

**Metropolitan Transportation Commission
Policy Advisory Council**

May 13, 2020

Agenda Item 6

**Coronavirus Disease 2019 (COVID-19) and Challenges for a Resilient Region:
Perspectives from Long-Range Planning**

- Subject:** Presentation on how COVID-19 and a likely 2020 recession may test the Bay Area's resilience in the coming years, highlighting strategies from the recent Horizon planning process that are best positioned for these tumultuous times.
- Background:** Policy Advisory Council Agenda Item 6, Coronavirus Disease 2019 (COVID-19) and Challenges for a Resilient Region: Perspectives from Long-Range Planning is attached. This report will be presented to the Joint MTC Planning Committee with the ABAG Administrative Committee on May 8, 2020.
- Staff will be at your May 13 meeting to discuss this report. The Council's input is requested.
- Attachments:** Agenda Item 5a from the May 8, 2020 Joint MTC Planning Committee with the ABAG Administrative Committee meeting

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

May 8, 2020

Agenda Item 5a

**Coronavirus Disease 2019 (COVID-19) and Challenges for a Resilient Region:
Perspectives from Long-Range Planning**

Subject: Presentation on how COVID-19 and a likely 2020 recession may test the Bay Area’s resilience in the coming years, highlighting strategies from the recent Horizon planning process that are best positioned for these tumultuous times.

Background: The COVID-19 pandemic poses unique challenges for the Bay Area and the world, starting with public health challenges but extending to broader economic and societal impacts. Particularly in the next few years, these impacts will cut across many of the planning issue areas that MTC/ABAG works on, from transportation and housing to the economy and the environment. Indeed, some impacts may extend beyond the current crisis, such as health and safety concerns related to shared transportation modes as well as longer-term impacts to retail and small businesses across the region.

Yet at the same time, the current crisis is not entirely novel to urban and regional planning. Planning emerged in the late 1800s and early 1900s with a focus on the health and safety of increasingly crowded cities like London, New York, and Chicago, with policy responses like zoning and air/light requirements that continue to influence our communities nationwide to this day. Just a decade after the devastating 1906 earthquake which leveled much of San Francisco and spurred growth in the East Bay, the San Francisco Bay Area was hit by the Spanish flu epidemic in 1918-19. Social distancing measures and face mask requirements were then implemented that seem relevant even today; despite short-term challenges, the region rebounded robustly in the early 1920s. In years since, the region has been impacted by the AIDS epidemic, the 1989 earthquake, the “dot-com” bust, and other challenges, but its inherent strengths – its innovative spirit, technological dominance, natural beauty, and more – have helped it recover and continue to grow.

While MTC/ABAG did not predict this type of devastating event as part of its long-range planning, the work by staff in recent years can provide a launchpad for discussions in the months and years ahead. The *Horizon* initiative, that stretched across 2018 and 2019, focused on identifying a set of strategies (now approved for analysis in the Draft Blueprint) that proved resilient and equitable across a wide range of future conditions, from exponential growth in telecommuting to economic boom/bust cycles to natural disasters. Staff will seek the Commission and Executive Board’s input in making further refinements in the months ahead prior to the Final Blueprint phase. Ultimately, the findings from the *Horizon* Futures Final Report can provide useful guidance on how we as a region can pivot from a period of unprecedented economic expansion to a period defined by economic contraction and declining tax revenues.

Issues:

While not intended to be exhaustive, **Attachment A** highlights some of the key issues and insights that could merit further exploration and conversation in the coming months. In particular, the “Rising Tides, Falling Fortunes” Future explored how the region could seek to respond to declining revenues, and the “Clean and Green” Future explored a region with rapid growth in telecommuting.

Furthermore, staff are continuing to refine key inputs to Plan Bay Area 2050 to reflect evolving conditions, including:


- **Regional Growth Forecast:** updating 2020-2029 forecast years to reflect likely recession early in planning period
- **Revenue Estimates:** adjusting assumed approval years of regional measures for transportation, housing, and resilience; estimating short-term revenue impacts
- **External Forces:** proposing accelerated telecommuting growth rate to California Air Resources Board (*key regulatory agency for Plan Bay Area 2050*)
- **Public Engagement:** shifting to “virtual” workshops and other digital means of engagement for summer 2020 outreach cycle
- **Implementation Plan:** prioritizing this as a means to identify shorter-term actions (i.e., through 2025) that MTC/ABAG can advance to tackle shared near-term challenges via partnerships

Next Steps:

Staff will continue to track the latest national and regional data on COVID-19 and the associated recession to integrate the best possible information available into the early years of the long-range planning horizon. Upcoming milestones related to the Plan Bay Area 2050 Final Blueprint will provide an opportunity to continue to strengthen our strategies to make them even more resilient and aligned with the region’s current and future needs. Lastly, development of the Plan Bay Area 2050 Implementation Plan – focused on the next four years – will kick off in late summer, providing an opportunity to identify the shorter-term actions MTC/ABAG can take to support Bay Area residents, local governments, and other key partners during what may be several challenging years ahead.

Recommendation: Information


Attachments: Attachment A: Presentation


Therese W. McMillan

PLAN BAY AREA 2050


COVID-19 and Challenges for a Resilient Region

Perspectives from Long-Range Planning
May 2020




While the COVID-19 pandemic and the subsequent economic consequences are rapidly evolving, it's important to start thinking about what this may mean for the region going forward.


These issues are not new to the world of regional planning. The profession emerged in the late 1800s focusing specifically on health and safety of increasingly crowded cities such as New York, with policy responses like zoning that continue to influence our communities nationwide to this day.



Our region has a history of resilience. The Bay Area was hit hard by the Spanish flu epidemic in 1918-19. Social distancing and face mask requirements then implemented seem relevant even today; despite short-term challenges, the region rebounded robustly in the early 1920s.

An aerial night photograph of a city, likely San Francisco, showing a dense grid of lights and a body of water in the foreground. A large, semi-transparent blue rectangle is overlaid on the right side of the image, containing white text.

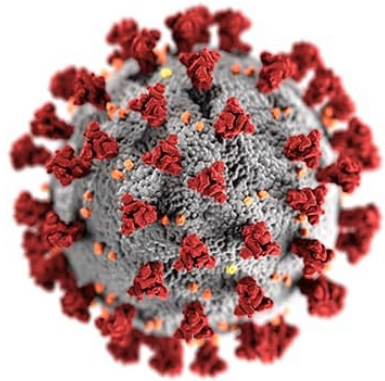
In years since, the region has been hit by the AIDS epidemic, the 1989 earthquake, economic busts, and more, but **its inherent strengths - its innovative spirit, technological dominance, natural beauty, and more - have helped it recover and continue to grow.**



For this reason, staff believes it is essential to incorporate the best-available information into the long-range planning process - particularly with regards to near-term economic impacts in the next five years - while recognizing the region's ability to rebound in the decades ahead.

COVID-19 Pandemic + Likely Recession: Near-Term versus Longer-Term Impacts

TODAY

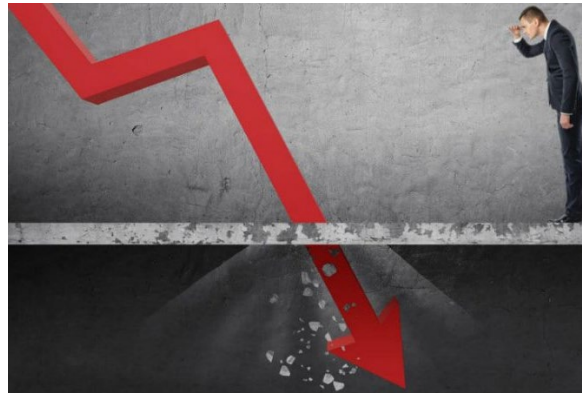


PANDEMIC

Day-to-day, week-to-week operational response to the health crisis

Very important - but not the focus of this presentation

NEXT 1 TO 5 YEARS



(LIKELY) RECESSION

Near-term planning environment
Connection to **Plan Bay Area 2050 Implementation Plan**

(focus on near-term implementation actions)

THROUGH 2030



RECOVERY

Longer-term planning environment
Connection to strategies/phasing for **Plan Bay Area 2050 Blueprint**



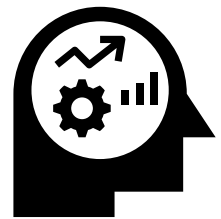
BEST CASE LONGER-TERM OUTCOMES

- Majority of knowledge workers shift to regular telecommuting
- Optimization and reinvestment in public transit enables it to rapidly recover
- Boosts to bicycling and walking enable rapid reductions in GHG emissions



WORST CASE LONGER-TERM OUTCOMES

- Perceived health risk leads to increased traffic congestion from higher auto use
- Public transit endures repeated funding shortfalls and service cuts, with the greatest impacts on lower-income and minority populations



“LIKELY” OUTCOMES FOR BAY AREA

- **Near-term:** transit ridership declines may necessitate strategic service reductions on most systems
- **Near-term:** transportation revenues may be lower than projected, due to reduced fares/tolls and reduced tax revenues
- **Near-term:** heightened health concerns about shared modes, including transit, TNCs, carpooling, and more
- **Near-term:** for those who choose not to drive, biking and walking may be much more popular modes of travel
- **Near-term & longer-term:** accelerated adoption of both regular and occasional telecommuting compared to historical trend



BEST CASE LONGER-TERM OUTCOMES

- The region is able to leverage future stimulus monies to advance construction of thousands of homes for all income levels, easing affordability pressures
- Declines in construction costs and interest rates make it easier for new housing to “pencil out”, accelerating long-envisioned developments



WORST CASE LONGER-TERM OUTCOMES

- Health crisis stalls housing production for years, worsening affordability crisis
- Lower-income workers are those most affected by economic contraction, leading to displacement to the region’s periphery and beyond



“LIKELY” OUTCOMES FOR BAY AREA

- **Near-term:** slowdowns in construction may adversely impact financing, especially for much-needed affordable housing
- **Near-term:** home prices may stabilize or decline slightly with higher levels of unemployment
- **Near-term:** available monies may stretch further than in recent years with countercyclical investments
- **Near-term & longer-term:** recession may lead to a brief pause in record-high housing costs, followed by further growth in home prices & rents
- **Near-term & longer-term:** health crisis may heighten awareness of urban design and shift expectations for prospective buyers and renters



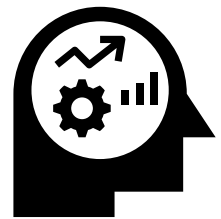
BEST CASE LONGER-TERM OUTCOMES

- Following the end of shelter-in-place, the region is able to rapidly rebound, thanks to its emphasis on technology sector which remains relatively strong
- Any displaced service-sector workers are able to find new job opportunities in e-commerce or experiential retail



WORST CASE LONGER-TERM OUTCOMES

- The Bay Area's economic vitality could be challenged by metro areas elsewhere in the world, as its locational benefits become less attractive
- Main streets could experience high vacancy due to accelerated rise of e-commerce
- Accelerated adoption of automation leads to higher level of unemployment



“LIKELY” OUTCOMES FOR BAY AREA

- **Near-term:** Bay Area is likely to experience a recession, with a potential recovery by 2025
- **Near-term:** lower-wage workers and small businesses may be hit the hardest, due to a combination of health risks and the rise of e-commerce
- **Near-term:** available monies may stretch further than in recent years with countercyclical investments
- **Near-term:** potential stimulus investments may help to lower unemployment
- **Near-term:** retreat from globalization may lead to more domestic industry, but mostly outside of the Bay Area
- **Near-term & longer-term:** employers may accelerate the shift towards flexible office spaces and automation, alongside a greater openness to occasional telecommuting

ENVIRONMENT



BEST CASE LONGER-TERM OUTCOMES

- Shifting transportation patterns could reduce GHG emissions, helping to slow the rate of climate change
- The region is able to leverage potential stimulus monies to advance “quick-build” resilience and conservation investments



WORST CASE LONGER-TERM OUTCOMES

- Increase reliance on the automobile could increase GHG emissions, negating slow but steady progress in recent years
- An economic slowdown makes it impossible to generate regional revenues for sea level rise, disproportionately affecting Communities of Concern



“LIKELY” OUTCOMES FOR BAY AREA

- **Near-term:** funding availability on the state, regional, and local level for environmental and resilience strategies may be lessened
- **Near-term:** uncertain trend for GHG emissions may underscore the need for strategic action to support safe & healthy mobility
- **Near-term:** available monies for conservation, etc. may stretch further than in recent years with countercyclical investments
- **Near-term & longer-term:** greater public recognition of the need to plan & prepare for low-probability, high-impact disaster
- **Near-term & longer-term:** Bay Area residents may have an even greater appreciation for the value of parks and open spaces



Horizon explored resilience in an uncertain future.

- While MTC/ABAG did not predict this type of devastating event as part of its long-range planning, the Horizon initiative focused on identifying strategies that were **both resilient and equitable across a wide range of conditions.**
- Those of particular salience to our current challenge include **exponential growth in telecommuting, economic boom/bust cycles, e-commerce market adoption rates, lifestyle preference shifts, and natural disasters.**
- In addition to informing MTC/ABAG's recent action on the Draft Blueprint for Plan Bay Area 2050, the findings from *Horizon* can help **provide insight on how to pivot** from a period of unprecedented economic expansion to a period defined by economic contraction and declining tax revenues.



**Rising Tides,
Falling
Fortunes**



**Clean
and Green**



**Back to
the Future**

TRANSPORTATION

- While a major regional transportation funding measure may be pushed back at least a few years, **there are still many high-performing, lower-cost transportation investments that are well-positioned to advance**, ranging from protected bikeways to new bus rapid transit lines.
- The current crisis may present **opportunities to reinvent our transit system**, leveraging strategies to create more seamless and more equitable mobility options through integrated fares, means-based fares, and more.



HOUSING

- Many of the housing strategies being explored in the Draft Blueprint are **low- or no-cost**; these include redevelopment of aging malls into mixed-use developments, enabling more growth in walkable places across the Bay Area, and strengthening renter protections to reduce displacement risk.
- Given that critical regional housing needs are unlikely to decline absent policy interventions, **countercyclical investments in affordable housing could be considered** to create more units per dollar.

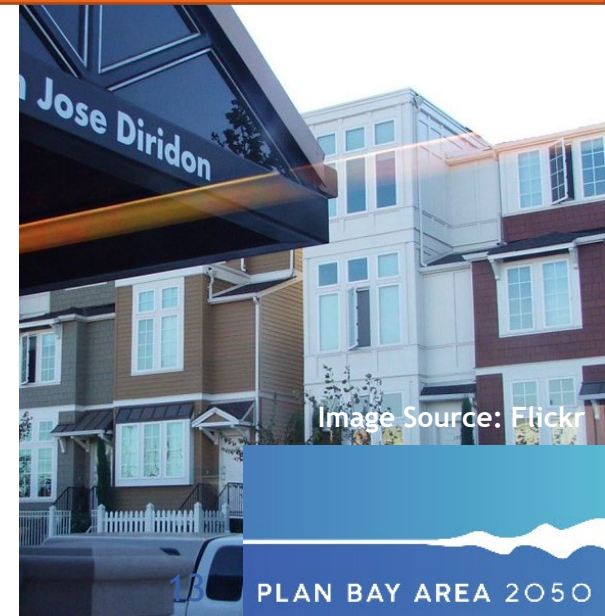
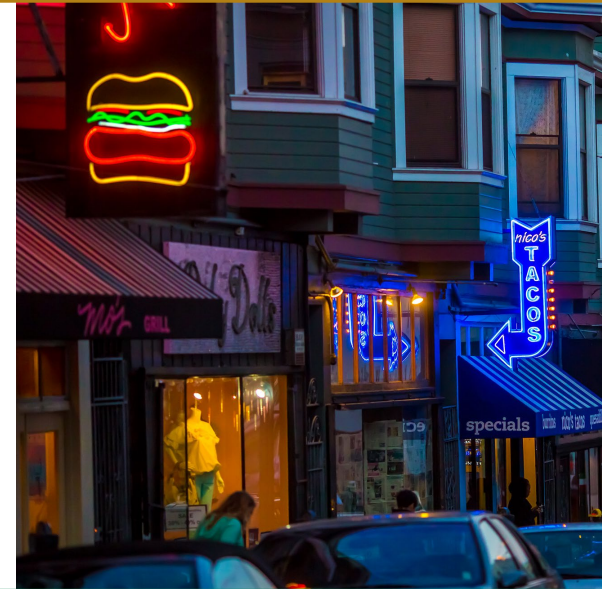


Image Source: Flickr

- While the strategies identified in the Draft Blueprint remain relevant, **additional strategies and/or implementation actions may be appropriate** to reflect a vastly different economic environment in the near term; the Implementation Plan can play a key role here.
- Strategies explored early in the Horizon process related to **workforce development, construction training, universal basic income, and more** may be ripe for further discussion in the current context.



- Low-cost “quick-build” investments - such as home retrofits, wetland restoration projects, or land acquisition - cost a fraction of traditional infrastructure projects; **these investments featured in the Draft Blueprint can serve as critical short-term priorities for stimulus & job creation.**
- Should there be increased pressure for dispersed development in light of the current crisis, urban growth boundaries - which proved highly effective in all Futures - **may take on increased significance** for Plan Bay Area 2050.



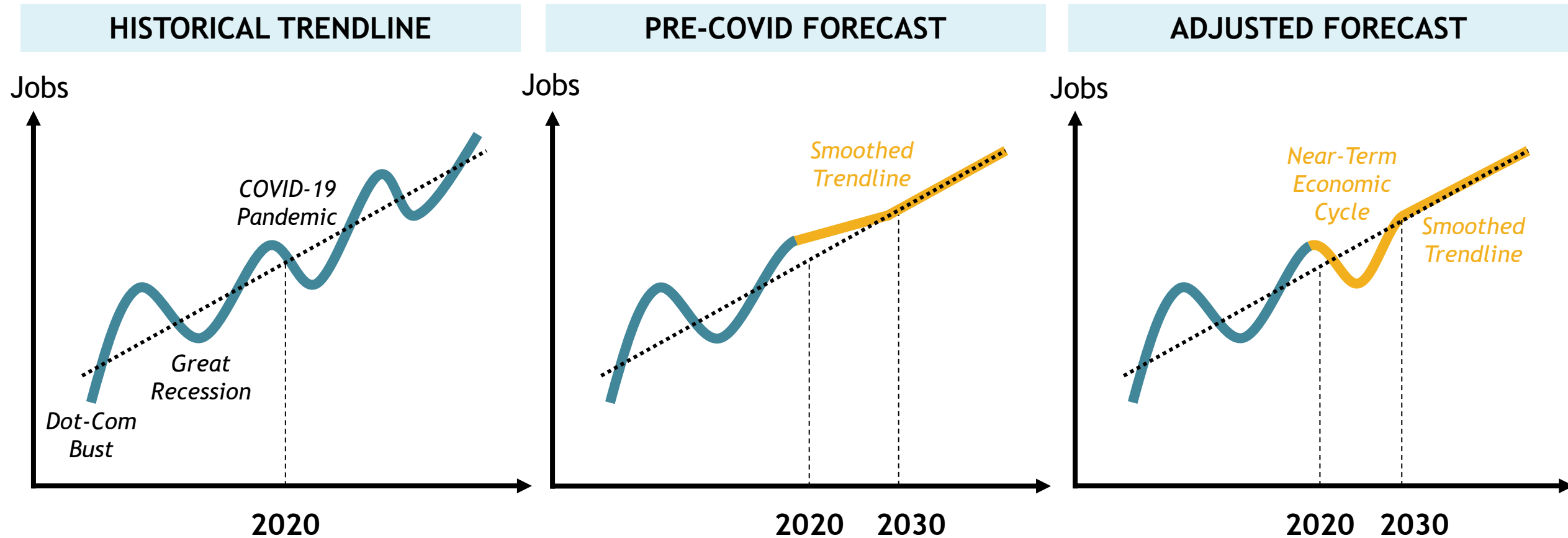
Image Source: Flickr

What specific modifications are being made to Plan Bay Area 2050 to reflect near-term impacts?

- **Regional Growth Forecast:** significant economic impacts are being integrated into forecast years 2020-2029, even as the region's long-term potential likely remains strong.
- **Revenue Estimates:** revenue assumptions from early years of planning cycle are being adjusted downward to reflect likely year 2020 recession; assumed years of potential revenue measures can be shifted back based upon board direction.
- **External Forces:** staff are proposing an accelerated growth rate of telecommuting to the California Air Resources Board, which has a regulatory role in *Plan Bay Area 2050*.
- **Public Engagement:** in addition to more webinars, staff will present a refreshed approach for summer 2020 public engagement activities, including “virtual” public workshops, at the June 2020 committee meeting.
- **Implementation Plan:** the short-range Implementation Plan will be able to identify actions MTC/ABAG can take to tackle shared challenges in partnership with local jurisdictions, non-profits, and the private sector.

Final Blueprint: with regards to longer-range strategies, the public, stakeholders, and elected officials will also be able to provide further input and direction via the Final Blueprint phase this summer.

What specific modifications are being made to the first decade of the Regional Growth Forecast?



Consistent with our overall approach, we are *integrating data in the early years of the planning period on economic peaks and troughs*, while recognizing uncertainty with regards to timing of future peaks and troughs in the decades beyond (e.g., smoothed trendline).

Q&A + Discussion

Upcoming *Plan Bay Area 2050*
Milestones:

- **Summer 2020:** Draft Blueprint Release
- **Fall 2020:** Action on Final Blueprint Strategies
- **Fall 2020:** Begin Development of Implementation Plan