

# Chapter 6

## A Plan to Build On

Plan Bay Area is a work in progress that will be updated every four years to reflect new initiatives and priorities. It builds upon the work of previous initiatives, complements ongoing work and lays the groundwork for closer examination of certain critical issues that can further prepare



the region to meet the future head-on. The plan highlights the relationship between transportation investments and land use decisions, and represents the region's best effort to position itself to make the most of what the future will bring.

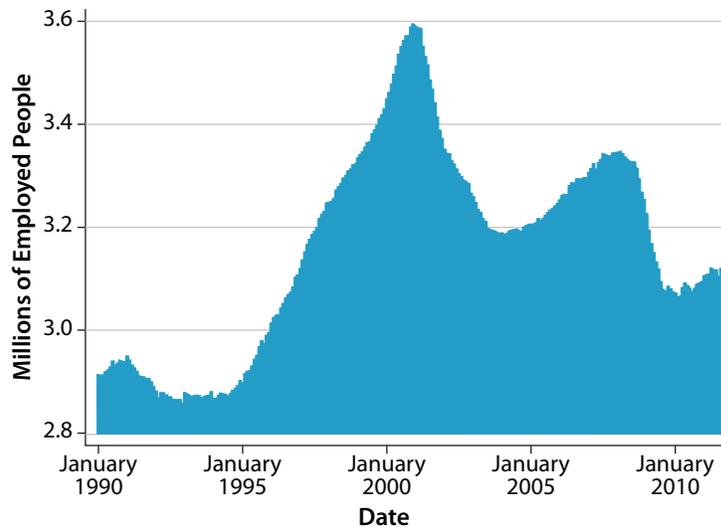
No single level of government can be expected to address all the critical components needed to create a stronger and more resilient Bay Area. It will take a coordinated effort among diverse partners to promote regional economic development, adapt to climate change, prepare for natural disasters, get creative about how to provide affordable housing for all Bay Area residents, ensure clean and healthy air for our communities, and prepare for emerging technologies that will change the way people work and get around. Here we take a look at the complementary initiatives under way in those areas.

In some cases, new legislation, updated regulations or additional resources will be needed to fully realize the Plan Bay Area vision and implement the plan's policies and programs. This chapter identifies the most important of these challenges, and proposes steps to address them.

## A Vibrant Economy

The Bay Area economy has seen massive swings in employment over the last 20 years. While job growth is once again on the rise, MTC and ABAG — through the Joint Policy Committee in partnership with the Bay Area Air Quality Management District (BAAQMD) and the San Francisco Bay Conservation and Development Commission (BCDC) — will work with regional business interests and stakeholders to make sure the region fosters the conditions for a healthy economy for all.

**Figure 1 Bay Area Employment, 1990–2011**



*Source: California Economic Development Department; calculations by Bay Area Council Economic Institute*

## Improve Permitting Process

A major impediment to infill development in the Bay Area is the often lengthy project entitlement process. This further increases Bay Area housing prices, which rank among the highest in the nation, and impedes the region's ability to provide adequate amounts of affordable housing. The amount of time required for planning and environmental review can cause projects to miss the economic cycle when demand exists for new housing or commercial space. ABAG and MTC will work with local jurisdictions to implement proven strategies for advancing infill development in Priority Development Areas (PDAs). Among these strategies are specific plans, neighborhood-appropriate parking requirements, expedited permit processing, and programmatic Environmental Impact Reports (EIRs) that eliminate the need for individual project EIRs. ABAG and MTC will continue to support these efforts through PDA planning grants and technical assistance.

## Implement the Bay Area Prosperity Plan

MTC and ABAG are currently undertaking a three-year initiative funded by a \$5 million grant from the U.S. Department of Housing and Urban Development (HUD), in conjunction with the U.S. Environmental Protection Agency and the U.S. Department of Transportation. The initiative is intended to identify strategies to improve the region's economic prosperity by encouraging stronger, more sustainable communities, integrating housing and jobs planning, fostering local innovation in support of new jobs, and building a healthy regional economy for all. Over \$2 million in grants will be awarded to pilot projects to expand economic opportunities for low- and moderate-income workers and improve housing affordability near transit. The three-pronged planning effort includes the Economic Opportunity Strategy, a Housing the Workforce Initiative and an Equity Collaborative that together will implement this program. For more information, visit:

<http://onebayarea.org/regional-initiatives/Bay-Area-Prosperity-Plan.html>

## Link Housing, Transportation and Economic Development

Understanding the role of housing and transportation investment in supporting the region's economy was a key theme that ABAG and MTC heard from the public, in polls and from business advocates throughout the development of Plan Bay Area. At the urging of Bay Area business and housing industry leaders, ABAG and MTC — along with BCDC and the BAAQMD — commissioned an economic impact white paper to consider how land use patterns and transportation investments affect the region's economy. The analysis looked at best practices around the country to integrate long-range planning with regional economic development, the tradeoffs between maintaining the existing system versus investing in new infrastructure to address growth, the impact of various pricing mechanisms to manage demand for transportation facilities, as well as housing policies and goods movement. Findings from this review will set the stage for more detailed economic analysis when Plan Bay Area is updated in 2017. More information is available in the *Economic Impact Analysis for Future Regional Plans*, listed in Appendix 1.

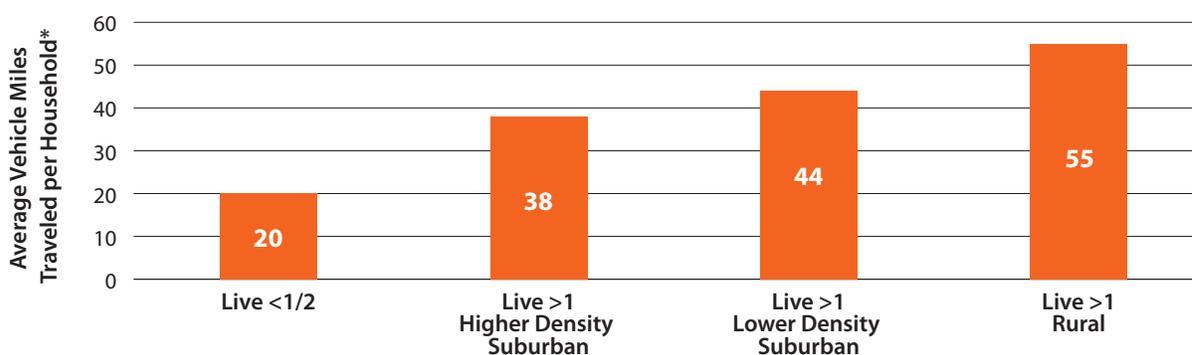
## Cleaning Our Air

### Healthy Infill Development

One of the main goals of both Plan Bay Area and the Bay Area Air Quality Management District's *2010 Clean Air Plan* is to reduce greenhouse gas emissions from cars and trucks by focusing future land development in existing urban areas that are easily accessible to transit, jobs, shopping and other services. Compact infill development can reduce vehicle use and vehicle miles traveled by 20 to 60 percent when compared to traditional suburban developments. (See Figure 2.) In addition, compact development preserves open space, forests and other carbon sinks that remove greenhouse gases from the atmosphere. It also encourages more walkable communities, which can help to reduce obesity and diabetes. Further, infill buildings are typically more energy-efficient, which reduces the amount of greenhouse gas emissions from power plants.

However, people who live or work near major freeways, ports, distribution centers, gas stations or other local sources of toxic air contaminants (TAC) and particulate matter (PM) may be disproportionately exposed to higher concentrations of these pollutants and therefore face

**Figure 2 Average Daily Vehicle Miles Traveled, by Proximity to Rail or Ferry Stops**



\*Distance in Miles from Rail or Ferry Stops

a greater risk to their health. It would seem, then, that reducing the public's exposure to TACs and PM and protecting public health conflicts with the regional goal to increase compact infill development.

That is not necessarily the case, as there are effective ways the region can plan for compact infill development within existing urban and transit corridors that both protect public health, and reduce greenhouse gases. The compact land use patterns envisioned in Plan Bay Area can be readily accomplished through the implementation of various health-protective measures in most infill locations. The regional agencies are collaborating on a comprehensive set of best practices, or guidance, for local governments on how to best address local pollutants in their planning and development decisions.

Best practices for compact infill development can ensure that health-protective strategies are available to mitigate or lessen the potential health risks in areas that have high TAC and PM emission sources. The most effective strategy, or best practice, is to always provide as much distance as possible between sensitive land uses and major sources of TAC and PM emissions. However, if a development is close to an emissions source, especially diesel PM, installing air filtration in heating and ventilation systems can be effective in reducing health risks when sensitive receptors are indoors. In addition, building and site design considerations and planting of trees can also be effective ways to reduce the public's exposure to TACs and PM.

## Curbing Greenhouse Gases

In December 2009, MTC programmed \$80 million to implement the Climate Initiatives Program, a multi-faceted program aimed at reducing transportation-related emissions and vehicle miles traveled (VMT), while also informing the region as to the most effective strategies to reduce emissions. Since then, the program has funded innovative pilot projects to test the effectiveness of reducing emissions through incentives for alternative fuels and vehicles, creation of electric vehicle and bike sharing programs, and removal of barriers to walking and biking for youth and their families, and other projects.

Building on results to date, new and refined demonstration projects will be introduced in years to come as outlined in the proposed Investments in chapter 4, including:

- Launch of a regional bike-sharing pilot, led by the Bay Area Air Quality Management District, focused along the Caltrain corridor from San Francisco to San Jose. The initial launch, anticipated in late 2013, includes 1,000 bikes with plans for future expansion.
- An educational campaign to increase demand among Bay Area residents for plug-in electric and plug-in hybrid electric vehicles. The campaign is aimed at building awareness and demand for electric vehicles through targeted marketing.
- Enhancements to the Spare the Air Youth program based on results from past demonstration projects. Projects that best reduce emissions and are most suited for regional application will be introduced in 2013–2015.

## Evolving Transport

From driverless cars to informal ridesharing networks to private shuttles that whisk workers from their homes to high tech companies in Silicon Valley and beyond, a number of start-up methods are redefining how we get from Point A to Point B. Here are some of the innovative programs transportation planners will be watching with keen interest in years to come.

### Autonomous Vehicles

Once the subject of science fiction, driverless cars have now logged over 300,000 miles of autonomous operation, much of it on Bay Area roads. Mountain View-based Google, eager to set an international standard, has been the force behind these early efforts. In late 2012, California, Florida and Nevada cleared some early legal hurdles by directing their state departments of motor vehicles to adopt rules regarding safe operations, insurance and privacy. Elements of driverless technology are also being researched with regard to transit vehicles, with a focus on enhancing safety of bus rapid transit (BRT) systems.



Google

### Corporate Shuttles

As high-tech firms continue their quest to attract world-class talent, the lack of fast and convenient public transportation between home and the office is viewed as an increasing liability. The solution: major companies such as Google, Facebook and Genentech now offer private shuttles to and from dozens of Bay Area communities to their suburban campuses. A recent study carried out by a graphic design firm estimated that the shuttles carry nearly 14,000 people per day to the Silicon Valley, or about 33 percent of Caltrain's weekday ridership.



North Berger

Not only do the shuttles remove private vehicles from congested freeways — reducing pollution and greenhouse gases — they also assist commuters by offering on-board Wi-Fi access.

### Ride-sharing Networks

Pink mustaches have become the hottest new trend in San Francisco. Or rather, pink mustaches affixed to the fronts of cars, a trademark of the informal ride-sharing service known as Lyft. Lyft and Sidecar, alongside other services such as Uber that utilize excess capacity from livery car companies, have effectively increased the city's ride-sharing capacity through crowd sourcing. All three companies use smart phone technology to connect vehicles to riders, and in the case of Lyft and Sidecar, anyone with a private vehicle and a clean driving record can sign up to be a driver.



Lyft

- Launch of a “smart driving” pilot program that will assess whether in-vehicle devices and education about driving behavior will assist drivers in maximizing fuel economy and lowering emissions.

## Planning for Resilience

### Climate Adaptation and Sea Level Rise

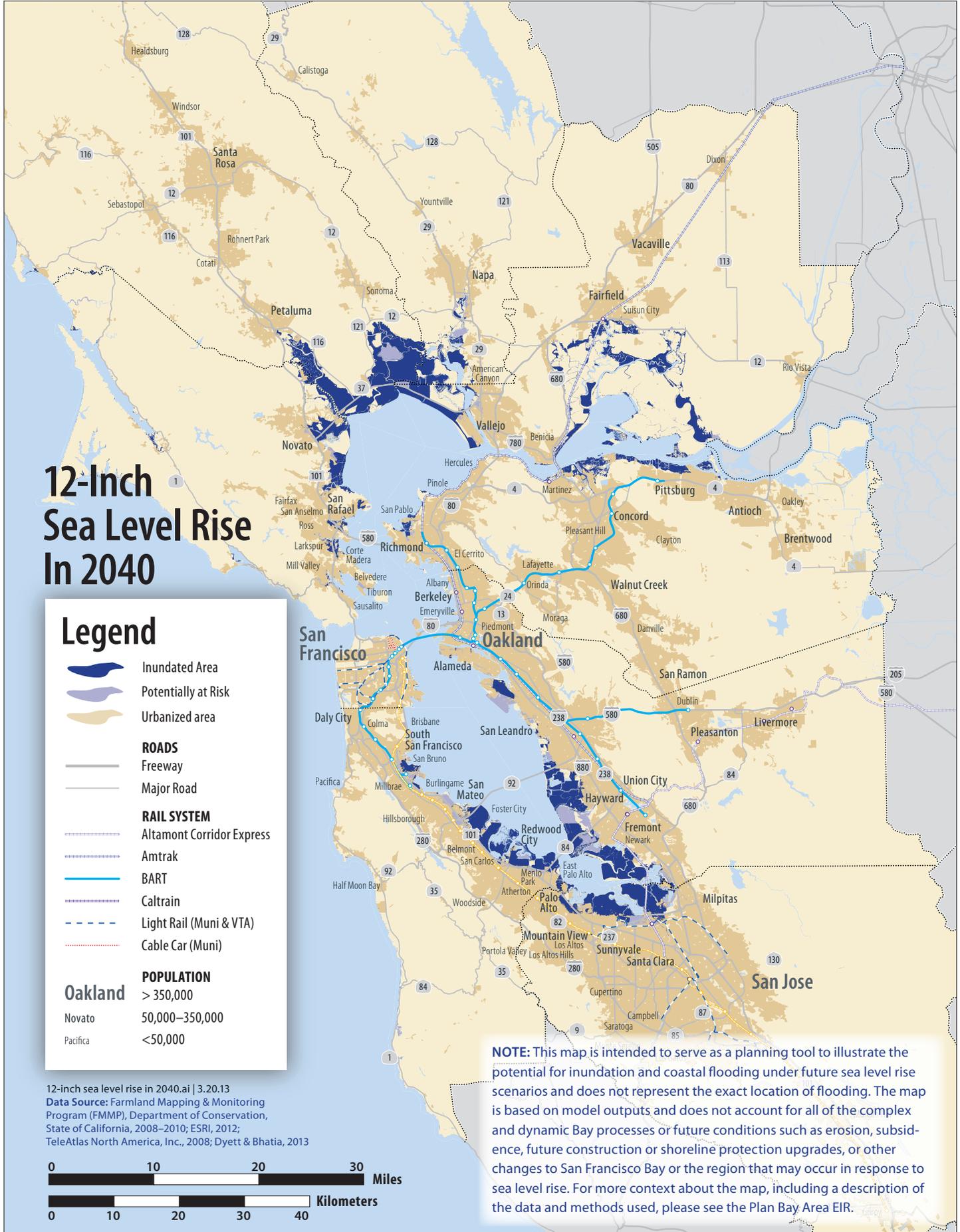
Given the significant number of residential, commercial and industrial structures situated on the San Francisco Bay’s shorelines and low-lying areas — not to mention many miles of freeways, airports, port facilities and other transportation infrastructure adjacent to the Bay — our region is especially vulnerable to future sea level rise (see Map 1). In a 2009 report, the Bay Conservation and Development Commission identified 671 miles of existing and 337 miles of future road, rail, air and other infrastructure at risk of being affected by sea level rise. MTC is now partnering with BCDC, the California Department of Transportation (Caltrans), the National Oceanic Atmospheric Administration Coastal Services Center, ABAG and Bay Area communities to increase preparedness and resilience to sea level rise and storm events while protecting critical ecosystem and community services. The project, known as Adapting to Rising Tides, is a collaborative planning effort that addresses two questions:

- How will climate change impacts of sea level rise and storm events affect the future of communities, infrastructure, ecosystems and the economy in the Bay Area?
- What strategies can we pursue, both locally and regionally, to reduce and manage these risks?

The project includes a comprehensive inventory of potentially vulnerable transportation assets along a section of the Alameda County shoreline. The effort also measures the relative importance of these assets to the health of the transportation network as a whole. Next steps in the project include development and analysis of adaptation strategies. While the specific policy recommendations that emerge from this effort have not yet been identified, we anticipate that sea level rise preparedness — as well as climate change adaptation generally — will be a prominent feature of the planning strategies of MTC, ABAG, BCDC and the BAAQMD over the next several decades.

While some parts of the region designated as priority development areas could be affected by climate change, adaptation measures will protect homes, businesses and infrastructure from harm’s way.

**Map 1 12-Inch Sea Level Rise Above Current Highest Annual Tide**



## Earthquake Mitigation and Recovery

Plan Bay Area seeks to provide more housing options to accommodate our growing region. Yet we are also aware that some of the region's existing housing stock is vulnerable to damage in an earthquake. The United States Geological Survey has estimated there is a 63 percent chance that the region will experience an earthquake of magnitude 6.7 or greater in the next 30 years.



ABAG models predict that a major earthquake on the San Andreas or Hayward faults will leave 150,000 homes — 5 percent of the region's housing stock — uninhabitable. This scenario could displace 350,000 people for an extended period of time and disrupt our economy for many years. Much of the infrastructure along the Bay shorelines and low lying areas that is vulnerable to sea level rise is also vulnerable to liquefaction damage in an earthquake.

The region has already made great strides in improving our resilience to natural disasters. The Bay Area is a national model for earthquake planning and research, and many of our public agencies have made major investments to strengthen their infrastructure against seismic risks. BART has retrofitted its elevated tracks and stations; Caltrans has retrofitted or replaced all the toll bridges and freeway overpasses; water districts have retrofitted their major transmission lines crossing faults; local governments across the region have retrofitted or replaced vulnerable city halls, fire stations and critical facilities; regional hazard mitigation planning is ongoing; and investment in emergency response planning has been significant in recent years.

But more can be done, especially to help ensure an effective recovery of housing, businesses, infrastructure, and the supply chains and delivery systems for essential goods and services. This is the focus of ABAG's Regional Disaster Resilience Initiative. Begun in late 2011, it has brought together businesses, local governments, community leaders, major institutions, and infrastructure agencies to determine roles, responsibilities and decision-making structures in the aftermath of a major disaster. In partnership with emergency response agencies, regional partners and local governments, the initiative will build on findings from four workshops to develop an Action Plan that summarizes and prioritizes actions for jurisdictions and organizations, and develops a cohesive regional policy platform. The Action Plan will prime the region to launch into the next steps needed for a resilient Bay Area.

## A Platform for Advocacy

Plan Bay Area advances projects and lays out a development framework to bolster our region's economy, protect its environment, and improve housing and transportation choices for our residents. A reliable, efficient transportation network and a housing market with a range of price options for our workforce are absolutely vital to growing our economy. We need to take steps now in order to preserve what we value about our region and to build a Bay Area that we are proud to pass along to future generations.

For example, to keep our roads, bridges and transit network in a state of good repair as well as make strategic improvements, we need cooperation from Congress and the state Legislature to increase funding to maintain the infrastructure currently in place. The state also should prioritize job creation and speed much-needed housing and transportation projects by updating the 43-year-old California Environmental Quality Act, or CEQA, to provide for more timely review of projects.

Plan Bay Area is but a beginning. ABAG and MTC look forward to working with policy-makers at all levels of government to create a statutory and regulatory framework that preserves what we cherish about our region, while taking some prudent steps to make it more livable in the coming years.

## Land Use

In order to make progress towards Plan Bay Area land use performance targets, MTC and ABAG have identified four legislative advocacy objectives that seek changes in both federal and state law.

### ***Support PDA Development With Locally Controlled Funding***

Until last year, Bay Area jurisdictions could count on redevelopment programs for over \$1 billion per year in tax-increment financing to support affordable housing projects, critical infrastructure improvements, and economic development projects in designated areas of many cities and counties. This funding stream was lost in 2012 as a result of the elimination of redevelopment agencies throughout the state. ABAG and MTC will work to strategically replace this revenue source with new, locally controlled funding tools. A top priority should be a newly authorized tax-increment financing authority that specifically supports housing construction and infrastructure improvements near existing and planned public transit service as called for in this plan.



Tom Meyers

## Modernize the California Environmental Quality Act (CEQA)

MTC and ABAG strongly support the original goals of the California Environmental Quality Act (CEQA). Over the four decades since it was enacted, CEQA has undoubtedly helped to improve environmental quality in California. At the same time, it is commonly used as a tool by project opponents who are more interested in halting a project than minimizing its harm to the environment. Sensible CEQA reform is needed to create a more economically vibrant state and region.

MTC and ABAG will support efforts to update CEQA to encourage and expand infill development opportunities that can help reduce urban sprawl consistent with Plan Bay Area and California Senate Bill 375. The CEQA process can be expedited by providing consistent standards and greater certainty to project sponsors, and reducing duplication in environmental impact report requirements — and this can be done without compromising environmental protection.

## Stabilize Federal Funding Levels

As the region grows, so will its need for workforce housing, especially to meet Plan Bay Area's goal of housing employment growth within the region. Deep funding cuts for two of the most important affordable housing programs at the U.S. Department of Housing and Urban Development — the HOME Investment Partnership Program and the Community Development Block Grant (CDBG) program — have significantly affected the allocation of funds to Bay Area jurisdictions. CDBG budget allocations to the region fell 27 percent (from \$86 million to \$63 million) from 2010 to

## CEQA's Impact on Infill

While it can take years to prepare a detailed environmental impact report (EIR) — which evaluates a project's various potential significant impacts — lengthy document preparation and its associated costs are not the main challenges that the California Environmental Quality Act (CEQA) presents for cities and project sponsors seeking to build new housing or commercial buildings. The primary challenge is the uncertainty created by potential litigation on the project and subsequent delays.

Research sponsored by the Silicon Valley Leadership Group looked at which types of projects are most often the target of lawsuits filed under CEQA. The review found that CEQA litigation is aimed more often at infill than greenfield projects, and even when a project undergoes an extensive EIR analysis, the project is rejected 50 percent of the time when a court challenge is brought under CEQA, resulting in major revisions, increased costs and project delay.

### What Kinds of Projects Are Most Often Tied Up in CEQA Litigation?



**59 percent** of challenged projects identified as either infill or greenfield were infill projects.



**36 percent** of projects challenged were public projects rather than private development.



**38 percent** of challenged projects were infrastructure projects (19 percent) or mixed-use developments (19 percent).

*Source: Holland and Knight LLP, Analysis of Recent Challenges to Environmental Impact Reports, December 2012*

2012, and Bay Area allocations from the HOME program dropped by 51 percent (\$38 million to \$18 million) from 2009 to 2012. In order to increase the supply of a variety of workforce housing options, key federal programs need to deliver increased financial certainty for local jurisdictions and developers.

In addition to funding, incentives in the tax code for multifamily development should be established for the long run so cities and developers can plan with certainty. While real estate market research shows strong unmet demand for multifamily living, particularly in close proximity to public transit and walkable neighborhoods, the market is not yet meeting the demand. One of the side effects of the Tax Reform Act of 1986 was a dramatic reduction in the incentives embedded in the federal tax code for private investment in multifamily housing.

### ***“Defiscalize” Land Use Decision-Making***

The structure of property taxes in California is a major obstacle to creating a balanced regional growth pattern. The current approach to taxation creates incentives to attract development that maximizes sales tax revenues rather than a more balanced approach of both retail and residential land uses. This trend — the so-called “fiscalization of land use” — has discouraged housing development and small business growth in many communities. ABAG and MTC would support a long-term adjustment to commercial or residential tax structures to balance the financial incentives for new development.

## **Transportation**

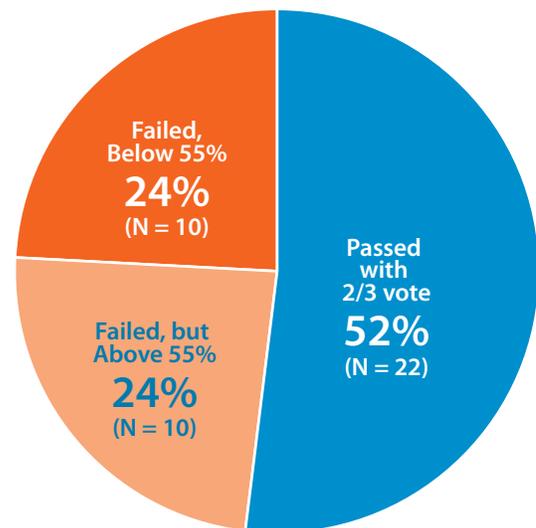
To support the transportation investment strategy contained in Plan Bay Area, MTC and ABAG will seek the following three state and federal legislative changes.

### ***Support Local Self-Help***

Local taxes now generate about two-thirds of the state’s total transportation funding. Yet passage of new local taxes is exceedingly difficult due to the two-thirds supermajority requirement. This undermines local initiatives, leaving California residents more dependent upon Sacramento and Washington, D.C., for assistance. MTC and ABAG will strongly support efforts to lower the vote threshold for local and regional transportation tax measures from two-thirds to 55 percent. Lowering the voter approval threshold is a major step toward preserving and expanding our existing roadway and public transportation infrastructure and helping them run more efficiently.

The impact of lowering the vote threshold requirement for school bonds in California has been striking — more than half of those passed in 2012

**Figure 3 Missed Opportunities: Local Transportation Measures in California Since 2002**



Source: Move LA

would have failed under the two-thirds requirement. Had the 55 percent threshold been applicable to transportation since 2002, an additional 10 local transportation measures would have passed statewide (see Figure 3).

While eight of the Bay Area's counties have managed to pass transportation sales taxes under current law, success has repeatedly eluded Solano County, home to one of the region's worst bottlenecks at the Interstate 80/680 interchange. Most recently, the 2012 election dealt a serious blow to Alameda County's effort to extend and increase their transportation sales tax measure; with 66.53 percent of voters supporting the measure, it fell short of passage by a mere 0.14 percent. A 55 percent voting standard also could aid the passage of a regional gasoline tax that MTC is already authorized to place on the ballot.

## Local Transportation Revenues: Bay Area Experience

It has been over two decades since Santa Clara County voters passed Measure A, a local half-cent sales tax dedicated to transportation. This vote, which took place in 1984, ushered in a new era. Today, eight counties in the region have a sales tax dedicated to transportation purposes, including every Bay Area county except Solano County, which has tried twice but failed each time under the two-thirds vote requirement.

In 2012, State Transportation Improvement Program funds for the Bay Area were \$100 million, while revenue from the region's sales tax measures was five times larger and totaled \$530 million.

### ***Seek Reliable Federal Transportation Funding Levels and Flexibility***

Over the last 50 years transportation funding has been characterized by a federal/state/local partnership. Whether restoring the Interstate Highway System to a state of good repair or removing bottlenecks in key freight corridors — the federal government continues to have a vital role to play with respect to transportation. The current federal surface transportation bill, Moving Ahead for Progress in the 21st Century (MAP 21), provides funding through fiscal year 2014 only by relying on support from the nation's beleaguered general fund. MTC and ABAG will urge Congress to identify a long-term, user-based funding source for transportation in the successor to MAP 21. That bill should build on the streamlined structure and performance-based framework established by MAP 21, and provide flexibility for the region to respond to its diverse transportation needs.

The next authorization should place a stronger emphasis on metropolitan areas, the economic engines of our nation. Metro areas with a population over 1 million include 65 percent of the nation's population, yet contribute 75 percent of the nation's wealth, as measured by gross domestic product. They also endure 97 percent of the nation's traffic congestion and carry 97 percent of public transit passenger miles. Yet, rather than investing a larger share of federal transportation funds in the areas where the vast majority of the population lives and works, MAP 21 actually shifts some funds away from such areas.

## ***Grow State Transportation Funding***

MTC/ABAG will urge the Bay Area’s state legislative delegation to create a new, permanent revenue source for transportation to better maintain and increase the efficiency of the existing network, and to invest in high-performing network improvements that further the goals and performance metrics of Plan Bay Area. One such source is the state’s new cap and trade permitting system, where the revenue raised is directly linked to greenhouse gas emission reductions.



Previous generations of Californians stepped up to build a network of highways that were the envy of the world and that made possible the Bay Area’s phenomenal economic growth and prosperity. But our transportation infrastructure has matured and deteriorated in recent decades due to the simple fact that the user-based mechanisms designed to build it and keep it in good repair — state and federal gas taxes — have not kept pace with inflation and have eroded in value by some 40 percent in the past two decades.

Any new state funds should be constitutionally dedicated to transportation so as to avoid the diversion of funds that plagued transportation over the last decade. Consistent with Plan Bay Area’s “fix it first” policy, MTC and ABAG will advocate that the majority of revenues from any new statewide transportation fund source be focused on preservation of the existing state highway, local street and road, and public transit network.

