

M E M O R A N D U M



Agenda Item 6a - Attachment A

TO: Regional Planning Committee
FR: Mark Shorett
RE: Plan Bay Area 2050: Regional Growth Framework Update & Next Steps

DATE: December 4, 2019

Summary

This memo provides context and a set of proposed next steps for updating the Regional Growth Framework in advance of the Plan Bay Area 2050 Blueprint. Importantly, this next phase will take into account the set of newly proposed Priority Development Areas, Priority Conservation Areas, and Priority Production Areas submitted by local jurisdictions in September 2019, as well as obstacles to advancing the Plan Bay Area 2050 Guiding Principles through the Blueprint.

Background

In May 2019, the Commission and ABAG Executive Board adopted the first major policy update to the Bay Area's Regional Growth Framework ("Framework") since its inception in 2007. The original Framework, used for both Plan Bay Area and Plan Bay Area 2040, sought to focus development in locally-designated, transit-served Priority Development Areas (PDAs) while preserving Priority Conservation Areas (PCAs). The Framework also sought to align these land use priorities with major regional transportation investments. Both Plan Bay Area and Plan Bay Area 2040 focused nearly 80 percent of the region's long-range housing need within PDAs.

A review of progress toward implementing the Framework through the Horizon *Regional Growth Strategies* Perspective Paper in early 2019 found that development in the region is increasingly focused in PDAs and that the Bay Area has been largely successful in protecting PCAs and other open spaces. However, the pace of housing production, particularly for low- and middle-income households, lags far behind the need. Compounding these challenges, many PDAs did not meet the program's adopted transit service and planning criteria. In addition, the review found that the voluntary nature of the Regional Growth Framework - as local governments are able to "opt out" by not designating eligible places PDAs - resulted in a development pattern in the first two Plans that did not include many of the places where new homes and jobs would provide the greatest regional benefit in terms of lowering vehicle miles traveled and improving affordability and equity outcomes.

Plan Bay Area 2050 must achieve a more ambitious climate mandate from the state, as well as a more broadly aspirational set of objectives identified through the recently-adopted Vision, Guiding Principles, and Cross-Cutting Issues. These set the stage for the Regional Growth Framework Update adopted by MTC and ABAG in May 2019. In summary, the update:

- Established two PDA categories, *Transit Rich* and *Connected Community*, to reflect the varying levels of transit service across the region and to take into account complementary VMT-reduction policies in areas with basic transit

- Created a timeline for jurisdictions to adopt Plans for Priority Development Areas (PDAs) and for County Transportation Agencies (CTAs) to identify transit improvements that bring each PDA up to at least the Connected Communities standard
- Established a Priority Production Area Pilot program and eligibility criteria
- Opened an application period for local jurisdictions to submit Letters of Interest for PDAs, PCAs, and PPAs by September 16, 2019

Regional Growth Framework Update: Local Response

In September, local jurisdictions submitted Letters of Interest for 87 new Priority Areas - 34 PDAs, 16 PCAs, and 37 PPAs. Of these, staff review found that 33 PDAs, all 16 PCAs, and 35 PPAs meet eligibility criteria. In addition to these new priority areas, staff received Letters of Interest to modify the boundaries of 46 PDAs and 1 PCA - in most cases to better align these priority areas with local plans. At least one Priority Area was submitted by jurisdictions in each County. In addition, CTAs and local jurisdictions submitted PDA transit improvements for integration into the Transportation Element of the Plan Bay Area 2050 Blueprint, as well as Letters of Confirmation committing to complete PDA Plans by 2025. In combination, these actions represent the first significant change to the regional “footprint” of places prioritized for jobs, housing, and natural resource conservation since the late 2000s.

Together, the submitted priority areas, transit improvements, and planning commitments:

- **Help to advance regional housing, climate, and equity Goals.** Compared to current PDAs, new PDAs submitted in September 2019 are more likely to be located in High Resource Areas - places in which households have the greatest chance at upward mobility - and in places where existing households already meet the Plan Bay Area 2050 GHG reduction target. In addition to equity and environmental benefits, these places are typically located in strong housing markets - making the development envisioned in PDA plans more financially feasible for developers (and thus making it easier to subsidize more affordable housing with inclusionary requirements).
- **Bring nearly all existing PDAs into alignment with the adopted planning and transit standard.** As a result of the transit improvements submitted by CTAs, 99 percent of existing PDAs now would meet at least the minimum transit standard adopted in May. In addition, 98 percent of PDAs meet planning criteria following commitments by cities to complete PDA plans by 2025.
- **Build upon coordinated industrial economic development strategies.** Jurisdictions within key regional industrial clusters submitted PPAs, including the Northern Waterfront in Contra Costa County, the I-880 Corridor in Alameda County, and several emerging North Bay clusters.

Despite these gains, the Regional Growth Framework's updated footprint for development and conservation may not be adequate to create a Plan Bay Area 2050 Blueprint that meets the region's acute housing, environmental, and equity challenges. Among the obstacles that remain:

- ***Most transit-rich areas have not been prioritized for new housing and jobs.*** The majority of urbanized land within a half mile (an approximately ten-minute walk) of a rail station, ferry terminal, or frequent bus stop has not been designated a PDA. The share of these transit-rich areas designated PDAs varies significantly by county, from less than 20 percent in Marin County - where one of five SMART stations and none of three ferry terminals is designated a PDA - to 80 percent in Alameda County - where a PDA has now been nominated around 29 of its 30 regional rail stations.
- ***Despite a significant increase through the 2019 submissions, relatively few eligible High Resource Areas are designated PDAs.*** Just 20 percent of places in High Resource Areas served by transit that meets PDA eligibility criteria have been designated PDAs. This issue is particularly significant in Contra Costa and Santa Clara counties, where just over 10 percent of these areas have been designated, and in Marin County, where the figure is below 1 percent. Should the region wish to affirmatively further fair housing in the Plan Bay Area 2050 Blueprint, policymakers may wish to consider integrating at least some additional High Resource Areas into the Blueprint.
- ***Meeting regional housing needs will likely require supportive strategies.*** For the past several years, less than 25 percent of the units needed to meet the needs of very-low, low, and moderate income households have been permitted, based on the existing Regional Housing Needs Allocation (RHNA). Even with a dramatic increase in the pace of housing development in transit-rich and high-resource areas, the number of *new* housing units needed to meet the need of the region's working families is unlikely to be built without strategies such as inclusionary zoning or regionally-generated affordable housing funding. Both were identified as effective strategies in the Horizon Futures Round 2 analysis.

Next Steps: What's Next for the Regional Growth Framework?

Following adoption of local resolutions nominating new PDAs, PCAs, and PPAs, staff anticipates recommending a set of Priority Areas to ABAG and MTC for adoption in early 2020. These will be included in the Plan Bay Area 2050 Draft Blueprint and may be eligible for future funding, such as One Bay Area Grant Cycle 3 (OBAG3), in the coming years.

For committee discussion, staff recommends the following next steps to advance a successful Blueprint.

- 1) **Continue to provide resources to existing and new PDAs while revisiting the geographies prioritized for growth in the Blueprint.** This will involve exploring options in the Draft Blueprint for complementing PDA-focused job and housing growth with development in places that move the region closer to supporting the Blueprint Principles, such as transit-rich and high-resource areas. Attachment B highlights three potential approaches.

- 2) **Develop a strategic approach to advancing PPAs through a Pilot Program.** To successfully advance a PPA Pilot program, staff will identify an approach that combines including all eligible PPAs in the Blueprint with targeted support for specific PPAs based upon local commitment, and/or other factors.
- 3) **Identify strategies and implementation actions for the different types of geographies prioritized for growth.** Working closely with MTC and ABAG committees, local staff, and stakeholders, the Plan will connect the places prioritized in the Blueprint that define *where* the region should grow with tailored strategies and actions defining *how* the region should grow.

Upcoming steps for the Growth Framework Update via the Plan Bay Area 2050 Blueprint process include the following:

- December 2019: discuss key questions with stakeholders at RAWG Workshop on Housing & Economy Elements of Plan Bay Area 2050 Blueprint
- January 2020: board workshop to discuss details of growth framework
- February 2020: deadline for resolutions nominating new PDAs, PCAs, and PPAs; deadline for existing PDAs that need to submit VMT-Reduction forms
- March 2020: action on final PDAs, PCAs, and PPAs for Plan Bay Area 2050 + any additional growth areas for the Draft Blueprint
- Winter & Spring 2020: integration of geographies & strategies into Draft & Final Blueprint