that the private market is unable to build alone. To maximize impact, key projects typically are identified as those that are aligned with a regional growth framework as well as major transportation and infrastructure investments.

The CASA Compact includes a Regional Housing Enterprise to take on this role in the Bay Area. The Enterprise’s mission would be to support the region’s housing goals, and would not be granted regulatory or land use authority. The enterprise could acquire and hold land, lease land to developers and cities, finance projects, and provide technical assistance. Working with Bay Area cities, the enterprise could prioritize the acquisition and development of land in key areas identified in the regional growth framework. In some places, this could involve distributing sites to community land trusts or building a new mixed-income community, while in others it could involve acquiring or preserving at-risk low-income housing.

As currently conceived in the CASA compact, the enterprise would be an independent entity with representation from MTC and ABAG charged with implementing the compact. The enterprise could be funded primarily by revenue generated through fees or taxes, and could leverage local, county, and state funding sources to maximize its impact and make existing funds go farther.

Increase Share of Transportation Funding Dedicated to Core Transit Capacity and Improve Service to All Priority Areas
The success of the current growth framework is tied closely to the provision of adequate public transportation in PDAs and any future priority areas throughout the Bay Area. In priority areas with higher levels of VMT, quality transit service is needed to ensure focused growth yields GHG emissions reduction. In PDAs located around stations served by frequent rail transit, particularly BART and Caltrain, significant increases in transit service frequency and capacity are needed to relieve existing overcrowding and make these typically low-VMT places feasible for additional growth through 2050. For the many Regional Catalyst Sites that are proximate, but not directly connected, to a major transit station, extensions of existing routes, or high-frequency shuttle service, may need to be considered.
CHAPTER 5
THE PATH AHEAD
The **Regional Growth Strategies Perspective Paper** is the start of a conversation about the Bay Area’s approach to shaping future growth. For more than a decade, the Bay Area has promoted new housing and job growth in locally-nominated Priority Development Areas (PDAs), while protecting the region’s greenbelt and the vast majority of single-family neighborhoods. As this paper illustrated, this approach is increasingly successful in achieving its objectives, but it has not slowed the Bay Area’s escalating housing, transportation and social equity challenges.

This Perspective Paper offers three potential regional growth frameworks and supportive strategies to overcome today’s obstacles and address tomorrow’s challenges and opportunities. The paper is the first step in a longer process that will continue throughout 2019. Over the coming months, the strategies in this paper will be vetted further through Horizon’s futures planning process. This process will provide an opportunity to better understand which elements of each framework have the greatest support from elected officials, stakeholders, and the public, as well as the chance to “stress test” the strategies and see how effective they are in solving regional challenges.

This paper also is intended to inform the development of the growth framework for Plan Bay Area 2050, the Bay Area’s next Regional Transportation Plan/Sustainable Communities Strategy (RTP/SCS). Plan Bay Area 2050 is required to accommodate 30 years of housing growth while simultaneously reducing greenhouse gas emissions. In addition to meeting these housing and transportation-related targets, Plan Bay Area 2050 will take into account the broader range of regional concerns reflected in the Horizon Guiding Principles, including social equity, resilience and economic development.

Following this paper’s release, staff will engage members of the public, local staff, and the ABAG and MTC governing boards and committees to update to the current regional growth framework. This work will include criteria for priority areas, performance standards and implementation strategies. This updated growth framework then will be integrated into the Plan Bay Area 2050. Updates to the growth framework are expected to occur through late summer 2019, with development of the Plan Bay Area 2050 preferred land use scenario slated to begin in fall 2019 and continue into early 2020.
Endnotes

CHAPTER 2


6 In many cases, these PDAs were originally nominated by county Congestion Management Agencies responsible for distributing a share of transportation funding to cities. PDAs were given the opportunity to “adopt” these PDAs in advance of Plan Bay Area 2040.

7 MTC/ABAG, General Transit Feed Specification, 2017

8 MTC/ABAG, Compilation of Bay Area Urban Growth Boundaries, 2018

9 California Farmland Monitoring and Mapping Program, 2016; California Protected Areas Database, 2017

10 MTC/ABAG, Analysis of Bay Area Housing Permits, 2018


CHAPTER 3

13 MTC/ABAG. U.S. Census


15 Emissions reductions likely to result from policies such as electrification of the vehicle fleet generally cannot be counted toward this target, making VMT reduction the primary available strategy.

16 MTC/ABAG. 2018. Analysis of current permitted development capacity in PDAs using the Regional Land Use Database.

17 California Senate Bill 375, 2008.

CHAPTER 4

18 According to the UC Berkeley Terner Center, market-rate developers need a rent of $2,900 per one-bedroom unit to finance a multi-family housing project with five floors of woodframe construction above a concrete ground floor “podium”—a common building type in PDAs. This is almost 250 percent of the affordable rent (defined as 1/3 gross monthly income) for a 1-person household with the region’s median income.

19 ABAG/MTC. 2018. Analysis of Zillow residential transaction data, 2017

20 Examples include regions throughout the United States following World War II; Stockholm, Helsinki and Copenhagen in the 1950s; and Hong Kong and Singapore in the 1960s.


UC Berkeley Urban Displacement Project and California Housing Partnership. 2019. *Rising Housing Costs and Re-Segregation in the San Francisco Bay Area*


Defined as one-half mile.


See CA Government Code 65583(b); 65584.04 (m)
To date, PDA Planning Grants have allowed cities to adopt plans adding capacity for more than 100,000 housing units and 150,000 jobs in PDAs across the region, and more than 70 of the region’s cities have participated in workshops and webinars to share and develop best practices for PDA implementation.

ABAG. 2018. CEDS Economic Profile.

http://fortune.com/2017/05/31/malls-retail-stores-closing/

Telephonic correspondence with Libby Starling, Minneapolis-St. Paul Metropolitan Council, September 22, 2017.

In contrast to the Senate Bill 827, which would have set a minimum allowable height for new development within a half mile of all rail and high frequency bus stops, this strategy would likely apply only to locally nominated areas and a limited number of transit-rich areas critical to achieving regional priorities and state mandates. Senate Bill 50, introduced in 2019, is more closely aligned with this proposal.


Capital projects are proposed because school and other public facilities are often cited as the most impacted by new growth, and these kind of projects, unlike ongoing operating costs, are not covered by state funding. To address the needs of moderate and high resource places, the regional agencies would conduct a fiscal analysis on the impact of new housing development on these communities to inform a strategy to address potential funding shortfalls related to local implementation of the Regional Growth Framework.

This approach is recommended rather than simply allocating funding based upon housing permits issued to ensure that funding achieves program objectives. According to EPS, even with a substantial increase, the size and eligible uses of the OBAG funding pool makes conditioning this funding unlikely to influence local housing policies or permitting decisions—particularly in the higher-resource communities that often oppose development—but can increase the feasibility of new housing in weaker markets supportive of development that may not currently issue many housing permits.


See: https://mtc.ca.gov/our-work/plans-projects/casa-committee-house-bay-area
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CONSULTANT TEAM : ECONOMIC AND PLANNING SYSTEMS (EPS)
  Darin Smith
  Walter Kieser

COMMITTEES
  ABAG Regional Planning Committee
  Joint MTC Planning Committee/ABAG Administrative Committee
  Regional Advisory Working Group
  Bay Area Planning Directors Association (BAPDA)
  County Transportation Authority (CTA) Planning Directors
  Alameda County Planning Directors
  Contra Costa County Planning Directors
  Marin County ABAG Delegates
  Santa Clara County Association of Planning Officials (SCCAPO)
  San Mateo County Planning Directors
  San Francisco Planning Department
  Solano County Planning Directors
  Sonoma County Planning Directors

EXPERT PANEL AND STAKEHOLDERS
  Barb Kautz, Goldfarb and Lipman
  Vivian Kahn, Dyett and Bhatia
  Steven Falk, Former City Manager, Lafayette
  Jonathan Fearn, Greystar
  Mashael Majid, Urban Habitat
  Egon Terplan, SPUR
  SPUR Regional Planning Committee