PLAN BAY AREA 2050



Key Question: **Economy Element** of the Draft Blueprint

MTC Commission and ABAG Executive Board Workshop

January 31, 2020

Draft Blueprint:

Proposed Economy Strategies

Shift the Location of Jobs

- Encourage Job Growth in Housing-Rich Places via Subsidies
- Assess a Jobs-Housing Balance Fee on New Office Developments
- Assess a Transportation Impact Fee on New Office Developments
- Place Office Caps in Jobs-Rich Cities

Focus of this session

Improve Economic Mobility

- Allow Greater Commercial Densities in Growth Geographies
- Expand Childcare Support for Low-Income Families
- Create Incubator Programs in Economically-Challenged Areas
- Establish Priority Production Areas to Retain Key Industrial Lands

Additional Economy Strategies Recommended for inclusion in Blueprint

(additional material to be provided in February)

Question: Should the Blueprint include one or more strategies to **significantly shift the location of job growth?**



Advance **broadly supported strategies** (e.g., PPAs, incubator programs, etc.)

Lightly **subsidize office development in housing-rich areas** through new taxes

Assess **new fees on office development:**

- **In areas that are already job-rich** *(jobs-housing linkage fee)*
- **In areas that have significant transportation impacts** *(impact fee)*

Place **office development caps** in jobs-rich locations

What Determines Job Location?



Industry clusters



Population growth & demographics



Transportation access (especially for high-skilled workers)



External forces
(technology, geopolitics, federal & state investment)

***Key Finding from Plan Bay Area 2040 & Horizon*:**
Jobs are hard to move – especially between sub-regions, and especially high-wage jobs with "multiplier effects".

Can Policies Influence Job Location?

Five industries projected to grow between 2020-2050

Industry	Level of Expected Job Growth* (absolute)	Factors Influencing Location	Ability to relocate within region
Retail	Low	Access to customers Rents/development costs	Moderate *(follows population)*
Arts/Recreation/Other (e.g. restaurants)	Low	Access to customers Rents	Moderate *(follows population)*
Information (e.g. web publishers)	Moderate	Proximity to similar firms and skilled employees	Very low
Health & Education (e.g. hospitals, schools)	High	Land availability and cost	Moderate *(follows population)*
Professional & Managerial (e.g. engineering, architecture)	High	Land availability and cost	Low

*Based on preliminary PBA 2050 Forecast

Encourage Job Growth in Housing Rich Places through Subsidies

- **Strategy:** Subsidize office development in housing-rich areas through new revenue sources (i.e. taxes, instead of new fees in job rich areas)
- **Considerations:** generates funding for economic development in disadvantaged communities; revenue source TBD
- **Potential Impacts:** increases employment opportunities in disadvantaged communities; longer timeframe





Assess a Jobs-Housing Balance Fee on Office Development

- **Strategy:** Assess a fee on new office development in areas that have a jobs-housing balance higher than the regional average or county average
- **Considerations:** increases resources for affordable housing near jobs; politically controversial; may dampen job growth
- **Potential Impacts:** may be difficult to direct development to alternative areas within the region



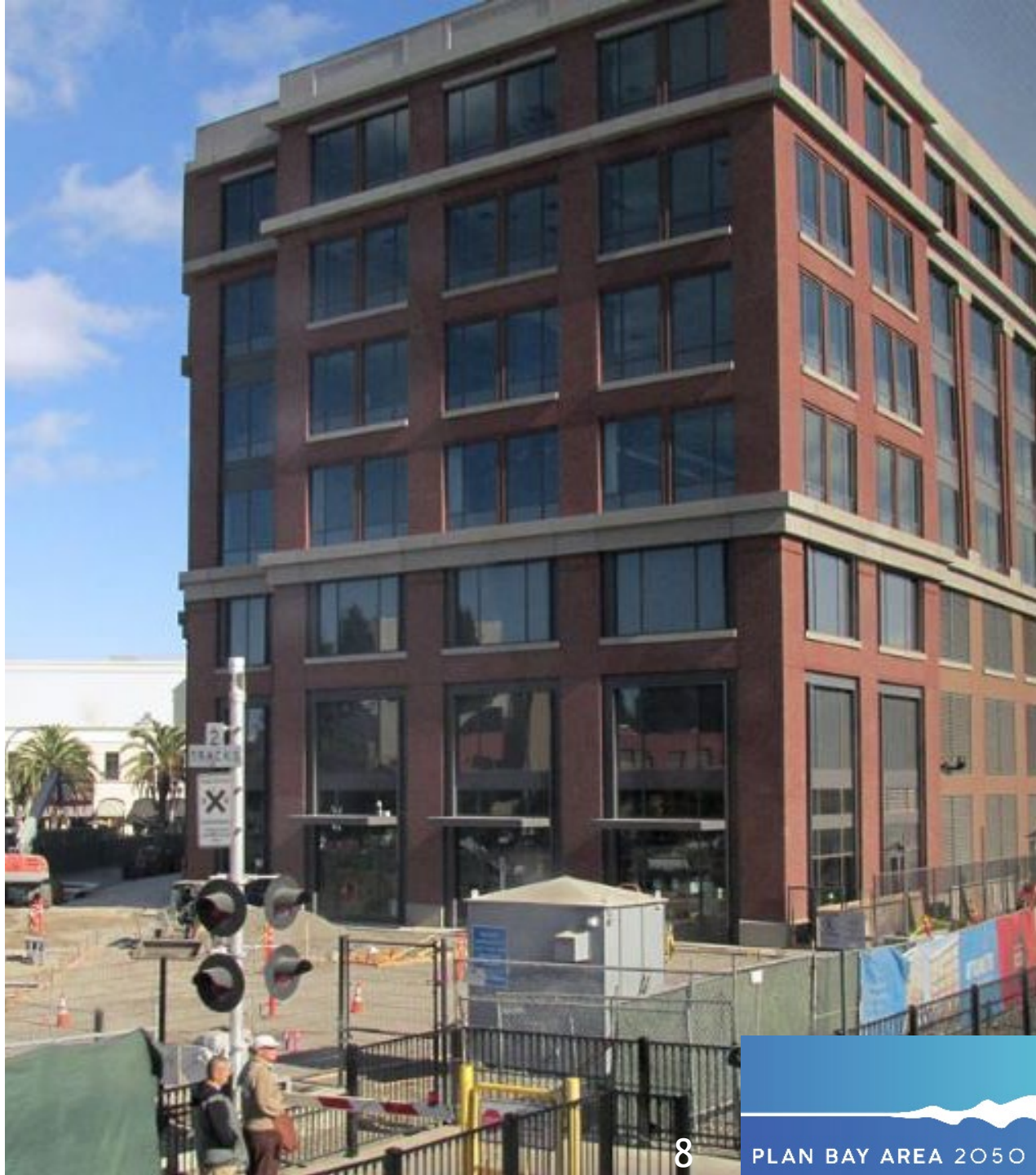


Assess a Transportation Impact Fee on New Office Development

(revised per feedback)

- **Strategy:** Assess an expanded transportation impact fee on new office development in areas where employees would generate above-average VMT (region or county level)
- **Considerations:** increases resources for economic development programs where there are jobs/housing deficiencies improving economic opportunity; politically controversial; may dampen job growth
- **Potential Impacts:** may be difficult to direct development to alternative areas within the region





Place Office Caps in Jobs-Rich Cities

- **Strategy:** Expand office development caps in job-rich cities to limit further job growth in cities with the highest jobs-to-housing ratios
- **Considerations:** reduction of job growth in capped cities; improves subregional jobs balance and may improve access to opportunity; local opposition
- **Potential Impacts:** potential loss of jobs to other regions

Limited in scope ← → Broad in scope





Discussion