

To: Regional Advisory Working Group
June 4, 2019 Meeting
Agenda Item 2

May 31, 2019

A Unique Opportunity: Plan Bay Area Update

The goal of regional planning is to create a balance between jobs and housing in a healthy growing economy. But the aggressive job growth projected by Plan Bay Area 2040 targeted in job rich areas has defeated this purpose and fostered an imbalanced outcome with a cascading set of social, economic, traffic and demographic problems, especially in the West Bay. You need to make sure that the Regional Growth Forecast for Plan Bay Area 2050 provides a possible solution by exploring “a better alignment” of jobs and housing in the West Bay. The new Plan must work toward a healthy balance of moderate job and population growth.

The Problem

MTC’s Plan Bay Area 2040 has been a major contributor to the jobs/housing growth imbalances in the West Bay (the area that stretches from San Francisco in the north to Santa Clara and Cupertino in the south). The Plan is based on a very aggressive job growth model for the Bay Area as a whole, and targets that growth in “job rich” Priority Development Areas. In practice, the first seven years of the Plan (2010-2017) have resulted in job growth in the West Bay of over 250,000, almost DOUBLE the aggressive annual growth rates the Plan projected. This has led to 125,000 more workers commuting from outside the area on roads and transit systems that are overcrowded. The imbalances will likely continue to grow. As of spring 2019, newly announced mega development proposals within Silicon Valley are proposing to add over three new jobs for every new working resident. This excessive job growth has created serious economic, social, demographic, environmental and political imbalances that are worsening over time.

The Opportunity

In coming weeks, we have an opportunity to have a major public discussion about job and population growth in the Bay Area. The law mandates periodic updates of Plan Bay Area. At this meeting, you will be discussing job and population forecasts for an updated Plan. Citizens will have a chance to address the issue of excessive job growth in the West Bay. In fact, MTC has specifically invited public discussion of excessive job growth in the West Bay. Your just released Perspective Paper “The Future of Jobs” introduces a new Priority Strategy L3 (“Office Development Limits”) that would directly address the existing imbalances. Please engage the public in a full and frank discussion of the consequences of continued escalating job growth.

Seven Critical Issues from Unbalanced Growth

This imbalanced growth has resulted in seven critical issues:

1. Residential land cost is high

The demand for new office space has pushed up the cost of developable land in the West Bay for both commercial and residential uses. A recent study by the Federal Reserve noted that San Francisco and San Jose were the two Metro Areas in the country with the highest share of land cost in the total market value of housing with an average of over 80% of the total market value. This has made housing and apartment costs in the area the highest in the country. In fact, commuters have pushed housing costs up in most Bay Area cities as fast as those in the West Bay.

2. Transit is at Capacity

The two major transit systems that serve the Bay Area—CalTrain and BART—are nearing capacity with ridership leveling off during 2016-2018 (actually declining on BART). Plans to increase transit capacity are in the works but are moving ahead slowly and at great expense. Providing adequate transportation to meet the current jobs/housing numbers should be the first priority before approving more building.

3. Income inequality is growing

Highly paid new workers are buying the new housing that is being built, as well as existing homes that are turning over. A recent study by Brookings showed that of all US Metropolitan areas, San Francisco has had the highest household income gap between the 95th and the 20th percentile of all areas in the country other than New York. That means that higher income households are displacing not only poorer families but the middle income families as well. While the gap in the San Jose Metro area was slightly lower, the rate of growth in the income gap was the fastest in the country in recent years. A recent Census Bureau report noted that the income gap between the 90th and the 50th percentiles were growing at about the same rate.

4. Residents are paying the bill for growth

Rapid growth leads to high infrastructure costs. But most of those costs—transit improvements, costs of congestion, roadways, police, health responses, affordable housing, schools, planning processes—are paid for by residents. Property taxes are the key funding source for local government yet businesses share of the tax has fallen dramatically since Prop 13. Other taxes that support local infrastructure bonds draw their revenues from property taxes, parcel taxes, sales taxes, and gas taxes.

5. The message for workers with families—please commute

Plan Bay Area 2040 calls for high-density housing near jobs that can be reached by walking and public transit. But dense development means smaller apartments (600-800 sq ft) which do not accommodate families with children. School districts studies show that denser apartment complexes have lower 'student yields'. In fact, the dense city of San Francisco has the smallest share of residents between the ages of five and seventeen of any city in the country (just under the ratios of Manhattan, Washington DC and Boston). That share of children is about 50% less than the surrounding Bay Area counties.

6. Congestion challenges sustainable growth

The environmental savings that come from dense urban living are offset by increasing congestion and the number of family workers commuting. In fact, the majority of commuting workers come by car on crowded freeways and still live a suburban lifestyle with their families.

7. Local democracy is threatened

The greatest threat of all is the increasing pressure to usurp local government control over zoning. This destroys the very essence of local government—the ability of individuals to participate directly in decisions that affect the daily family life of their communities.

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