

**Metropolitan Transportation Commission and Association of Bay Area Governments
Joint MTC Planning Committee with the ABAG Administrative Committee**

January 12, 2024

Agenda Item 7b

Plan Bay Area 2050+: Draft Blueprint Strategies and Geographies

Subject:

Update on the Plan Bay Area 2050+ Draft Blueprint, including strategies and growth geographies, as well as next steps for the long-range regional plan in 2024.

Background:

In July 2023, MTC/ABAG kicked off Plan Bay Area 2050+, a limited and focused update to the regional vision for transportation, housing, economic development, and environmental resilience. In October and November 2023, staff shared progress-to-date on the plan with relevant advisory bodies and policy committees, including the MTC Policy Advisory Council, the Joint MTC Planning Committee with the ABAG Administrative Committee, and the ABAG Executive Board. The update included findings from the first round of Plan Bay Area 2050+ public and partner/stakeholder engagement; core planning assumptions including key “external forces”, the draft Regional Growth Forecast, and needs and revenue analyses; and proposed strategy refinements for the Plan Bay Area 2050+ Draft Blueprint. This memorandum details staff responses to key feedback received from policymakers and the Policy Advisory Council, as well as revised Draft Blueprint strategies and growth geographies recommended for approval by the Joint MTC Planning Committee with the ABAG Administrative Committee. This action will enable staff to further study and analyze how the Draft Blueprint will perform in meeting critical regional goals to create an affordable, connected, diverse, healthy, and vibrant Bay Area for all.

Staff Responses to Policymaker and Policy Advisory Council Feedback:

Several key themes emerged from policymaker and advisory body discussions regarding the Plan Bay Area 2050+ Draft Blueprint. Primary areas of feedback, as well as staff responses, are summarized in the table on the following page.

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| Topic #1 | Revenue Shortfalls and Tax Fatigue |
| Summary | There were several comments regarding the scale of projected revenue shortfalls, including that the public may not be receptive to new revenue sources to address funding gaps. |
| Staff Response | Staff acknowledge that the current financial picture is challenging. It is important to remember, however, that Plan Bay Area is a long-range planning document and not a near-term financial programming document. Additional updates to the plan’s needs and revenue analyses will be considered in 2024 if the policy landscape shifts further. |
| Topic #2 | Rising Affordable Housing Construction Costs |
| Summary | There was strong interest in addressing rising housing development and project costs to address the gap between projected financial needs and revenues. |
| Staff Response | Staff agree this is an important topic for further study and action. The Draft Blueprint contains several proposed revisions to the plan’s housing strategies to integrate innovative construction and financing models that could help reduce housing development costs. Staff also recommend this topic be flagged as an early priority for the plan’s implementation phase. |
| Topic #3 | Sea Level Rise and Resilience Projects |
| Summary | The imminent reality of sea level rise in the Bay Area was acknowledged, as well as the need to appropriately plan for and advance projects that will support a resilient region in a fiscally responsible manner. |
| Staff Response | Staff are proposing to categorize sea level rise projects by their projected inundation levels in 2035 and 2050 to inform nearer term funding needs. |

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| Topic #4 | Roadway Pricing |
| Summary | Several concerns were raised about roadway pricing, specifically regarding equity implications for lower-income individuals and those for whom roadway tolls and other pricing mechanisms are likely to be burdensome. |
| Staff Response | Equity considerations are central to the Next Generation Bay Area Freeways Study, which will be embarking on a second round of analysis in winter 2024 and will inform the Plan Bay Area 2050+ Final Blueprint. In addition, the plan will include a comprehensive equity analysis that will evaluate the impact of the full, integrated suite of plan strategies on areas such as affordability and mobility. Staff recommend moving forward with an expanded pricing strategy in the Plan Bay Area 2050+ Draft Blueprint to better position the region to address an anticipated gap in meeting the plan’s statutorily required GHG emissions reduction target. |
| Topic #5 | Potential Barriers to Public Participation |
| Summary | Concerns were raised regarding potential barriers to public participation as part of the first round of Plan Bay Area 2050+ engagement. Specifically, of the 15 pop-up workshops that were held across all nine counties from late July to early September 2023, two events that hosted the pop-ups (the Sonoma County Fair and the Silicon Valley Pride Festival) had entrance fees – which could have prevented individuals not able or inclined to pay from providing input. |
| Staff Response | Although multiple avenues for input on the plan were available and widely promoted beyond the pop-ups, staff acknowledge that entrance fees for events can be a barrier to public participation. Moving forward, all future Plan Bay Area community workshops will be held at events that are free and open to all Bay Area residents. Staff also intend to pursue a broader, more robust public engagement effort as part of Round 2 in spring 2024. |

Plan Bay Area 2050+ Draft Blueprint Strategy Refinements:

Staff previously shared proposed Draft Blueprint strategy refinements in October and November, detailing which of Plan Bay Area 2050's 35 strategies were likely to see major, minor, or no changes in Plan Bay Area 2050+. These refinements reflected Plan Bay Area 2050 implementation progress, the post-pandemic planning context, and insights gathered during round 1 engagement. Staff recommends moving forward with these revisions for further study and analysis, including:

- Non-transit transportation strategy refinements focused on expanding pricing strategies, prioritizing equity considerations, adapting to tighter fiscal constraints, and promoting active transportation and safety;
- Environment strategy refinements focused on further reducing greenhouse gas emissions and proactively adapting to climate change; and
- Housing and economy strategy refinements focused on addressing pressing challenges of housing affordability, homelessness, and access to opportunity.

Staff are also proposing targeted updates to the growth geographies that were adopted as part of Plan Bay Area 2050. Growth geographies are places that Plan Bay Area prioritizes for future homes, jobs, services and amenities and serve as a component of the plan's housing and economy elements. Specifically, proposed growth geographies for Plan Bay Area 2050+ will include five new PDAs and 16 modified existing PDAs nominated by local Bay Area jurisdictions; reflect up-to-date information on transit service, natural hazards, and demographics; and integrate areas subject to MTC's revised Transit Oriented Communities (TOC) Policy.

Attachment B contains further details on the Draft Blueprint strategy refinements, including revisions to the previously adopted Plan Bay Area 2050 strategies. **Attachment C** contains more information on the revised Plan Bay Area 2050+ Draft Blueprint growth geographies, including a regional map.

Draft Needs and Revenues Forecasts

The fall 2023 Plan Bay Area 2050+ update also included draft needs and revenue forecasts for the plan’s Transportation, Housing, and Environment elements. Some minor technical adjustments have been made to these forecasts, and a draft assessment of needs for the plan’s Economy strategies has also been developed, as reflected in the table below. As can be seen, the long-term financial picture for the plan remains challenging. At \$382 billion, the Plan’s Transportation Element features similar needs compared to Plan Bay Area 2050, but revenues have declined significantly. The needs figure reflects costs to operate, maintain and optimize the *existing* transportation network over the plan horizon. With such a marked decline in revenues, available funding for system expansion and enhancement is greatly reduced compared to the previous long-range plan. Meanwhile, wide gaps between needs and revenues exist in the Housing and Environment Elements. Refer to **Attachment A** for more information on this topic.

| Plan Element Category | Plan Bay Area 2050 | Plan Bay Area 2050+ | Change |
|-------------------------|--------------------|---------------------|----------------|
| Transportation Needs | \$381 billion | \$382 billion | \$1 billion |
| Transportation Revenues | \$591 billion | \$496 billion | (\$95 billion) |
| Housing Needs | \$458 billion | \$566 billion | \$108 billion |
| Housing Revenues | \$122 billion | \$159 billion | \$37 billion |
| Environment Needs | \$103 billion | \$224 billion | \$121 billion |
| Environment Revenues | n/a | \$30 billion | n/a |
| Economy Needs | \$234 billion | \$237 billion | \$3 billion |
| Economy Revenues | n/a | n/a | n/a |

Continued Challenges in Meeting Statutory Climate Targets:

As a reminder, per requirements set out in Senate Bill (SB) 375 (Steinberg, Statutes of 2008), Plan Bay Area 2050+ must reduce per-capita GHG emissions from light-duty vehicles by 19 percent from 2005 levels by the year 2035, subject to California Air Resources Board (CARB) approval. Preliminary investigation suggests that Plan Bay Area 2050 strategies with updated assumptions will fall short of meeting the 19% target, driven by various changes in the broader

planning context over the last several years, including lower population growth and declining transit usage.

This initial GHG “gap” for Plan Bay Area 2050+ is very likely to worsen as analysis proceeds in spring 2024, most notably because there are fewer financial resources to invest in improving and expanding the transportation system compared to Plan Bay Area 2050. There are also several key issues under discussion with CARB related to GHG quantification methodologies, technical assumptions and implementation considerations that could have a significant impact on the plan’s GHG forecast. For more information on the climate target and ongoing discussions with CARB, please see **Attachment A**.

Key Focus Areas for the Final Blueprint Phase in 2024:

As staff pivot to studying the equity and performance outcomes of the Draft Blueprint, several issues will require further analysis and subsequent input from policymakers prior to the adoption of Final Blueprint in summer 2024. Key focus areas and associated considerations include:

1. **Reducing Affordable Housing Construction Costs:** What is driving the rising cost of affordable housing production and what are some of the most promising – and scalable – policies, incentives and investments for reducing costs?
2. **Reckoning with Fiscal Realities in Transportation:** With nearly \$100 billion less for system expansion, enhancement, and restoration compared to the last plan – even assuming a broad suite of new and anticipated revenue sources – how can we do more with less?
3. **Transit in a Post-COVID World:** How can we reconcile a pipeline of longstanding priority projects with emerging needs for post-pandemic mobility, balancing local service levels with regional connectivity?
4. **Equitably Meeting the Plan’s Climate Target:** How can we meet the plan’s climate target, recognizing that certain plan investments – such as capacity-increasing highway projects or Express Lanes expansion – push the region in the wrong direction with respect to GHG emissions? At the same time, while policies such as pricing are important levers to achieve long-range planning goals, it will be critical to minimize the burdens of these policies on equity priority populations.

Staff will return periodically to committees throughout 2024 for further discussion on these matters, including in February 2024 with a detailed update on the parallel Transit 2050+ long-range planning effort. See **Attachment A** for more information on the project timeline.

Next Steps:

Pending approval of the Draft Blueprint strategies and growth geographies, staff will pivot to studying and analyzing the Draft Blueprint and report back on forecast equity and performance outcomes in spring 2024. Round 2 engagement activities to further inform the development of the Final Blueprint are also expected to commence in spring 2024, with MTC and ABAG Executive Board approval of Final Blueprint strategies anticipated in summer 2024. This action will include both the Transportation and Resilience Project Lists.

Issues:

None identified.

Recommendation:

Approve revised Draft Blueprint strategies and growth geographies for further study as part of the Plan Bay Area 2050+ Draft Blueprint.

Attachments:

- Attachment A: Presentation
- Attachment B: Plan Bay Area 2050+ Draft Blueprint Strategy Refinements
- Attachment C: Plan Bay Area 2050+ Draft Blueprint Growth Geographies



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