Chester E. Martine, Jr., 29 Overhill Road,
Orinda, CA 94563,
May 16, 2013

To: MTC & ABAG, Plan Bay Area Public Comment, 101 8th Street, Oakland, CA 94607

Re: Public Comment on Draft Plan Bay Area and Draft Bay Area Plan Draft Environmental Impact Report

This letter is submitted as public comment on the Draft Plan Bay Area and Draft Bay Area Plan Draft Environmental Impact Report (State Clearinghouse No. 2012062029).

The undersigned submitter of these public comments identifies himself as follows: 1958 BME degree from Rensselaer Polytechnic Institute, 1962 LLB degree from George Washington University Law School, & retired member of the Virginia & Colorado Bar Associations & The United States Patent & Trademark Office (registration 19,711 dated 1962). Resident of Orinda, CA since the year 2000. Employment experience is as a patent and technology licensing attorney for 46 years, including for corporations & law firms in the fields of telephone, medical devices, mainframe computers, solid state devices, Java technology, fiber optic com-

munications, aircraft navigation devices, semiconductor device manufacturing equipment, water purification equipment, & long-distance sensing of gases such as methane. Also taught physical science & physics at St. Paul's School for two years (1969-1971). Lastly, commuted by Prius car to & from Sunnyvale, CA for ten years working as a patent attorney. Retired in 2008, then for three years volunteered in two San Francisco Middle Schools, including mentoring 8th grade students in mock trials relating to Anthony Burns, a fugitive slave who was tried under the Fugitive Slave Act of 1850, & teaching small groups about the school desegregation cases: Brown vs. Board of Education. Interrupting such school volunteering, for the last two years have been a Trustee of a Trust for two settlors (deceased friends), including managing a Fremont, CA company owned by one of the deceased & selling its assets, managing medical care for one of the settlors, & distributing millions of dollars of Trust assets to nine beneficiaries. From the standpoints of legal, technical & complex document analysis, among other things, this legal education & work is pertinent to both the Draft Plan Bay Area and Draft Bay Area Plan Draft Environmental Impact Report, as well as to the hundreds of other documents that are cited in these Drafts or are attached as appendices.

Comments on the Environmental Impact Report Plan Bay Area Draft ("DEIR") of Draft Plan Bay Area ("DPBA")

Comment 1: This Comment identifies what CEQA Section 15126.6 (e) (2) defines, in terms of what the DEIR shall include for the No Project alternative 1 (referred to as "No Project").

The required inclusions are an analysis that discusses:

(i) "existing conditions at the time the notice of preparation is published…",

(ii) as well as: "what would be reasonably expected to occur in the foreseeable future if the project were not approved, based on current plans and consistent with available infra-structure and community services".

(see CEQA Section 15126.6 (e) (2) which is attached as Item 1-1 of Appendix I).

Fact 1-1: Considering the initial aspect of that analysis, CEQA Section 15126.6 (e) (2) first refers to the analysis that discusses:

"the existing conditions at the time the notice of preparation is published….".

Fact 1-2: The notice of preparation ("NOP") was published on June 11, 2012.
(see NOP pages 1-4, 10, & 11 which are attached as Item 1-2 of Appendix I).

Fact 1-3: Because the notice of preparation was published on June 11, 2012, June 11, 2012 is the reference date for those regulations that exist and are to be implemented by the No Project alternative if the Plan Bay Area is not approved.

Query 1-1: Having the date of the notice of preparation, does the DEIR discuss any conditions that were existing as of June 11, 2012?

Fact 1-4: At page 3.1-3, in a DEIR Section entitled "Approach to Assessing Alternatives", a review of Mitigation Measures expressly states:

"The No Project alternative is assumed to implement existing regulations".

(see DEIR pages 3.1-3 through 3.1-5 which are attached as Item 1-4 of Appendix I).

Query 1-2: Given this "assumption", does the DEIR discuss what it means to "implement" regulations that were existing as of June 11, 2012?

Fact 1-5: At DEIR page 3.1-4, a Section is entitled "Alternatives Analyzed in this EIR" (see attached Item 1-4 of Appendix I). Under

the "Alternatives Analyzed in this EIR" heading, on page 3.1-5 in Item 1-4, another heading entitled:

"ALTERNATIVE 1: NO PROJECT"

identifies the No Project alternative as the first alternative analyzed.

Query 1-3: What does the DEIR say on pages 3.1-4 and 3.1-5 about what it means to "implement" regulations that were existing as of June 11, 2012?

Fact 1-6: Under the above "ALTERNATIVE 1: NO PROJECT" heading, that Section on DEIR page 3.1-5 starts with a statement of what is *not* to be done by the No Project. That starting statement does not discuss what it means to "implement" regulations that were existing as of June 11, 2012. Rather, with respect to an introduction stating:

> **"The No Project alternative represents the potential scenario of Plan bay Area is not implemented",**

that starting statement says:

> **"...no new regional policies would be implemented...and no uncommitted transportation investments would be made".**

Query 1-4: Does the DEIR say anything about what it means to "implement" regulations that were existing as of June 11, 2012?

Fact 1-7: Under that "ALTERNATIVE 1: NO PROJECT" heading, that same Section on DEIR page 3.1-5 continues by stating a new subheading entitled "Land Use Policies:"

The "Land Use Policies" section states:

> **"...Urban growth boundaries would be assumed to expand at historic rates, allowing for additional development potential in greenfield locations."**

Query 1-5: In this "Land Use Policies" section does the DEIR discuss why urban growth boundaries are assumed to expand at historic rates in the implementation of regulations that were existing as of June 11, 2012?

Fact 1-8: No, this "Land Use Policies" section does not discuss why urban growth boundaries are assumed to expand at historic rates in the implementation of regulations that were existing as of June 11, 2012.

Fact 1-9: Rather, this section states more of what is not to be done by the No Project in the future, namely:

"Land Use Policies: No new regional land use plan would be developed and no new policies would be implemented to influence the locations of housing and employment centers in the region. No new fees, subsidies, or land development incentives would be provided on the regional level."

Fact 1-10: Immediately after this next-above quoted text, the text refers to those "urban growth boundaries" made, which is not explained.

Query 1-6: Recognizing that the above assumption about urban growth boundaries expanding at historic rates is not explained or discussed, the question is:

other than the above introduction stating that the No Project alternative represents the potential scenario if Plan Bay Area is not implemented, does the DEIR include any discussion of what it means to "implement" regulations that were existing as of June 11, 2012?

Fact 1-11: None has been found. Rather, at pages 3.1-8 to 3.1-10 of the DEIR, Table 3.1-1 charts various policy measures of the various alternatives. Instead of such a discussion of the required "existing conditions", that Table with this chart includes one-line items, such as "Existing General Plans" that are identified with the No Project. These one-line items omit a discussion of the required "existing conditions".

(see DEIR pages 3.1-8 to 3.1-10 attached as Item 1-11 of Appendix I).

Fact 1-12: The same omission of a discussion of existing regulations of the required "existing conditions" applies to Table 3.1-2 (page 3.1-11 of the DEIR), which only lists 2010 population & other 2010 data.

(see DEIR page 3.1-11 attached as Item 1- 11 of Appendix I).

Query 1-7: Apart from the DEIR, but relating directly to the DEIR, is there a reference to what it means to "implement" regulations that were existing as of June 11, 2012?

Fact 1-13: The Notice of Preparation for the DEIR includes a document called "Attachment A, Project Description & Scope Of Environmental Analysis". (see pages 4, 10, & 11 of attachment A, which are attached as part of Item 1-12 of Appendix I)

Fact 1-14: At pages 10 & 11 of that Attachment A it is noted that "more precise definition of the alternatives, or new alternatives, will likely emerge as the EIR scoping and preparation process evolves".

Fact 1-15: At page 11, Attachment A of the NOP states:

> **"For purposes of this EIR, the No Project alternative consists of two elements:**

(a) the existing land uses plus continuation of existing land use policy as defined in adopted general plans, zoning ordinances, etc. from all jurisdictions in the region and

(b) the existing 2010 transportation network plus a set of highway, transit, local roadway, bicycle and pedestrian projects that have either already received funding or are scheduled for funding and have received environmental clearance by May 1, 2011."

Query 1-8: Does the NOP describe or discuss the existing land uses or the continuation of existing land use policy as defined in adopted general plans, zoning ordinances, etc. from all jurisdictions in the region?

Fact 1-16: No such description or discussion has been found in Attachment A of the NOP.

Query 1-9: Does the NOP describe or discuss which "existing land uses" or which continued "existing land use policy as defined in adopted general plans, zoning ordinances, etc. from all jurisdictions in the region" provide, or foster, the assumption noted above in Fact 1.7, that:

"...Urban growth boundaries would ...expand at historic rates, allowing for additional development potential in greenfield locations."

Fact 1-17: No such description or discussion has been found in Attachment A of the NOP.

Query 1-10: Other than in the "ALTERNATIVE 1: NO PROJECT" section noted above in Facts 1-5 & 1-6, does the DEIR include any discussion of existing land use policy as defined in general plans, zoning ordinances from any jurisdictions in the region?

Fact 1-18: No such description or discussion has been found in the DEIR in terms of what it means to "implement" regulations that were existing as of June 11, 2012.

Query 1-11: Does the DEIR refer to any regulation impacting existing land use policy as defined in general plans, zoning ordinances in any jurisdictions in the region, and if so, is that reference included in the subheading entitled "Land Use Policies:" under the description of the "ALTERNATIVE 1: NO PROJECT" heading?

Fact 1-19: Yes, the DEIR recognizes that the CA Clean Air Act existed as of June 11, 2012. However, that reference is not included in the subheading entitled "Land Use Policies:" under the description of the "ALTERNATIVE 1: NO PROJECT" heading. In detail, on page 2.2-1 the DEIR includes a main section "2.2" entitled "Air Quality". In that main section, on page 2.2-12 under a heading entitled: "State Regulations", the DEIR refers to that Clean Air Act. Also, the most recent update to that Clean Air Act is there called "*The Bay Area*

***2010 Clean Air Program*" (herein 2010 CAP). See Item 1-19 of Appendix I, which is DEIR pages 2.2-1 & 2.2-12. The context of this reference to 2010 CAP related to duties of nonattainment areas and local air districts under the 2010 CAP.**

<u>Fact 1-20:</u> In terms of an "Impact" 2.2-1(a) described on DEIR page 2.2-27, the DEIR noted that the 2010 CAP:

> **"...recognizes the need to encourage future population and job growth in areas that are well served by transit and where mixed-use communities provide jobs, housing, and retail in close proximity."**

Also, the DEIR there stated that:

> **"Key themes embedded in the 2010 CAP include:**
>
> **...**
>
> **"Ensuring that focused growth in priority areas is planned and designed so as to protect people from both existing sources and new sources of emissions."**
>
> **(see Item I-20 of Appendix I, which is DEIR page 2.2-27).**

<u>Query 1-12</u>: In that page 2.2-27 reference to 2010 CAP, did the DEIR note that any existing land use regulation or existing land use policy (e.g., as defined in general plans, zoning ordinances in any

jurisdictions in the region) was consistent with 2010 CAP?

Fact 1-21: No, there the DEIR only stated that:

> **"Consistent with the 2010 CAP, the proposed Plan is based on the goals of …focusing growth in areas that are well-served by transit and existing infrastructure."**

Query 1-13: As of June 11, 2012, other than 2012 CAP, were there any existing land use regulations or existing land use policies (e.g., as defined in general plans, zoning ordinances in any jurisdictions in the region, or any other land use regulations) having an effect on land use?

Fact 1-22: Yes, the State Housing Element Law (the SHEL) is a regulation existing as of June 11, 2012. This existing regulation is summarized in a document entitled "State Housing Element Law", which is attached Item 1-22 of Appendix I. In essence, under SHEL each California city & county must adopt a General Plan (GP). A mandatory element of every GP is a housing element (HE). (see pages 1-3 of the SHEL attached as Item 1-22 of Appendix I)

Query 1-14: In re June 11, 2012, what is the effect of the State Housing Element Law existing as of June 11, 2012 on whether the DEIR must discuss the SHEL and the HE as part of the CEQA-required discussion of "the existing conditions at the time the

notice of preparation was published" with respect to the No Project?

Fact 1-23: Because the existing SHEL is a regulation existing as of June 11, 2012, the DEIR must discuss the SHEL and the HE as part of the CEQA-required discussion of "the existing conditions at the time the notice of preparation was published" with respect to the No Project.

Query 1-15: Are there other parts of SHEL or the HE having a bearing on the CEQA-required discussion of "the existing conditions at the time the notice of preparation was published" with respect to the No Project?

Fact 1-24: Yes.

Fact 1-25: See page 1 of 2 of a document entitled "Final Regional Housing Need Allocation to be Released Summer 2013", attached as Item 1-25 of Appendix I. In view of the mandate in the SHEL that cities must revise their respective HE's every eight years, this SHEL regulation, and the resulting currently-effective Housing Elements mandated under SHEL, are part of the "existing conditions at the time the notice of preparation was published" and are part of the CEQA-required discussion of "the existing conditions at the time the notice of preparation was published" with respect to the No Project.

Query 1-16: Are there other regulations as of June 11, 2012, having a bearing on the CEQA-required discussion of "the existing conditions at the time the notice of preparation was published" with respect to the No Project?

Fact 1-26: Yes, the next Facts 1- 27 through 1-44 discuss other existing regulations related to No Project (which the DEIR assumes are to be implemented by No Project). This discussion sets forth results of years of implementing all such other existing regulations. These Facts 1-27 through 1-44 both:

> **(i) define "existing conditions at the time the environmental analysis is published…", & assist in determining**
>
> **(ii) assist in determining "what would be reasonably expected to occur in the foreseeable future if the project were not approved, based on current plans and consistent with available infrastructure".**

Fact 1-27: The State Housing Element Law existing as of June 11, 2012, as summarized in that document entitled "State Housing Element Law" (see Item 1-22, Appendix I), refers to what each Council of Governments must do, which is to prepare a Regional Housing Need Plan (RHNP). The RHNP is to promote many objectives, including:

> **"Increase the housing supply and the mix of housing types, tenure, and affordability in all cities…in an equitable manner"; & "Promote infill development and socioeconomic equity…".**

Fact 1-28: As noted in Fact 1-19, the DEIR recognizes that the 2010 CAP:

> **"…recognizes the need to encourage future population and job growth in areas that are well served by transit and where mixed-use communities provide jobs, housing, and retail in close proximity." ."**

Fact 1-29: Referring to (DEIR page 3.1-3, Item 1-4 of Appendix I), the "Alternatives Analyzed in this EIR" section for the No Project alternative is the appropriate place for the CEQA discussion based on Section 15126.6 (e) (2). That section omitted those above details of the 2010 CAP. Thus, that section omitted the details above about the 2010 CAP recognizing:

> **"… the need to encourage future population and job growth in areas that are well served by transit and where mixed-use communities provide jobs, housing, and retail in close proximity."**

Fact 1-30: An October 2002 Smart Growth Strategy is an "existing condition" as of June

11, 2012. This Strategy shows the 2010 CAP was preceded by one of numerous existing Bay Area regulations that encourage future population and job growth in areas that are well-served by and were in close proximity to Transit. The movement toward such regulations started by ABAG as early as October 2002 with the Smart Growth Strategy which may be found at:

www.abag.ca.gov/planning/smartgrowth/Publications /Final%20Report

herein referred to as "SG2002".

See SG2002 pages 2, 5, 6, 14-18, & 20-31 of Item 1-30 of Appendix I.

<u>Fact 1-31</u>: SG2002 included a section entitled "Creating Vision", & at pages 2, 5, 6, 14-18, & 20-31 this SG2002 Report referred to actions in late 1999 by five Bay Area agencies (including ABAG & MTC) which initiated discussion of smart growth in the region. Discussions over the next two years resulted in "The Smart Growth Alternatives" shown on page 5, which were described as follows:

> **"Each of these three alternatives represented a departure from the 'current trends base case', a term coined to describe the region's future growth if nothing is done to chart a new course. The base case fails to provide sufficient housing for an increased population and workforce, resulting in continued rapid growth**

in outlying areas, increased long-distance commuting and further environmental degradation. It envisions development focused in edge communities, with residential areas largely segregated from other uses and continued reliance on the automobile as the primary mode of travel."

Fact 1-32: Page 6 of this section of SG2002 notes a Spring 2002 Alternatives Report that describes the three smart growth strategies. Under a heading "NEXT STEPS", these were said to be set to be considered, and if adopted by the ABAG Executive Board would be the backbone of the MTC 2004 Regional Transportation Plan.

[note: printed PDF omitted some words]
Fact 1-33: In SG2002, pages 14-18 of a "Making Vision Reality" section of SG2002 descri
be an extensive set of "Incentives and Regulatory Change", proposed to "change the 'carrot and sticks' that shape land use decisions by localities, neighborhoods and private developers". At page 18, a chart Entitled "Innovative Bay Area Affordable Housing Programs" states:

"Already, Bay Area communities have created programs to spur affordable housing development. Here are some examples:".

Page 18 of the "Making Vision Reality" section describes eight such existing programs.

Fact 1-34: **SG2002 pages 20-31 are of a section entitled: "The Vision Up Close: An Analysis of One Smart Growth Scenario". This section describes contrasts between the adverse "base case" noted above and the favorable aspects of a specific smart growth land-use scenario developed in workshops in 2001 and 2002.**

Fact 1-35: The "Vision Up Close..." section describes many adverse results of the "current trends base case", which was current in 2002, eleven years ago, not on June 11, 2012. SB2002 relates to a discussion of existing conditions as of June 11, 2012. As one example, such discussion of SB2002 would inform the details of conditions leading to the PDAs described at DEIR page D-4 of Appendix D, "Scoping Comments on Alternatives", Topic "Role of PDAs" (see page D-4 of Item 1-35 of Appendix 1). There, the "Response" indicates that the No Project "...is based on currently adopted general plans...". Also, the Response refers to PDAs that are *de facto* In No Project. The discussions on SB2002 pages 20-31 include further details leading to the events of 2007 noted in Fact 1-36.

Fact 1-36: Five years after SG2002, the proposed Plan Bay Area had still not been published for public comment. Adoption of Plan Bay Area was left to the future, as the proposed Plan Bay Area PBA was not so published until March 28, 2013. In the absence of such publication, in 2007 ABAG published a

report entitled "A Place To Call Home: Housing in the San Francisco Bay Area" (herein called "AP2007", see Item 1-36 in Appendix I, which includes pages "cover", Table of Contents page 1, & pages 3, 8 through 28, & 34. At pages 15 to 28, AP2007 describes some significant events that occurred in the five years after the "current trends base case" was described in SG2002.

Fact 1-37: In view of AP2007, without the Plan Bay Area that was not published for review until 2013, and by implementing the regulations that were effective from 2002 to 2007, the Bay Area region has made that 2002 "current trends base case" obsolete. This is shown by AP2007 at page 15, where it is noted that:

> **"...many local governments throughout the region are already finding solutions and achieving success. Some of the strategies they have used to expand housing choices in their communities are outlined in the following sections".**

Fact 1-38: These solutions and successes include a long list of events, which are identified in AP2007 at pages 8-12 (re RHNA). Also subregions are noted at page 12, & it is noted that local governments have specifically identified where growth can best be accommodated (page 13).

Fact 1-39: Also, twenty-one housing projects are shown on AP2007 pages 13-26. The apparent completion of these projects indicates success of these events that took place six years before Plan Bay Area was published for comment. Samples of that success are shown in Appendix A of AP2007, see reports on Bay Area RHNA Performance, 1999-2006. Appendix A shows apparent averages of permits issued vs. the RHNA allocation for new Bay Area housing for various low income levels.

(see Item 1-39 of Appendix I)

Fact 1-40: The totality of the permitting activity shown by AP2007 Appendix A with respect to all nine Bay Area counties is a clear indication of action implementing regulations that existed over the period of about 2002 to 2007, all in the absence of the proposed Plan Bay Area. Much of this activity stands completed as of June 11, 2012, and as such informs what are the "existing conditions" mandated by CEQA Section 15126.6 (e) (2) to be discussed in respect to No Project. Such activity includes confirmation that the Bay Area communities have created programs to spur affordable housing development, and all seem to have been opposite to the early and obsolete "current trends base case".

Query 1-17: What evidence is there that there was a continuation past 2007 of that action implementing regulations that existed over the period of about 2002 to 2007, all in the absence of the proposed Plan Bay Area?

Fact 1-41: Such evidence is that the above history of focused housing growth extended forward to at least June 11, 2012. Such focused growth has been based on regulations existing over the period of about 2002 to 2010 (all without the proposed Plan Bay Area). To show such evidence, reference is made to a Final Report published March 29, 2013 by Economic & Planning Systems, Inc., & entitled "PDA Readiness Assessment (herein called "RA2013"). See RA2013 which is Item 1-41 of Appendix I for pages 1-43 and Figure 3 (pages 1-4) of Appendix A to RA2013).

Fact 1-42: RA2013 is an independent indication of further events in the Bay Area after 2007 & up to the time at which the proposed Plan Bay Area was published for comment. By "independent" it is meant that the contributors to the Report, Economic & Planning Systems, Inc. ("EPS") & its sub-contractor Community Design + Architecture ("CD+A"), were not only independent of ABAG & MTC who asked for the Report, but independent of the undersigned.

Fact 1-43: The stated purpose of RA2013 is (page 1) to:

"...provide a deeper understanding and independent assessment of the readiness and feasibility of PDAs to accommodate the number of housing units envisioned by Plan Bay Area."

The statement that RA2013 was needed to provide a deeper understanding and independent assessment of the readiness and feasibility of PDAs reflects not only on the vast number of pages of the Plan Bay Area & the DEIR, but on the apparent fact that a deep understanding of these two documents is not readily obtained only from reading those documents.

Fact 1-44: It appears that RA2013 is one of the few reports that independently assesses the additional regulations enacted since 2007, including local housing elements and zoning laws, for example. In this regard, RA2013 provides an independent definitive update to 2012 of the existing regulations that the DEIR says No Project is assumed to implement.

Fact 1-45: The reported results of RA2013 are consistent with the showings in AP2007 (e.g., on AP2007 pages 13-26, Item 39, Appendix I) indicating success of the enumerated events that took place many years before Plan Bay Area was published for comment.

Fact 1-46: RA2013, taken alone, and AP2007 taken alone, & RA2013 and AP2007 taken together, provide evidence of what should be a proper base point for defining what No Project is. For example, the successes identified by RA2013 (on pages 19 through 27) are clear, indicating that EPS estimated an average "base" readiness of 62% for twenty sampled PDAs.

Each of AP2007 & RA2012 separately, and both taken together, indicate that existing regulations, housing elements, zoning, etc., existing in the time frame either up to or close to June 11, 2012, have had a substantial degree of success. EPS estimated such success to continue to 62% of those goals without the proposed Plan Bay Area. In terms of the ongoing RHNAs, this success means to:

> **"Increase the housing supply and the mix of housing types, tenure, and affordability in all cities…in an equitable manner"; & "Promote infill development and socioeconomic equity…".**

RA2013 appears to be the most recent evidence of readiness events of Bay Area development projects. These events took place during the years before, and up to the date on which the proposed Plan Bay Area was published for comment. Also, the depictions and descriptions of the resulting new housing results show a wide range of housing types & affordability in infill development.

Comment 2: This Comment cites Facts from Comment 1 and asserts that the DEIR inconsistently defines the No Project alternative. The DEIR does this by:

(1) defining the No Project in terms of urban growth boundaries assumed to expand at historic rates,

(2) and at the same time:

expressly stating that The No Project alternative is "assumed to implement existing regulations".

Query 2-1: How is the discussion of Facts 1-35 through 1-46 related to Fact 1-7 in which the "ALTERNATIVE 1: NO PROJECT" heading, and new subheading entitled "Land Use Policies:" stated:

"...Urban growth boundaries would be assumed to expand at historic rates, allowing for additional development potential in greenfield locations."?

Fact 2-47: Such discussion is directly related to Fact 1-7 because such Facts 1-35 to 1-46 show that the DEIR is the DEIR is inconsistently defining the No Project alternative.

(1) defining the No Project in terms of such urban growth boundaries assumed to expand at historic rates (Fact 1-7), and at the same time:

(2) expressly stating as in Fact 1-4 (page 3.1-3, in DEIR Section "Approach to Assessing Alternatives", "Mitigation Measures") that:

> **"The No Project alternative is assumed to implement existing regulations",**

<u>Assertion 2-1</u>: The inconsistency is this. Facts 1-35 to 1-46 show that the existing regulations (e.g., RHNA, 2002 CAP & AP2007) promote implementing the RHNA allocations. The ways of promotion include local identification of PDAs, and other measures to facilitate "infill development" (AP2007 page 14). That facilitation of infill development is the opposite of the urban growth boundaries assumed to expand at historic rates, which is central to No Project (Fact 1-7) as indicated By no reference in Fact 1-7 to the evidence in Facts 1-35 to 1-46.

Certainly, in the No Project case, the same existing regulations as are identified in Facts 1-35 to 1-44 will not both encourage urban growth boundaries expanding at historic rates and facilitate infill development at transit sites by way of multi-use development for a range of income levels. The main regional regulation (e.g., RHNA) has a focus on facilitating infill development at transit sites by way of multi-use development with housing for a range

of income levels (see AP2007, page 15, as to local efforts to promote housing) The local zoning noted on pages 15 & 16 of AP2007 is to a significant degree responsive to RHNA, for example. This is evidenced by the readiness assessments in RA2013.

The DEIR simply fails to discuss this inconsistency, does not discuss what % of growth is to be of the urban type (with urban growth boundaries expanding at historic rates), and does not even mention the infill-type of growth in the definition of No Project in Fact 1-4.

CEQA Section 15126.6 (e) (2) requires analysis that discusses "existing conditions at the time environmental analysis is published". It is submitted that the DEIR does not meet this CEQA requirement in that the statements in Fact 1-7 do not rise to the required level of "analysis" because they:

(1) Only state one aspect of the No Project alternative (an assumption of urban growth boundaries expanding at historic rates).

(2) Do not recognize, analyze or discuss the ongoing other type infill development at transit sites by way of multi-use development with housing for a range of income levels, as induced by the main existing regional regulation (RHNA).

(3) Do not recognize the extensive existing

array of local housing elements and zoning laws which were assessed in RA2013, for example.

Therefore, the DEIR does not comply with CEQA and must be amended to overcome this deficiency, which is respectfully requested according to the terms of Request 2-1:

<u>Request R2-1 For Editing of The DEIR</u>: It is requested that the DEIR be amended at page 3.1-5 to change the section entitled "ALTERNATIVE 1: NO PROJECT" to read as follows:

"ALTERNATIVE 1: NO PROJECT:
The No Project alternative represents the potential scenario if Plan Bay Area is not implemented. Given the above assumption in "MITGATION MEASURES" that the No Project will implement existing regulations, land use policies, trans-portation investments & transportation policies will implement such regulations as the following:

2010 CAP, the Transportation 2035 Plan (adopted in 2009), and regulations requiring each jurisdiction to plan for housing at all income levels (see California Housing Element Law, Article 10.6), & the Regional Housing Need Allocation (RHNA), which is the state-mandated process to identify the share of the state's housing need for which each jurisdiction must plan over an eight year period.

With such implemented regulations, under this No Project alternative, no new regional policies will be required in order to influence local land use patterns and no uncommitted transportation investments would be made.

The key elements of the No Project alternative that vary from the proposed Plan include the following:

*** Land Use Policies: Without One Bay Area Government (OBAG) funding, land use plans and policies based on the implemented existing regulations would influence the locations of housing and employment centers in the region. Such influence would include promoting land use patterns, policies, and infrastructure investments that support mixed-use, residential, transit-oriented development that reduce motor vehicle dependence and facilitate walking, bicycling and transit use. Such land use plans would include currently adopted general plans of Bay Area jurisdictions reflecting the local government's plan to see growth in a PDA once the zoning by such government permits such PDAs. Such land use plans would also include newly- adopted general plans of Bay Area jurisdictions reflecting the local government's plan to see growth in mixed-use, residential, transit-oriented development that reduce motor vehicle dependence and facilitate walking, bicycling and transit use, whether prompted by 2010 CAP or in response to market demand or factors other than the Plan. No new fees, subsidies, or land development incentives would be provided on the regional level.**

***Transportation Investments: Included in this alternate are:**

**** the Transportation 2035 Plan that was adopted in 2009,**
**** the Control Measures under 2010 CAP, e.g., TCM D-3 & Express Lanes (TCM B-3).**
**** projects and programs that are identified as "committed" in MTC Resolution 4006 Committed Projects and Programs Policy (these committed projects and programs include transportation projects/programs that were sufficiently through the environmental review process as of June 11, 2012 and had full funding in place, with regional programs with executed contracts or funding already secured being considered committed), &**
**** other specific projects identified in 2010 CAP Control measures Table 2-1.**

***Transportation Policies: Included in this alternate are:**

**** 2010 CAP would also guide tolls, Parking prices, and localized parking minimums. For example, the 2010 CAP includes PCM # TCM B-3 as the "Bay Area Express Lane Network", which will "Introduce roadway pricing on Bay Area highways through the implementation of an express lane network, also known as a High Occupancy Toll (HOT) lane network." " (end of requested edit)**

Comment 3: This Comment cites Facts relating to the series of Tables starting at pages 3.1-8 to 3.1-10 of the DEIR (see attached Item 3-1 of Appendix I), and asserts that these tables do not overcome the deficiencies of the DEIR asserted in Comment 2.

Fact 3-1: At pages 3.1-8 to 3.1-10 of the DEIR (see attached Item 3-1 of Appendix I), Table 3.1-1 compares land use policies, transportation investments, and transportation policies of the various alternatives. Instead of a discussion of the required "existing conditions", the chart of Table 3.1-1 has one line references to such items as "Existing General Plans" (page 3.1-8), and omits a discussion of the required "existing conditions".

Assertion 3-1: In view of Assertion 2-1 above, the above reference in Table 3.1-1 to "Existing General Plans" does not meet the requirements of CEQA, and must be amended to overcome this deficiency, which is respectfully requested.

Fact 3-2: Forecasts of the future start with Table 3.1-2 (page 3.1-11 of the DEIR, see Item 3-2 in Appendix I), which forecasts are compared to 2010 population data. There is no discussion of the required "existing conditions" of the No Project. The forecasts of No Project are based on the Fact 1-7 stated assumption.

Assertion 3-2: In view of the assertion in Comment 2-1, Table 3.1-2 does not meet the requirements of CEQA, and must be amended to overcome this deficiency, which is respectfully requested.

Fact 3-3: The reference on DEIR page 3.1-16 to transportation in regard to existing conditions relates only to committed transportation projects, not to existing regulations of the required "existing conditions". Moreover, reference is made to the existing condition in the form of regulation 2010 CAP, which includes 2010 CAP page 2-7 in re Control Measure TCM B-3. TCM B-3 shows that the reference on DEIR page 3.1-16 to No Project not having Regional Express Lanes is simply incorrect. (see Item 3-3 in Appendix III)

Request 3-1: In view of Fact 3-3, amendment to DEIR page 3.1-16 is requested to correct the statement in re "Alternate 1 – No Project. As corrected, consistent with 2010 CAP, this entry should state No Project having a Regional Express Lane.

Fact 3-4: In re Item 1-20 of Appendix I, on DEIR page 2.2-27 the DEIR acknowledges that the 2010 CAP:

> **"...recognizes the need to encourage future population and job growth in areas that are well served by transit and where mixed-**

use communities provide jobs, housing, and retail in close proximity."

Consistent with this recognition, 2010 CAP includes Table 2-1, entitled "BAAQMD 2010 Clean Air Plan Control Measures" ("PCM"). Please see exemplary Control Measures of 2010 CAP on pages 2-7, 2-8, 2-19 & 2-20, attached as Items 3-4 in Appendix III.

Fact 3-5: Control Measure # TCM D-3 is named "Support Local Land Use Strategies" and is described as:

"Promote land use patterns, policies, and infrastructure investments that support mixed-use, transit-oriented development that reduce motor vehicle dependence and facilitate walking, bicycling and transit use."

Assertion 3-3: It is submitted that Control Measure # TCM D-3 directed to encouraging essentially the opposite development as the DEIR attributes to No Project in Fact 1-7, , namely opposite to:

> **"Urban growth boundaries would be assumed to expand at historic rates, allowing for additional development potential in greenfield locations."**

Request 3-2: In view of Fact 3-5 and Fact 1-7, amendment to DEIR page 3.1-16, first bullet,

is requested to reduce the number of new acres of urbanized land according a new run of the applicable Model, in which the new run includes a factor appropriate for the amount of infill housing to result from implementing such existing regulations as RHNA, 2010CAP, as noted above for example in Facts 1-35 to 1-46.

Request 3-3: Further in view of Facts 1-35 to 1-46 supporting the No Project alternative implementing existing regulations such as are identified in Facts 1-35 to 1-46, it is requested that the remainder of the Tables in the comparative part of the DEIR be amended with respect to the No Project to reflect the quantitative factors by which there will be a reduction in the acres of new assumed urban growth boundaries expanding from historic rates and an increase in the density of infill development at transit sites by way of multi-use development for a range of income levels. These amendments should properly reflect the impact of main existing regional regulations (e.g., RHNA) having a focus on facilitating infill development at transit sites by way of multi-use development with housing for a range of income levels (see Item 1-36 of Appendix I, AP2007, page 15, as to local efforts to promote housing, and local zoning noted on pages 15 & 16 of AP2007 which is to a significant degree responsive to RHNA, for example).

Such amendments should be consistent with the CEQA second requirement: (ii) "what would be reasonably expected to occur in the foreseeable

future if the project were not approved, based on current plans and consistent with available infrastructure".

Fact 3-6: Further supporting Request 3-3, in view of all of the facts in Facts 1-35 to 1-46 above, & the above requirement that each Council of Governments must, on an ongoing basis, prepare Regional Housing Need Allocations, those RHNAs would be reasonably expected to occur in the foreseeable future if the Plan Bay Area were not approved. Therefore, if the Plan Bay Area were not approved it would be reasonably expected that in the foreseeable future beyond June 11, 2012 RHNA would continue to be prepared, and that in such foreseeable future the objects of each RHNA would promote the above many objectives of increasing the housing supply and the mix of housing types, tenure, and affordability in all cities in an equitable manner, & would promote infill development and socioeconomic equity. This in turn would reduce the acres of new assumed urban growth boundaries expanding from historic rates, Further supporting Request 3-3.

Fact 3-7: Further supporting Request 3-3, in a Special Meeting of the Orinda, CA City Council on May 13, 2013 the Planning Director acknowledged that the City's Housing Element was non-compliant. Notwithstanding such non-compliance, it was also noted that Orinda had made significant strides toward meeting its goals for more affordable housing in places near the Orinda BART station.

Examples were a Senior Housing complex under construction with 67 low income units, & eight moderate income units in a large single-family housing project (Orinda Grove), all done under the present Housing Element that responded to RHNA allocations for a mix of housing incomes and types. (minutes of meeting not yet available). Such development consistent with many goals of RHNA, for example, in turn would reduce the acres of new urban growth boundaries expanding from historic rates, which expansion is assumed in Fact 1-7. This discussion of the complex and housing project did not identify any non-existing infrastructure or community services that were required to complete these programs.

Fact 3-8: Further supporting Request 3-3, the requested amendment must explain how the history of SB2002 is a strong indicator of "what would be reasonably expected to occur in the foreseeable future if the…" Plan Bay Area were not approved, which would be that in the absence of the Plan efforts including SB2002 have over time lead to the PDAs noted in the Responses in the DEIR Appendix D: "Scoping Comments Received on Alternatives", page D-4, Topic "Role of PDAs". The Response to this Topic stated that some PDAs will *de facto* be in No Project, which PDAs in and of themselves reduce expansion of urban growth boundaries relative to historic rates, minimizing additional development potential in greenfield locations.

End of comment 3. [Note: documents cited above in Comment 3 are included in Appendix 3]

Concluding Comments:

It is respectfully requested that a written response to these public comments be sent to the undersigned by a prompt delivery method, e.g., email to nomorepatents@gmail.com.

It is further respectfully requested that the written response to these public comments be responsive in a substantive manner to the requests made herein, & include a detailed explanation giving reasons for decisions made in response to the Comments herein. Also, it is respectfully requested that the response include an indication of amendments to be made to the DEIR or PBA in response to one or more of the Comments herein.

Time does not permit identification of all typos in the PDA or DEIR. One is noted in the DEIR, which is that the page in Section 3, identified as "2.1-32" is believed to be in error, and is page 3.1-32.

Respectfully submitted,

Chester E Martine Jr

Chester E. Martine, Jr. May 16, 2013

Attachments: See following list of each Appendix.

List of each enclosed Appendix.

Appendix I

1. **Item 1-1 of Appendix I, CEQA Section 15126.6 (e) (2), Pages 1/17, 9/17, 10/17, & 11/17**

2. **Item 1-2 of Appendix I, Notice of Preparation (NOP): pages 1-3, plus pages 4, 10 & 11 of Attachment A to NOP**

3. **Item 1-4 of Appendix I, DEIR pages i through iii, & pages 3.1-3 through 3.1-5**

4. **Item 1-11 of Appendix I, DEIR pages 3.1-8 through 3.1-10**

5. **Item 1-12 of Appendix I, DEIR page 3.1-11**

6. **Item 1-19 of Appendix I, DEIR pages 2.2-1 & 2.2-12**

7. **Item 1-20 of Appendix I, DEIR page 2.2-27**

8. **Item 1-22 of Appendix I, Pages 1 through 3 of State Housing Element Law**

9. **Item 1-25 of Appendix I, Page 1 of 2 of Final Regional Housing Need Allocation to be released Summer 2013**

10. **Item 1-30 of Appendix I, Table of Contents, plus pages 2, 5, 6, 14 through 18, & 20 through 31 of Smart Growth Strategy, October 2002.**

11. **Item 1-35 of Appendix I, Appendix D to DEIR, Cover page, & pages D-1 & D-4**

12. **Item 1-36 of Appendix I, A Place to Call Home, Cover page, & pages 1, 3, 8 through 28, & 34**

13. **Item 1-39 of Appendix I, Appendix A to Item 1-36 (A Place to Call Home), Bay Area RHNA Performance, 1999 to 2006, Pages 35 through 40**

14. **Item 1-41 of Appendix I, PDA Readiness Assessment, March 29, 2013, Pages 1 through 43, plus pages A-6 through A-9 of Appendix A "PDA Readiness Criteria"**

Appendix III

1. **Item 3-1 of Appendix III, DEIR pages 3.1-8 through 3.1-10**

2. **Item 3-2 of Appendix III, DEIR page 3.1-11**

3. **Item 3-3 of Appendix III, DEIR page 3.1-16**

4. **Item 3-4 of Appendix III, Bay Area 2010 Clean Air Plan, Final Program Environmental Impact Report, August 18, 2010, Table of Contents, & Pages 2-7, 2-8, 2-19 & 2-20**

Item 1-1 of Appendix I

CEQA Section 15126.6 (e) (2),

Pages 1/17, 9/17, 10/17, & 11/17

CEQA The California Environmental Quality Act

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Title 14. California Code of Regulations
Chapter 3. Guidelines for Implementation of the California Environmental Quality Act

Article 9. Contents of Environmental Impact Reports

Sections 15120 to 15132

15120. General

(a) Environmental Impact Reports shall contain the information outlined in this article, but the format of the document may be varied. Each element must be covered, and when these elements are not separated into distinct sections, the document shall state where in the document each element is discussed.

(b) The EIR may be prepared as a separate document, as part of a general plan, or as part of a project report. If prepared as a part of the project report, it must still contain one separate and distinguishable section providing either analysis of all the subjects required in an EIR or, as a minimum, a table showing where each of the subjects is discussed. When the Lead Agency is a state agency, the EIR shall be included as part of the regular project report if such a report is used in the agency's existing review and budgetary process.

(c) Draft EIRs shall contain the information required by Sections 15122 through 15131. Final EIRs shall contain the same information and the subjects described in Section 15132.

(d) No document prepared pursuant to this article that is available for public examination shall include a "trade secret" as defined in Section 6254.7 of the Government Code, information about the location of archaeological sites and sacred lands, or any other information that is subject to the disclosure restrictions of Section 6254 of the Government Code.

Note: Authority cited: Section 21083, Public Resources Code; Reference: Sections 21100, 21105 and 21160, Public Resources Code.

Discussion: This section provides general information on the EIR document. The document may be prepared in a wide variety of formats so long as the essential elements of information are included. In order to promote public understanding of the document, the Guidelines require that when the required elements are not separated into distinct sections, the document must include a statement as to where each element is discussed.

Subsection (b) is also designed to allow Lead Agencies flexibility in preparing the document. This section provides that the EIR may be a separate document by itself, or the EIR may be included within another document. Where the EIR is included within another document, the EIR must be a distinguishable section of that larger document.

The flexibility allowed by this section enables Lead Agencies to achieve efficiencies in different situations. For example, where a Local Agency Formation Commission has prepared a large document analyzing the effects of a proposed annexation, the LAFCO may reduce its cost by including the EIR within the larger document. The decision in Russian Hill Improvement Association v. Board of Permit

Regional Information Center.

Authority: Section 21083, Public Resources Code. Reference: Sections 5020.5, 21002, 21003, 21100 and 21084.1, Public Resources Code; *Citizens of Goleta Valley v. Board of Supervisors* (1990) 52 Cal.3d 553; *Laurel Heights Improvement Association v. Regents of the University of California* (1988) 47 Cal.3d 376; *Gentry v. City of Murrieta* (1995) 36 Cal.App.4th 1359; *Laurel Heights Improvement Association v. Regents of the University of California* (1993) 6 Cal.4th 1112; and *Sacramento Old City Assn. v. City Council of Sacramento* (1991) 229 Cal.App.3d 1011.

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15126.6 Consideration and Discussion of Alternatives to the Proposed Project.

(a) Alternatives to the Proposed Project. An EIR shall describe a range of reasonable alternatives to the project, or to the location of the project, which would feasibly attain most of the basic objectives of the project but would avoid or substantially lessen any of the significant effects of the project, and evaluate the comparative merits of the alternatives. An EIR need not consider every conceivable alternative to a project. Rather it must consider a reasonable range of potentially feasible alternatives that will foster informed decisionmaking and public participation. An EIR is not required to consider alternatives which are infeasible. The lead agency is responsible for selecting a range of project alternatives for examination and must publicly disclose its reasoning for selecting those alternatives. There is no ironclad rule governing the nature or scope of the alternatives to be discussed other than the rule of reason. (*Citizens of Goleta Valley v. Board of Supervisors* (1990) 52 Cal.3d 553 and *Laurel Heights Improvement Association v. Regents of the University of California* (1988) 47 Cal.3d 376).

(b) Purpose. Because an EIR must identify ways to mitigate or avoid the significant effects that a project may have on the environment (Public Resources Code Section 21002.1), the discussion of alternatives shall focus on alternatives to the project or its location which are capable of avoiding or substantially lessening any significant effects of the project, even if these alternatives would impede to some degree the attainment of the project objectives, or would be more costly.

(c) Selection of a range of reasonable alternatives. The range of potential alternatives to the proposed project shall include those that could feasibly accomplish most of the basic objectives of the project and could avoid or substantially lessen one or more of the significant effects. The EIR should briefly describe the rationale for selecting the alternatives to be discussed. The EIR should also identify any alternatives that were considered by the lead agency but were rejected as infeasible during the scoping process and briefly explain the reasons underlying the lead agency's determination. Additional information explaining the choice of alternatives may be included in the administrative record. Among the factors that may be used to eliminate alternatives from detailed consideration in an EIR are:(i) failure to meet most of the basic project objectives, (ii) infeasibility, or (iii) inability to avoid significant environmental impacts.

(d) Evaluation of alternatives. The EIR shall include sufficient information about each alternative to allow meaningful evaluation, analysis, and comparison with the proposed project. A matrix displaying the major characteristics and significant environmental effects of each alternative may be used to summarize the comparison. If an alternative would cause one or more significant effects in addition to those that would be caused by the project as proposed, the significant effects of the alternative shall be discussed, but in less detail than the significant effects of the project as proposed. (*County of Inyo v. City of Los Angeles* (1981) 124 Cal.App.3d 1).

(e) "No project" alternative.

(1) The specific alternative of "no project" shall also be evaluated along with its impact. The purpose of describing and analyzing a no project alternative is to allow decisionmakers to compare the impacts of approving the proposed project with the impacts of not approving the proposed project. The no project alternative analysis is not the baseline for determining whether the proposed project's

environmental impacts may be significant, unless it is identical to the existing environmental setting analysis which does establish that baseline (see Section 15125).

(2) The "no project" analysis shall discuss the existing conditions at the time the notice of preparation is published, or if no notice of preparation is published, at the time environmental analysis is commenced, as well as what would be reasonably expected to occur in the foreseeable future if the project were not approved, based on current plans and consistent with available infrastructure and community services. If the environmentally superior alternative is the "no project" alternative, the EIR shall also identify an environmentally superior alternative among the other alternatives.

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(3) A discussion of the "no project" alternative will usually proceed along one of two lines:

(A) When the project is the revision of an existing land use or regulatory plan, policy or ongoing operation, the "no project" alternative will be the continuation of the existing plan, policy or operation into the future. Typically this is a situation where other projects initiated under the existing plan will continue while the new plan is developed. Thus, the projected impacts of the proposed plan or alternative plans would be compared to the impacts that would occur under the existing plan.

(B) If the project is other than a land use or regulatory plan, for example a development project on identifiable property, the "no project" alternative is the circumstance under which the project does not proceed. Here the discussion would compare the environmental effects of the property remaining in its existing state against environmental effects which would occur if the project is approved. If disapproval of the project under consideration would result in predictable actions by others, such as the proposal of some other project, this "no project" consequence should be discussed. In certain instances, the no project alternative means "no build" wherein the existing environmental setting is maintained. However, where failure to proceed with the project will not result in preservation of existing environmental conditions, the analysis should identify the practical result of the project's non-approval and not create and analyze a set of artificial assumptions that would be required to preserve the existing physical environment.

(C) After defining the no project alternative using one of these approaches, the lead agency should proceed to analyze the impacts of the no project alternative by projecting what would reasonably be expected to occur in the foreseeable future if the project were not approved, based on current plans and consistent with available infrastructure and community services.

(f) Rule of reason. The range of alternatives required in an EIR is governed by a "rule of reason" that requires the EIR to set forth only those alternatives necessary to permit a reasoned choice. The alternatives shall be limited to ones that would avoid or substantially lessen any of the significant effects of the project. Of those alternatives, the EIR need examine in detail only the ones that the lead agency determines could feasibly attain most of the basic objectives of the project. The range of feasible alternatives shall be selected and discussed in a manner to foster meaningful public participation and informed decision making.

(1) Feasibility. Among the factors that may be taken into account when addressing the feasibility of alternatives are site suitability, economic viability, availability of infrastructure, general plan consistency, other plans or regulatory limitations, jurisdictional boundaries (projects with a regionally significant impact should consider the regional context), and whether the proponent can reasonably acquire, control or otherwise have access to the alternative site (or the site is already owned by the proponent). No one of these factors establishes a fixed limit on the scope of reasonable alternatives. (*Citizens of Goleta Valley v. Board of Supervisors* (1990) 52 Cal.3d 553; see *Save Our Residential Environment v. City of West Hollywood* (1992) 9 Cal.App.4th 1745, 1753, fn. 1).

(2) Alternative locations.

(A) Key question. The key question and first step in analysis is whether any of the significant effects of the project would be avoided or substantially lessened by putting the project in another location. Only locations that would avoid or substantially lessen any of the significant effects of the project

need be considered for inclusion in the EIR.

(B) None feasible. If the lead agency concludes that no feasible alternative locations exist, it must disclose the reasons for this conclusion, and should include the reasons in the EIR. For example, in some cases there may be no feasible alternative locations for a geothermal plant or mining project which must be in close proximity to natural resources at a given location.

(C) Limited new analysis required. Where a previous document has sufficiently analyzed a range of reasonable alternative locations and environmental impacts for projects with the same basic purpose, the lead agency should review the previous document. The EIR may rely on the previous document to help it assess the feasibility of potential project alternatives to the extent the circumstances remain substantially the same as they relate to the alternative. (*Citizens of Goleta Valley v. Board of Supervisors* (1990) 52 Cal.3d 553, 573).

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(3) An EIR need not consider an alternative whose effect cannot be reasonably ascertained and whose implementation is remote and speculative. (*Residents Ad Hoc Stadium Committee v. Board of Trustees* (1979) 89 Cal. App.3d 274).

Note: Authority cited: Section 21083, Public Resources Code. Reference: Sections 21002, 21002.1, 21003, and 21100, Public Resources Code; *Citizens of Goleta Valley v. Board of Supervisors*, (1990) 52 Cal.3d 553; *Laurel Heights Improvement Association v. Regents of the University of California*, (1988) 47 Cal.3d 376; *Gentry v. City of Murrieta* (1995) 36 Cal.App.4th 1359; and *Laurel Heights Improvement Association v. Regents of the University of California* (1993) 6 Cal.4th 1112.

Discussion: This section examines the required discussion of project alternatives. Subsection (b) states that the discussion shall focus on alternatives to the project or its location which can avoid or substantially lessen any of the significant impacts of the project and shall evaluate their comparative merits. Subsection (c) includes guidance on the selection of a reasonable range of feasible alternatives, including the need to document the process of selecting alternatives. Subsection (e) describes the ◆no project◆ alternative, including its relationship to the baseline conditions under which the project is evaluated for potential significance and the analysis of the potential impacts if the project is not undertaken. Subsection (f) discusses the ◆rule of reason◆ in detail, including such factors as feasibility, location, and speculation, which help agencies select a reasonable range of alternatives.

15127. Limitations on Discussion of Environmental Impact

The information required by Section 15126.2(c) concerning irreversible changes, need be included only in EIRs prepared in connection with any of the following activities:

(a) The adoption, amendment, or enactment of a plan, policy, or ordinance of a public agency;

(b) The adoption by a Local Agency Formation Commission of a resolution making determinations; or

(c) A project which will be subject to the requirement for preparing an environmental impact statement pursuant to the requirements of the National Environmental Policy Act of 1969, 42 U.S.C. 4321-4347.

Note: Authority cited: Section 21083, Public Resources Code; Reference: Section 21100.1, Public Resources Code.

Discussion: The reference in this section to previous subsection (e) of Section 15126 has been deleted. The statutory requirement for a discussion of the relationship between short-term uses and long-term productivity was repealed by Chapter 1230 of the Statutes of 1994.

15128. Effects Not Found to be Significant

Item 1-2 of Appendix I

Notice of Preparation (NOP): pages 1-3, plus pages 4, 10 & 11 of Attachment A to NOP

Notice of Preparation

To: Interested Agencies, Organizations, and Individuals

Subject: **Notice of Preparation of a Draft Environmental Impact Report for Plan Bay Area**

Lead Agencies:
Metropolitan Transportation Commission
& Association of Bay Area Governments
Joseph P. Bort MetroCenter
101 Eighth Street
Oakland, CA 94607-4700

Contact Person:
Ashley Nguyen, EIR Project Manager
Metropolitan Transportation Commission
Phone: 510.817.5809
Fax: 510.817.5848
Email: anguyen@mtc.ca.gov

The Metropolitan Transportation Commission (MTC) and the Association of Bay Area Governments (ABAG) are co-lead agencies for preparing a program-level Draft Environmental Impact Report (EIR) for the Plan Bay Area in accordance with the California Environmental Quality Act (CEQA).

This Notice of Preparation (NOP) is intended to seek comments with specific detail about the scope and content of the environmental information that will be evaluated in the EIR. Agencies who have statutory responsibilities in connection with the project to be evaluated should share their views. Such agencies will use the EIR prepared by MTC and ABAG when considering a permit or other approval of a discrete project from Plan Bay Area. Local jurisdictions and transportation agencies may also elect to use this program-level EIR for tiering in second-tiered EIRs covering land use projects or transportation plans, projects, or programs.

MTC and ABAG seek your input on the following questions:

- Are there potential environmental issues that MTC and ABAG should analyze that are not identified in Attachment A to this notice?
- Are there any alternatives that MTC and ABAG should evaluate that are not identified in Attachment A to this notice?
- What types of mitigation measures should be considered that would help avoid or minimize potential environmental impacts of the proposed Project and alternatives?
- What elements of this EIR would help your agency with CEQA exemptions and tiering?

Four regional scoping meetings will be held to solicit input on the scope of the Draft EIR:

Wednesday, June 20, 2012
6:00 p.m. to 8:00 p.m.
Joseph P. Bort MetroCenter
MTC Auditorium
101 Eighth Street
Oakland, CA 94607

Thursday, June 21, 2012
10:00 a.m. to Noon
Dr. Martin Luther King, Jr. Library
Room 255/257
150 East San Fernando Street
San Jose, CA 95112

Tuesday, June 26, 2012
10:00 a.m. to Noon
San Francisco Planning + Urban Research (SPUR)
Public Assembly Hall – 2nd Floor
654 Mission Street
San Francisco, CA 94105

Wednesday, June 27, 2012
1:30 p.m. to 3:30 p.m.
Embassy Suites Hotel
Novato/Larkspur Room
101 McInnis Parkway
San Rafael, CA

All interested agencies, organizations and individuals are welcome to participate in the scoping meetings. Oral and written comments will be accepted at the scoping meetings. Due to the time limits mandated by State law, your response must be sent at the earliest possible date but ***no later than 30 days*** after receipt of this notice. **Please send your response to Ashley Nguyen, EIR Project Manager by July 11, 2012 through any of the following methods.** Remember to include a return address and the name of the contact person.

Mail	Fax	E-mail
Ashley Nguyen, EIR Project Manager Metropolitan Transportation Commission Joseph P. Bort MetroCenter 101 Eighth Street Oakland, CA 94607-4700	510.817.5848	eircomments@mtc.ca.gov

The project description, location and the potential environmental effects are contained in the attached materials. An Initial Study is not required and thus not prepared.

Project Title:	Environmental Impact Report for Plan Bay Area
Project Location:	San Francisco Bay Area Region, California (Alameda, Contra Costa, Marin, Napa, San Francisco, San Mateo, Santa Clara, Solano, and Sonoma Counties)
Attachment:	Attachment A: Project Description & Scope of Environmental Analysis
Date:	June 11, 2012

Steve Heminger
MTC Executive Director

Pat Jones
ABAG Assistant Executive Director

ATTACHMENT A
PROJECT DESCRIPTION & SCOPE OF ENVIRONMENTAL ANALYSIS

NOTICE OF PREPARATION

The Notice of Preparation (NOP), along with this Attachment A, is being issued to interested agencies, organizations and individuals, to solicit comments that will assist in the preparation of the Draft Environmental Impact Report (EIR) for Plan Bay Area. As a result of the responses to the NOP and staff analysis, the project description and scope of the environmental analysis described herein will likely be revised and then further refined through the course of preparing the EIR.

BACKGROUND

The Metropolitan Transportation Commission (MTC) is the transportation planning, coordinating, and financing agency for the nine-county San Francisco Bay Area (which includes Alameda, Contra Costa, Marin, Napa, San Francisco, San Mateo, Santa Clara, Solano, and Sonoma Counties). Created by the State Legislature in 1970, MTC functions as both the regional transportation planning agency (RTPA)—a state designation—and for federal purposes, as the region's metropolitan planning organization (MPO). As required by State legislation (Government Code Section 65080 et. seq.) and by federal regulation (Title 23 USC Section 134), MTC is responsible for preparing the Regional Transportation Plan (RTP) for the San Francisco Bay Area Region. An RTP is a long-range plan that identifies the strategies and investments to maintain, manage, and improve the region's transportation network.

In the past, MTC has undertaken the task of regional transportation planning somewhat separately from the regional population and employment projections and regional housing needs allocation processes conducted by the Association of Bay Area Governments (ABAG). ABAG is a joint powers agency formed in 1961 pursuant to California Government Code §§ 6500, *et seq.*, and is the council of governments (COG) for the San Francisco Bay Area. ABAG prepares demographic and economic forecasts, and prepares the state-mandated Regional Housing Needs Allocation for the Bay Area. Consistent with the requirements of the Sustainable Communities and Climate Protection Act of 2008 (SB 375), MTC and ABAG are jointly developing a Regional Transportation Plan and Sustainable Communities Strategy, known as Plan Bay Area. In addition, MTC and ABAG are jointly preparing and certifying the EIR for Plan Bay Area.

- Potential increase in non-point pollution of storm water runoff
- Potential increases in rates and amounts of runoff due to additional impervious surfaces
- Potential placement of structures within a 100-year flood hazard area which would impede or redirect flows
- Potential exposure of people to significant risk of loss, injury, or death involving flooding, seiche, tsunami, or mudflow

Biological Resources

- Potential adverse effect on sensitive or special-status species
- Potential adverse effect on riparian habitat, protected wetlands, or other sensitive natural community
- Potential interference with the movement of any native resident, migratory fish, or wildlife species
- Potential conflict with adopted local conservation policies

Visual Resources

- Potential adverse effect on scenic vistas
- Potential damage to scenic resources within a scenic highway,
- Potential degradation of existing visual character
- Potential creation of a new source of substantial light or glare

Cultural Resources

- Potential adverse change or damage to the significance of a historic resource, unique archaeological resource, and/or a unique paleontological resource/site
- Potential disruption of any human remains

Public Utilities

- Potential adverse effect on water supply, wastewater/storm water facilities, and solid waste

Growth-Inducing Impacts

- Potential direct or indirect substantial, unanticipated increases in population beyond those currently projected

Impact categories not specifically addressed in this EIR include hazardous materials, public services, recreation and mineral resources because no significant impacts of regional importance are expected to occur in these areas. These impact areas will be addressed in project-specific environmental documents.

PROPOSED PROJECT AND ALTERNATIVES TO BE ANALYZED IN THE EIR

The proposed Project and preliminary draft alternatives that may be evaluated in this EIR are described below. MTC will use the latest planning assumptions in the EIR analysis, as well as the same regional growth control totals of 1,120,000 new people, 2,147,000 new jobs, and 660,000 new housing units except for Alternative 4 (see Alternative 4 for details). It is

important to note that more precise definitions of the alternatives, or new alternatives, will likely emerge as the EIR scoping and preparation process evolves.

Alternative 1 – No Project
CEQA requires the evaluation of a No Project alternative. The No Project alternative addresses the effect of not implementing Plan Bay Area as required by Section 15126.6(e) (2) of the CEQA Guidelines. It includes "what would be reasonably expected to occur in the foreseeable future if the project were not approved, based on current plans and consistent with available infrastructure and community services" (CEQA Section 15126.6(e) (2)). The No Project alternative allows decision-makers to compare the impacts of approving the proposed Project with the impacts of not approving the proposed Project.

For purposes of this EIR, the No Project alternative consists of two elements: (a) the existing 2010 land uses plus continuation of existing land use policy as defined in adopted general plans, zoning ordinances, etc. from all jurisdictions in the region and (b) the existing 2010 transportation network plus a set of highway, transit, local roadway, bicycle and pedestrian projects that have either already received funding or are scheduled for funding and have received environmental clearance by May 1, 2011.

Alternative 2 – Jobs-Housing Connection (Proposed Project)
The Jobs-Housing Connection alternative is the proposed Project, as approved by ABAG and MTC on May 17, 2012. This alternative lays out a land use pattern that is structured around four key elements: (1) over 200 locally selected Priority Development Areas (PDAs) that support job growth and accessibility as well as housing diversity and affordability, (2) the region's core transit network, (3) the Bay Area's network of open spaces and conservation land, including 100 Priority Conservation Areas (PCAs), and (4) a network of complete communities in which each community is supported by the appropriate services and amenities. To distribute future growth, regional growth factors were applied to address the changing economic, demographic and housing needs of the region.

- **Employment Distribution:** The approach for distributing new employment growth accounts for job growth by sector and is linked to transit infrastructure. Local planning and economic analysis regarding growing industries in the Bay Area informed focused growth in PDAs. Knowledge-sector jobs (such as information technology companies, legal or engineering firms, and biotechnology firms) are expected to grow based on current concentrations, specialization, and past growth as well as transit services and access. Population-based jobs (such as retail, stores, or restaurants) are expected to grow in a manner reflecting the distribution of future household growth. All other jobs (such as government, agriculture and manufacturing) are expected to grow according to the existing distribution of jobs in each of these sectors.
- **Housing Distribution:** The strategy for locating new housing begins with local plans at the county, city, and PDA levels. Housing growth in each place was then adjusted to ensure that regional goals were advanced based on five regional growth factors: (1) level of transit service, (2) vehicle-miles traveled per household, (3) employment by 2040, (4) low-wage workers commuting from outside each place, and (5) housing value.

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Approach to Assessing Alternatives

MITIGATION MEASURES

Mitigation measures, as identified for the proposed Plan in *Part Two: Settings, Impacts, and Mitigation Measures* of this EIR, would apply to all alternatives other than the No Project, since the No Project alternative would not include adoption of a new plan. The No Project alternative is assumed to implement existing regulations. Projects taking advantage of CEQA Streamlining provisions of SB 375 can and should apply the mitigation measures described in *Part Two*, as feasible, to address site-specific conditions. However, MTC/ABAG cannot require local implementing agencies to adopt mitigation measures, and it is ultimately the responsibility of a lead agency to determine and adopt mitigation. Therefore this EIR finds that it cannot be ensured that this mitigation measures would be implemented in all cases, and therefore, many impacts would remain significant. Where existing regulatory requirements (i.e., for hazards or water resources) or permitting requirements exist (i.e., for biological resources), it is assumed that since these regulations are law and binding on responsible agencies and project sponsors, it is reasonable to determine that they would be implemented, thereby reducing impacts to less than significant where relevant.

MODELING

See *Chapter 1.2: Overview of the Proposed Plan Bay Area* for a detailed overview of the modeling methodology.

Travel Demand Forecasting Model – Travel Model One

The MTC travel demand model, Travel Model One, is a regional activity-based travel model for the San Francisco Bay Area. This model produced all of the key outputs used in assessing the significance of transportation impacts for all alternatives, including outputs such as vehicle miles traveled, vehicle hours of delay, and accessibility, as well as other outputs such as volume to capacity ratios and level of service.

Land Use Forecasting Model – UrbanSim

ABAG developed regional control totals—forecasted numbers of households and employed residents—for the time period between 2010 and 2040, as described in *Chapter 1.2*. UrbanSim, the regional land use forecasting model, relied upon these regional control totals as model inputs. Based on the assumed levels of household and job growth in the region, UrbanSim analyzed the impact of specific policy inputs for each of the alternatives, such as zoning, fees, incentives, and growth boundaries, on the regional development pattern.

Subsequently, GIS raster data was developed by MTC using UrbanSim land use outputs, including the forecast location of new jobs and housing throughout the region for each alternative. Due to modeling constraints, adjustments were made to the proposed Plan model outputs to better reflect the land use pattern of the proposed Plan, which went through an extensive planning process involving refinements by local jurisdictions.

Adjustments were not made for the other alternatives given that they did not have the same degree of pre-defined land use outcome targets (alternatives are defined by policy inputs, as described above).

Using these data, urbanized land footprints were developed for each alternative1 and land use impacts were analyzed using the parcel dataset.

Detailed information on modeling processes, including adjustments and outputs, is included in the Summary of Predicted Land Use Responses supplemental document, released in March 2013. This data and other documents can be obtained from the MTC/ABAG Library, or from OneBayArea website at onebayarea.org.

Integration of Travel Model One and UrbanSim

In order to appropriately consider the symbiotic relationship of transportation and land use, Travel Model One and UrbanSim are unified in an integrated model framework. This allowed for analysis of how transportation projects affect the surrounding land use pattern, as well as how changes to household and employment locations affect transportation demand. See *Chapter 1.2: Overview of the Proposed Plan Bay Area* for more detail on this process.

For calculations relying on outputs from Travel Model One and population totals (i.e., per capita VMT or per capita energy use), model-simulated population levels were used to ensure consistency. Simulated population may be slightly different than overall population forecasts for the proposed Plan and alternatives due to slight variability in modeling tools. Further clarification on this issue is in the Plan Bay Area EIR technical appendices.

References

The Summary of Predicted Traveler Responses and Summary of Predicted Land Use Responses supplemental documents, released in March 2013, provide detail regarding the modeling assumptions and outputs for Plan Bay Area. Raster land use data development is outlined in an appendix to the Summary of Predicted Land Use Responses. MTC and ABAG also have a large body of detailed published documentation regarding the integrated travel demand and land use model. This data and other documents can be obtained from the OneBayArea website at onebayarea.org.

Alternatives Analyzed in this EIR

This EIR evaluates the No Project alternative as required by CEQA, as well as three other alternatives refined through the scoping process. The descriptions of the alternatives are provided below, followed by an analysis that compares the environmental impacts of each alternative to the proposed Plan. A complete listing of projects by alternative is provided in Appendix C.

Consistent with the Notice of Preparation (NOP) of this EIR, the alternatives are listed and referred to in the following order:

1. No Project alternative,

[1] Future urbanized footprints apply a density threshold of 4 households per acre and 10 jobs per acre to the 2040 growth areas.

2. Alternative 2: Proposed Plan,
3. Alternative 3: Transit Priority Focus,
4. Alternative 4: Enhanced Network of Communities, and
5. Alternative 5: Environment, Equity and Jobs.

Descriptions of the key policies of each alternative follow, emphasizing where they deviate from the proposed Plan.

ALTERNATIVE 1: NO PROJECT

The No Project alternative represents the potential scenario if Plan Bay Area is not implemented. Under this alternative, no new regional policies would be implemented in order to influence local land use patterns and no uncommitted transportation investments would be made. The key elements of the No Project alternative that vary from the proposed Plan include the following:

- **Land Use Policies:** No new regional land use plan would be developed and no new policies would be implemented to influence the locations of housing and employment centers in the region. No new fees, subsidies, or land development incentives would be provided on the regional level. Urban growth boundaries would be assumed to expand at historical rates, allowing for additional development potential in greenfield locations.
- **Transportation Investments:** Projects and programs that are identified as "committed" in MTC Resolution 4006 Committed Projects and Programs Policy are included in this alternative – this is similar but not identical to the list of projects in Transportation 2035. The transportation network in this alternative would therefore not be equivalent to existing conditions. The committed projects and programs include transportation projects/programs that were sufficiently through the environmental review process as of May 2011 and had full funding plans in place. In addition, regional programs with executed contracts or funding already secured are considered committed and included in the No Project alternative, through the existing contract period for each program. However, Express Lane projects in MTC's regional network are listed as committed but technically are uncommitted;[2] all of the MTC Network Express Lane projects are therefore excluded from the No Project alternative (VTA's Express Lane Network is a fully committed project and included in every alternative).
- **Transportation Policies:** Tolls would remain the same as measured in constant year dollars. Parking prices would remain the same as measured in constant year dollars, and localized parking minimums would remain the same for new development.

ALTERNATIVE 2: PROPOSED PLAN

Alternative 2, proposed as the Jobs-Housing Connection in the NOP, was selected by MTC and ABAG as the preferred plan option for Plan Bay Area, and is the proposed Plan evaluated throughout this EIR.

[2] The region's two Express Lane networks—MTC's regional network and VTA's network—are each viewed as a project made up of individual project segments. Unless the entire network is fully funded and committed, the entire network, or "project", is uncommitted. As a result, MTC's Express Lane Network is an uncommitted project; VTA's Express Lane Network is a fully committed project.

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would still be legal, as per SB 375, based on the input of the EEJ stakeholders, this alternative would not reference TPPs, thus making it impossible for project sponsors to streamline. The modeling analysis for this alternative therefore did not include any benefits from CEQA streamlining to encourage development.

- **Transportation Investments:** This alternative seeks to strengthen public transit by significantly boosting service frequencies in most suburban and urban areas, other than on Muni, BART or Caltrain, and providing free transit passes to youth throughout the region. This alternative includes a reduced scope highway network which excludes all uncommitted road projects, other than maintenance projects, from the Transportation Investment Strategy. As with Alternative 1, the No Project alternative, all of the MTC Network Express Lane projects are excluded as they are considered uncommitted (VTA's Express Lane Network is a fully committed project and included in every alternative). As such, this alternative does not include the Regional Express Lanes Network, with the exception of committed projects.
- **Transportation Policies:** Most notably, this alternative includes the implementation of a vehicle miles traveled (VMT) tax to fund the expanded investments in public transit. This tax, assumed at a rate of one cent per mile on annual vehicle miles traveled within the region, would provide a substantial revenue source, while also discouraging residents from driving; exemptions from the tax would be provided for low-income households. Furthermore, the San Francisco-Oakland Bay Bridge would have an increased peak-period toll of $8, consistent with Alternatives 3 and 4, providing additional revenue in the Transbay corridor.

ALTERNATIVES COMPARISONS

Table 3.1-1 provides an overview comparison of the land use policies, transportation investments, and transportation policies proposed in the five Plan Bay Area alternatives. The full list of which transportation projects are included in each alternative is provided in Appendix C.

TABLE 3.1-1: POLICY MEASURE COMPARISON

	Alt 1 No Project	*Alt 2 Proposed Plan*	*Alt 3 Transit Priority*	*Alt 4 Enhanced Net*	*Alt 5 Environment, Equity, and Jobs*
LAND USE POLICIES					
Zoning					
Existing General Plans	•				
PDA-Focused Growth		•		•	•
TPP-Focused Growth			•		•
Growth Boundaries					
Current Trends Continue	•				
Strict Boundaries		•	•	•	•
Fees and Subsidies					
No New Fees	•				
Subsidies for PDA Growth		•		•	

TABLE 3.1-1: POLICY MEASURE COMPARISON

	Alt 1 No Project	*Alt 2 Proposed Plan*	*Alt 3 Transit Priority*	*Alt 4 Enhanced Net*	*Alt 5 Environment, Equity, and Jobs*
Subsidies for Urban Core			•		
Subsidies for PDA/TPP Opportunity Areas					•
Fee on High VMT Area			•		
Incentives					
None	•				
OneBayArea Grants		•	•	•	•
CEQA Streamlining		•	•	•	(see table note 1)
TPP Redevelopment		•	•		•
TRANSPORTATION INVESTMENTS					
Road Network					
Committed Projects Only	•				
Preferred		•		•	
Preferred w/ Reduced Express Lanes			•		
Preferred w/o Highway Expansion or Operational Projects					•
Transit Network					
Committed Projects Only	•				
Preferred		•		•	
Increased Funding for BART, AC Transit			•		
Additional Service for All Major Transit Operators other than Muni, BART or Caltrain					•
Climate Initiates					
Regional Electric Vehicle Public Charger Network		•	•	•	•
Vehicle Buy-Back & Plug-In or Electric Vehicles Purchase Incentives		•	•	•	•
Car Sharing	•	•	•	•	•
Vanpool Incentives		•	•	•	•
Clean Vehicles Feebate		•	•	•	•

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TABLE 3.1-1: POLICY MEASURE COMPARISON

	Alt 1 No Project	*Alt 2 Proposed Plan*	*Alt 3 Transit Priority*	*Alt 4 Enhanced Net*	*Alt 5 Environment, Equity, and Jobs*
Program					
Smart Driving Strategy		•	•		•
Commuter Benefits Ordinance	•	•	•	•	•
TRANSPORTATION POLICIES					
Road Pricing					
None	•	•			
Higher Peak Toll on Bay Bridge			•	•	•
VMT Tax					•
Parking Policies					
Status Quo	•				
Reduced Minimums		•	•	•	•

1. Unlike Alternatives 3 and 4, Alternative 5 would discourage CEQA streamlining for TPP-eligible areas. While streamlining would still be legal, as per SB 375, based on the input of the EEJ stakeholders, the Plan would not reference TPPs, thus making it impossible for project sponsors to streamline.

Comparative Demographic Forecasts

All of the alternatives, except for Alternative 4, are designed to accommodate the same population and employment in the year 2040 based on forecasts developed by ABAG, with varying locational distributions of growth.

Unlike all other alternatives, Alternative 4 has different levels of household and employment growth in the region. Compared to the proposed Plan, it includes four percent more households and one percent more jobs. This higher growth total reflects the Senate Bill 375 requirement to house the region's entire population (i.e., provide a house for every household employed in the region).

Table 3.1-2 displays the differences in demographics between the various alternatives. As a result of the lower levels of transit infrastructure investment and more dispersed land use pattern under the No Project alternative, the share of households with zero cars is slightly lower than the proposed Plan (nine percent versus 11 percent). Otherwise, the other three alternatives have similar car ownership rates as compared to the proposed Plan.

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TABLE 3.1-2: BAY AREA DEMOGRAPHIC FORECASTS (2010-2040)

	2010	*2040 Plan (Alt 2)*	*2040 No Project (Alt 1)*	*% Difference from Proposed Plan*	*2040 Transit Priority Focus (Alt 3)*	*% Difference from Proposed Plan*	*2040 Enhanced Network of Communities (Alt 4)*	*% Difference from Proposed Plan*	*2040 Environment, Equity, and Jobs (Alt 5)*	*% Difference from Proposed Plan*
Total Population	7,091,000	9,196,000	9,196,000	0%	9,196,000	0%	9,535,000	+4%	9,196,000	0%
Total Employment	3,385,000	4,505,000	4,505,000	0%	4,505,000	0%	4,550,000	+1%	4,505,000	0%
Employed Residents	3,269,000	4,350,000	4,350,000	0%	4,350,000	0%	4,513,000	+4%	4,350,000	0%
Total Households	2,608,000	3,308,000	3,308,000	0%	3,308,000	0%	3,431,000	+4%	3,308,000	0%
% of Households with Zero Autos	9%	11%	9%	N/A	10%	N/A	11%	N/A	10%	N/A
% of Households with One Auto	33%	33%	33%	N/A	33%	N/A	33%	N/A	33%	N/A
% of Households with Multiple Autos	58%	56%	58%	N/A	57%	N/A	57%	N/A	57%	N/A
Average Vehicles per Household	1.78	1.75	1.81	+3%	1.76	+1%	1.77	+1%	1.77	+1%

Sources: Association of Bay Area Governments, 2012; Metropolitan Transportation Commission Travel Forecasts, 2012

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2.2 Air Quality

This section evaluates the regional air quality impacts of implementing the proposed Plan. The analysis focuses on the following criteria pollutants: (1) ground-level ozone precursor emissions, for which the Bay Area is currently designated as a non-attainment area under the national and state standards, (2) particulate matter (PM) emissions, for which the Bay Area is currently designated as non-attainment under the national and state standards; and (3) carbon monoxide emissions, for which the Bay Area is designated as attainment under the national standard. It also evaluates criteria pollutants and Toxic Air Contaminants (TACs) from construction activity and local and regional emissions of TACs and fine particulate matter ($PM_{2.5}$).

This EIR examines these at a regional level. However, for TACs and $PM_{2.5}$ a localized analysis is provided to identify potential public health impacts from locating new sensitive receptors within Transit Priority Project (TPPs) areas. The EIR does not examine the effects on local or regional air quality from specific land use and transportation improvements in the proposed Plan.

The related issues of greenhouse gas emissions and potential climate change effects are addressed separately in *Chapter 2.5: Climate Change and Greenhouse Gases* of this EIR.

Environmental Setting

PHYSICAL SETTING

Air quality is affected by the rate, amount, and location of pollutant emissions, and the associated meteorological conditions that influence pollutant movement and dispersal. Atmospheric conditions, including wind speed, wind direction, and air temperature, in combination with local surface topography (i.e., geographic features such as mountains and valleys), determine the effect of air pollutant emissions on local and regional air quality.

Climate, Meteorology, and Topography

The Bay Area region has a Mediterranean climate characterized by wet winters and dry summers. Rainfall totals can vary widely over a short distance, with windward coastal mountain areas receiving over 40 inches of rain, while leeward areas receive about 15 inches. During rainy periods, horizontal and vertical air movement ensures rapid pollutant dispersal. Rain also washes out particulate and other pollutants.

Normally, air temperatures decrease with increasing elevations. Sometimes this normal pattern is inverted, with warmer air aloft, and cool air trapped near the earth's surface. This phenomenon occurs in all seasons. In summer, especially when wind speeds are very low, a strong inversion will trap air

air pollutant emissions projected for a RTP/SCS are within the emissions limits ("budgets") established by the SIP.

Conformity requires demonstration that transportation control measures (TCMs) in ozone nonattainment areas are implemented in a timely fashion. TCMs are expected to be given funding priority and to be implemented on schedule and, in the case of any delays, any obstacles to implementation have been or are being overcome. A total of 33 TCMs have been fully implemented since the 1982 Bay Area Air Quality Plan; 12 TCMs were originally listed in the 1982 Bay Area Air Quality Plan, 16 additional TCMs were adopted by MTC in February 1990 in response to a 1990 lawsuit in the federal District Court to bring the region back on the "Reasonable Further Progress" track, and five TCMs were adopted as part of the 2001 1-Hour Ozone Attainment Plan. These TCMs include strategies such as improved transit service and transit coordination, ridesharing services and new carpool lanes, signal timing, freeway incident management, and increased gas taxes and bridge tolls to encourage use of alternatives modes.

MTC must make a determination that the proposed Plan conforms to the SIP and is consistent with the applicable air quality attainment plans. The transportation conformity analysis and findings prepared by MTC for the proposed Plan are addressed in a separate process from the Plan Bay Area environmental review process, and are included as a Supplemental Report to Plan Bay Area that is available for review at www.onebayarea.org.

State Regulations

California Clean Air Act

The California Clean Air Act (CCAA) of 1988 requires nonattainment areas to achieve and maintain the state ambient air quality standards by the earliest practicable date and local air districts to develop plans for attaining the state ozone, carbon monoxide, sulfur dioxide, and nitrogen dioxide standards. The ARB sets the state ambient air quality standards.

Under the CCAA, areas not in compliance with the standard must prepare plans to reduce ozone. Non-compliance with the state ozone standard does not impact the ability to proceed with any transportation plan, program, or project. The first Bay Area Clean Air Plan (CAP) was adopted in 1991, and updates to the CAP have occurred since then, with the most recent being the *Bay Area 2010 Clean Air Plan*. The Bay Area 2010 CAP provides "all feasible measures" to reduce ozone in the Bay Area.

Senate Bill 656 (Chapter 738, Statues of 2003)

In 2003, the Legislature enacted Senate Bill (SB) 656 (Chapter 738, Statutes of 2003), codified as Health and Safety Code Section 39614, to reduce public exposure to PM_{10} and $PM_{2.5}$. SB 656 requires ARB, in consultation with local air pollution control and air quality management districts (air districts), to develop and adopt, by January 1, 2005, a list of the most readily available, feasible, and cost-effective control measures that could be employed by ARB and the air districts to reduce PM_{10} and $PM_{2.5}$ (collectively referred to as PM). The legislation establishes a process for achieving near-term reductions in PM throughout California ahead of federally required deadlines for $PM_{2.5}$, and provides new direction on PM reductions in those areas not subject to federal requirements for PM. Measures adopted as part of SB 656 will complement and support those required for federal $PM_{2.5}$ attainment plans, as well as for State ozone plans. This will ensure continuing focus on PM reduction and progress towards attaining California's more health protective standards. This list of air district control measures was adopted by the ARB on

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these emissions. This disproportionate effect in CARE communities would result in a potentially significant impact.

IMPACTS AND MITIGATION MEASURES

Impact

2.2-1(a) Implementation of the proposed Plan could conflict with or obstruct implementation of the primary goals of an applicable air quality plan.

The region's most recent ozone plan, the Bay Area 2010 Clean Air Plan (2010 CAP), prepared by BAAQMD, was developed in response to ozone planning requirement in the California Health and Safety Code. The 2010 CAP set forth a control strategy that includes control measures to reduce emissions and atmospheric concentrations of ozone and its precursors, $PM_{2.5}$, key toxic air contaminants, as well as the "Kyoto 6" greenhouse gases (carbon dioxide, methane, nitrous oxide, hydrofluorocarbons, perfluorocarbons, and sulpher hexafluoride).[13]

The primary goals of the 2010 CAP are to improve Bay Area air quality and protect public health. The control strategy in the 2010 CAP recognizes the need to reduce motor vehicle travel and emissions by integrating transportation, land use, and air quality planning. Cleaner fuels and improved emission controls have substantially reduced emissions from mobile sources in recent decades. However, growth in motor vehicle use (as measured in VMT on both a per capita and an absolute basis) has offset some of the benefit of the improved emission controls. This increase in VMT has been caused or facilitated by dispersed development patterns that result in people being dependent on motor vehicles for all types of trips and activities, in addition to increases that are the result of population and job growth. Therefore, the 2010 CAP recognizes the need to encourage future population and job growth in areas that are well served by transit and where mixed-use communities provide jobs, housing, and retail in close proximity.

Key themes embedded in the 2010 CAP include:

- The need to reduce motor vehicle emissions by driving cleaner, driving smarter, and driving less;
- Reducing per capita VMT and promoting policies that enable families to choose reduce their motor vehicle ownership;
- Designing communities where people can walk, bike, or use transit on a convenient basis; and
- Ensuring that focused growth in priority areas is planned and designed so as to protect people from both existing sources and new sources of emissions.

Consistent with the 2010 CAP, the proposed Plan is based on the goals of reducing emissions of greenhouse gases from the transportation sector, reducing VMT on a per capita basis, and focusing growth in areas that are well-served by transit and existing infrastructure.

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[13] The 2010 Clean Air Plan prepared by BAAQMD can be found here: http://www.baaqmd.gov/Divisions/Planning-and-Research/Plans/Clean-Air-Plans.aspx

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Pages 1 through 3 of
State Housing Element Law

STATE OF CALIFORNIA -BUSINESS, TRANSPORTATION AND HOUSING AGENCY ARNOLD SCHWARZENEGGER, Governor

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STATE HOUSING ELEMENT LAW

Overview

State law requires each city and county to adopt a general plan containing at least seven mandatory elements including housing. Unlike the other general plan elements, the housing element, required to be updated every five to six years, is subject to detailed statutory requirements and mandatory review by a State agency, the California Department of Housing and Community Development (Department). Housing elements have been mandatory portions of local general plans since 1969. This reflects the statutory recognition that housing is a matter of statewide importance and cooperation between government and the private sector is critical to attainment of the State's housing goals. The availability of an adequate supply of housing affordable to workers, families, and seniors is critical to the State's long-term economic competitiveness and the quality of life for all Californians.

Housing element law requires local governments to adequately plan to meet their existing and projected housing needs including their share of the regional housing need. Housing element law is the State's primary market-based strategy to increase housing supply, affordability and choice. The law recognizes that in order for the private sector to adequately address housing needs and demand, local governments must adopt land-use plans and regulatory schemes that provide opportunities for, and do not unduly constrain, housing development.

The housing element process begins with the Department allocating a region's share of the statewide housing need to the appropriate Councils of Governments (COG) based on Department of Finance population projections and regional population forecasts used in preparing regional transportation plans. The COG develops a Regional Housing Need Plan (RHNP) allocating the region's share of the statewide need to the cities and counties within the region. The RHNP is required to promote the following objectives to:

(1) Increase the housing supply and the mix of housing types, tenure, and affordability in all cities and counties within the region in an equitable manner;
(2) Promote infill development and socioeconomic equity, the protection of environmental and agricultural resources, and the encouragement of efficient development patterns; and
(3) Promote an improved intraregional relationship between jobs and housing.

Housing element law recognizes the most critical decisions regarding housing development occur at the local level within the context of the periodically updated general plan. The housing element component of the general plan requires local governments to

balance the need for growth, including the need for additional housing, against other competing local interests. Housing element law promotes the State's interest in encouraging open markets and providing opportunities for the private sector to address the State's housing demand, while leaving the ultimate decision about how and where to plan for growth at the regional and local levels. While land-use planning is fundamentally a local issue, the availability of housing is a matter of statewide importance. Housing element law and the RHNP process requires local governments to be accountable for ensuring that projected housing needs can be accommodated. The process maintains local control over where and what type of development should occur in local communities while providing the opportunity for the private sector to meet market demand.

In general, a housing element must at least include the following components:

A Housing Needs Assessment:

- Existing Needs - The number of households overpaying for housing, living in overcrowded conditions, or with special housing needs (e.g., the elderly, large families, homeless), the number of housing units in need of repair, and assisted affordable units at-risk of converting to market-rate.

- Projected Needs - The city or county's share of the regional housing need as established in the RHNP prepared by the COG. The allocation establishes the number of new units needed, by income category, to accommodate expected population growth over the planning period of the housing element. The RHNP provides a benchmark for evaluating the adequacy of local zoning and regulatory actions to ensure each local government is providing sufficient appropriately designated land and opportunities for housing development to address population growth and job generation.

A Sites Inventory and Analysis:

The element must include a detailed land inventory and analysis including a site specific inventory listing properties, zoning and general plan designation, size and existing uses; a general analysis of environmental constraints and the availability of infrastructure, and evaluation of the suitability, availability and realistic development capacity of sites to accommodate the jurisdiction's share of the regional housing need by income level. If the analysis does not demonstrate adequate sites, appropriately zoned to meet the jurisdictions share of the regional housing need, by income level, the element must include a program to provide the needed sites including providing zoning that allows owner-occupied and rental multifamily uses "by-right" with minimum densities and development standards that allow at least 16 units per site for sites.

An Analysis of Constraints on Housing:

- Governmental - Includes land-use controls, fees and exactions, on- and off-site improvement requirements, building codes and their enforcement, permit and processing procedures, and potential constraints on the development or improvement of housing for persons with disabilities.

Housing Programs

Programs are required to identify adequate sites to accommodate the locality's share of the regional housing need; assist in the development of housing for extremely low, lower- and moderate-income households; remove or mitigate governmental constraints; conserve and improve the existing affordable housing stock; promote equal housing opportunity; and preserve the at-risk units identified.

Quantified Objectives

Estimates the maximum number of units, by income level, to be constructed, rehabilitated, and conserved over the planning period of the element.

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Final Regional Housing Need Allocation to be Released Summer 2013

Final Regional Housing Need Allocation to be Released Summer 2013

Background:
State law recognizes the vital role local governments play in the supply and affordability of housing. Each local government in California is required to adopt a Housing Element as part of its General Plan that shows how the community plans to meet the existing and projected housing needs of people at all income levels.

Highlights:

- ABAG Executive Board adopts Final RHNA Methodology
- ABAG releases Draft RHNA numbers
- RHNA Schedule

The Regional Housing Need Allocation (RHNA) is the state-mandated process to identify the total number of housing units (by affordability level) that each jurisdiction must accommodate in its Housing Element. As part of this process, the California Department of Housing and Community Development (HCD) identifies the total housing need for the San Francisco Bay Area for an eight-year period (in this cycle, from 2014 to 2022). ABAG and MTC must then develop a methodology to distribute this need to local governments in a manner that is consistent with the development pattern included in the Sustainable Communities Strategy (SCS). Once a local government has received its final RHNA, it must revise its Housing Element to show how it plans to accommodate its portion of the region's housing need.

As part of the RHNA process, local jurisdictions within a county have the opportunity to form a subregion to develop their own methodology and carry out their own allocation process. For the 2014-2022 RHNA, subregions were formed in Napa, San Mateo, and Solano Counties.

Process:
ABAG and MTC have sought to engage local jurisdictions, stakeholders, and members of the public throughout the process of developing the RHNA. In January 2011, ABAG and MTC convened the SCS Housing Methodology Committee, comprised of local elected officials, staff and stakeholders from throughout the region, to advise staff on developing the RHNA methodology. Between January 2011 and April 2012, the committee met almost every month to deliberate about how best to allocate the region's housing need to jurisdictions and ensure consistency between RHNA and the SCS.

In addition, public participation is encouraged throughout the process of developing the RHNA, especially at public meetings and during official public comment periods following the release of discussion documents and board decisions. The major milestones of the RHNA process are outlined in the 2014-2022 RHNA / SCS Schedule. The key steps are described in more detail below.

Key Milestones:
In February 2012, HCD provided ABAG with its determination of total regional housing need. HCD indicated that Bay Area jurisdictions must plan for 187,990 units between 2014-2022.

In May 2012, the ABAG Executive Board approved the draft RHNA methodology and a draft share of the region's total housing need for each of the subregions. Release of the draft methodology initiated a 60-day comment period, including a public hearing on June 6, 2012, for ABAG to receive comments about the methodology.

In July 2012, the ABAG Executive Board adopted the final RHNA methodology and released draft allocations.

Release of the draft allocations on July 20, 2012 initiated a 60-day period in which a local jurisdiction could request a revision to its RHNA. By the September deadline, ABAG received revision requests from 14 jurisdictions. None of the revision requests were granted.

Local jurisdictions that requested a revision had until February 2013 to appeal ABAG's decision in response to the revision request. Eight jurisdictions submitted appeals. ABAG's Executive Board has formed an ad hoc committee to hear the appeals and provide its recommended actions to the Executive Board. The Appeals Committee will hold a public hearing to hear the appeals on April 1, 2013.

Next Steps:

- April 1, 2013 - RHNA Appeal Committee considers appeals submitted by local jurisdictions
- June 2013 - ABAG issues final RHNA allocation
- July 18, 2013 - ABAG adopts final RHNA allocation
- December 2014 - Local governments adopt housing element revisions

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Staff Contacts:

Item 1-30 of Appendix I

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of

Smart Growth Strategy, October 2002.

Smart
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Shaping the Future of the Nine-County Bay Area

Briefing Book for Public Workshop Participants and Other Bay Area Reside

Smart Growth Strategy

Regional Livability Footprint Project

Final Report

October 2002

Table of Contents

Creating Vision

Energized by an abundance of INNOVATIVE IDEAS, the Smart Growth Strategy/Regional Livability Footprint Pr harnessed the commitment and creativity of our diverse population to both VISUALIZE and chart a course for a BETTER FUTU

Years in the Making: Creating the Vision

In the waning months of the 20th century, a number of visionary Bay Area leaders began looking ahead to the next century: to what life will be like in the coming decades when an expected 1 million more residents and 1 million more jobs are added to this burgeoning region. In the face of the growing pains we face today — lack of affordable housing, crowded roadways and shrinking open space — they began envisioning where everyone will live and work in 2020. How will we maintain the region's beauty, natural resources, diversity and quality of life if the current growth pattern of spreading ever outward continues?

Is it possible, they asked, to change the course of current growth: to find ways for the Bay Area to accommodate its expanding populace, provide adequate housing, improve transportation, and at the same time protect the environment and preserve open space?

A tall order indeed. Challenged by the impending need and inspired by new styles of development, committed Bay Area citizens and organizations joined with local and regional government agencies to undertake the task of investigating if and how the Bay Area can grow smarter.

The investigation began in 1999, when the Bay Area's five regional agencies[1] — those responsible for transportation planning, environmental protection and regional planning — came together to promote and nurture seeds of "smart growth" that were cropping up throughout the region. At the same time, the Bay Area Alliance for Sustainable Development, a coalition of 40 organizations representing business, the environment, social equity and government, embarked on an ambitious effort to develop public consensus and support for a "regional livability footprint," that is, a preferred land-use pattern that could direct the Bay a more sustainable future. In 2000, the regional age Bay Area Alliance combined their outreach effort the Smart Growth Strategy/Regional Livability Foot

Over the next two years, elected officials, busine munity leaders, environmentalists, social equity ad ners, analysts, mapmakers, agency representatives a citizens devoted thousands of hours to the project. ized, met, planned, debated, generated ideas, drew projections and analyzed outcomes. More than 2, from throughout the region attended daylong Sa shops held in each of the Bay Area's nine counties in spring 2002. Participants conceptualized how fu should occur in their individual neighborhoods and in the region as a whole.

Never in the history of the Bay Area have so man organizations and agencies joined forces to solve the re problems. Unlike prior attempts to develop regio this project was organized from the start around th widespread support was essential. In addition to a high mitment from the private sector and local and region agencies, the involvement of local communities was ent. The interest, creative ideas and participation by r Gilroy to Guerneville, and from Pacifica to Pleasan solid base that enables the region to move forward wit of direction.

[1] *Association of Bay Area Governments (ABAG), Metropolitan Commission (MTC), Bay Area Air Quality Management District, and Development Commission, and Regional Water Quality Contr*

8/

:KSHOP PROCESS

›roadened its reach in the fall of 2001, when more
sidents participated in Saturday workshops held in
ne counties. Some came in their professional capac-
officials, planners, developers and environmental
ıuity advocates. Others came as representatives of
d groups or out of concern for their children's
nix of diverse interests made for lively discussions
ons about the pace, character and shape of develop-
r communities. Using large maps of their county,
identified promising locations for various types of
nent. Their suggestions were then fed into a special
ɔgram that illustrated the impacts of decisions on
ıousing supply, open space, transit accessibility and
es of livability, and allowed participants to adjust
:cordingly.

workshop produced up to a dozen schemes for
ing future growth in a smarter way, with a cumula-
00 countywide scenarios for the Bay Area. The proj-
ıt weeks combing through the proposals, searching
threads and ultimately distilling them into three
rt growth alternatives for the region (see box at near
eam then invited planning officials and business,
al and social equity leaders from throughout the
counties to review the draft alternatives. Based on
ing discussion, the team made revisions to the draft
ɔ reflect local ideas and concerns.

g different visions of a future Bay Area, each of the
tives promoted the goals of smart growth. Each
sing for the million new residents expected by 2020,
for workers who otherwise would commute from
counties. Each allowed for expected economic
ıt the same time, by channeling growth into a more
l balanced development pattern, consumed less
ıd than is currently projected.

THE SMART GROWTH ALTERNATIVES

The **Central Cities** alternative located compact, walkable, mixed-use and mixed-income development in the region's urban cores (San Francisco, Oakland and San Jose) and in each county's largest city or cities. It also emphasized growth around existing public transit stations and avoided development in outlying areas by concentrating growth in dense, vibrant cities.

The **Network of Neighborhoods** alternative called for development in many of the same locations as the first alternative, but at lower densities. Additional compact, walkable, mixed-use and mixed-income development took place in other existing communities, along an expanded public transit network and on major corridors. This alternative envisioned a rail renaissance, with new and old stations surrounded by a range of diverse types of housing, jobs and services.

The **Smarter Suburbs** alternative proposed compact, walkable, mixed-use and mixed-income development in many of the same places as the first and second alternatives, but at still lower densities. Additional growth occurred at the region's edges at higher densities than the current norm and with a better balance of jobs and housing than is typical of existing or planned new suburbs.

Each of these three alternatives represented a departure from the "current trends base case," a term coined to describe the region's future growth if nothing is done to chart a new course. The base case fails to provide sufficient housing for an increased population and workforce, resulting in continued rapid growth in outlying areas, increased long-distance commuting and further environmental degradation. It envisions development focused in edge communities, with residential areas largely segregated from other uses and continued reliance on the automobile as the primary mode of travel.

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PROJECT G(

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e map at the back of indicates the types and of future development ed by workshop partici- well as areas to be s open space and agricul-

ve Update. Central to growth process are the ntives and regulatory vided to get there, on pages 13-18 and in the dic the front cover of this

The three alternatives were put to the test to see how they measured up in terms of promoting a livable and sustainable lifestyle in the Bay Area circa 2020. An extensive analysis examined the impacts of each on the environment, transportation, housing, jobs/housing balance and social equity.

The analysis further estimated the feasibility of each scenario, as well as the incentives, regulatory changes and other public policy changes identified by workshop participants that would be needed to make any smart growth process a reality.

Alternatives Report

In the spring of 2002, a comprehensive *Alternatives Report* describing the three smart growth strategies was published, thus heralding the start of a second round of county-level public forums. More than 1,000 residents, the majority of them new to the process, attended the Saturday sessions held in April and May. At each Round Two county workshop, participants voted on one alternative as the starting point for further fine-tuning. They then developed and agreed on guidelines for modifying their choice, and with the aid of county maps, adjusted this alternative to bring it closer to their vision of their particular county's future.

Regionwide Vision

Following the Round Two workshops, the nine countywide alternatives were stitched together to create a single regionwide smart growth land-use vision. The regionwide vision incorporates the choices and decisions made by participants in the nine county workshops. It reflects their selections of mixed, matched and changed alternative growth scenarios appropriate for each county.

The resulting portrait of the Bay Area's future shows a *pattern* of growth that, by and large, looks like Alternative 2, the Network of Neighborhoods. The *amount* of growth, however, varies quite a bit from county to county. The regionwide map depicts higher densities in major urban areas and a proliferation of compact, mixed-use and mixed-income neighborhoods along transit corridors, particularly near transit stations, as well as in town centers and in a handful of peripheral areas. This pattern of growth is far from a "cookie cutter" overlay of development on the region, however, and the smart growth scenario clearly shows how th housing and job growth varies from county to cour reflects the vision of workshop participants who in s chose to reduce development foreseen under Altern participants in other counties increased it.

In August 2002, the project steering committee locally elected officials who sit on the boards of the agencies) adopted an illustrative, written descri smart growth vision of workshop participants. I action, they accepted the specific patterns of growth pants had identified for each county as a starting p ABAG as they develop a policy-based (rather than t set of 20-year jobs/housing projections for the regic

NEXT STEPS

In fall and winter 2002, local jurisdictions and othe these smart growth policy-based projections as th early 2003, the ABAG Executive Board will consi these alternative projections. If adopted, they will backbone of the Metropolitan Transportation C *2004 Regional Transportation Plan*, the document th transportation investments in the region for years well as the Bay Area Air Quality Management Distr plans and other regional plans.

To build on the momentum that has been generate the Bay Area for the Smart Growth Strategy/Regio Footprint Project, an ongoing public education and campaign will be spearheaded by the Bay Area Sustainable Development.

Undoubtedly, the biggest challenge facing the proj enact the fiscal incentives and regulatory chang to make smart growth more than a good idea. AB together with the other regional agencies, the Bay and local governments throughout the region to pursue needed policy changes. It will take time to ac goals, but the path has been laid out, and a critical Area residents believes it is time to begin.

MAKING VISION REALITY:
:S AND REGULATORY CHANGE

INCENTIVES AND REGULATORY CHANGE

As participants in the smart growth workshops realized, envisioning a smart growth future is far simpler than the task of making it a reality. To build a smarter future for the Bay Area, we will need to change our tax system, our regulations on land use and the criteria we use for distributing state and federal funds. Indeed, we must change the "carrots and sticks" that shape land-use decisions by localities, neighborhoods and private developers.

Altering decades of fiscal and regulatory tradition will require a major shift in thinking and the creation of new inducements for smarter development patterns.

Local governments already have policy options they can use to promote and implement smart growth projects, but the state and federal government need to institute new incentives and regulatory changes to encourage local governments — as well as developers, neighborhood groups and others — to move ahead in developing smarter communities. Meanwhile, the Bay Area's regional agencies can help create a more conducive environment by adopting new policies and strengthening existing ones that promote smart growth.

As workshop participants confronted the challenges of initiating change, they proffered hundreds of ideas on how to cultivate smart growth projects that are emerging in various parts of the Bay Area and to propagate them throughout the region.

Listed below are brief descriptions of some of the kinds of legislative incentives and regulatory changes that could help achieve smart growth objectives. They were suggested by Smart Growth/Footprint Project participants, but are only examples. They have not been approved by the project steering committee nor by any participating stakeholder groups. Each and every incentive and regulatory change on these pages would involve trade-offs that must be thoroughly considered before any are pursued.

Objective 1: Stimulate housing construction and promote permanently affordable housing.

Remove disincentives to providing housing.

The state constitution could be amended to protect locally levied taxes from being reallocated. Under state Proposition 13 and subsequent taxpayer-sponsored initiatives, including Proposition 218, local governments have lost much of their control over tax rates and expenditure of public funds to the governor and the Legislature. If local governments were given back their share of property taxes, they would look more favorably upon new housing as a source of revenue to pay for necessary services, such as schools, fire, police, libraries and parks.

Fund neighborhood-level planning to provide certainty in development review process.

Specific plans that cover multiple development projects in a focused area can allow cities to define appropriate types of construction before a developer commits to a particular site. This process gives certainty to developers when they reach the development review process, thus encouraging desired development. New state and regional grants could help local planners prepare such plans and environmental documents for mixed-use, infill and transit-oriented projects and could link such funds to a commitment to build needed housing.

Provide incentives to promote housing affordable to the region's workforce.

Local governments can offer incentives to nonprofit and for-profit developers to create permanently affordable housing by allowing higher densities than would be otherwise permitted, expediting the permitting process, and relaxing zoning standards. Parking requirements for housing near public transit, for example, can be reduced, because residents and workers in dense neighborhoods near transit tend to own fewer cars.

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transit-oriented housing.

Inclusionary zoning laws require new housing developments to include a certain percentage of units (usually 10 percent to 20 percent) that is affordable to very low-, low- and moderate-income residents. Although some feel that such policies unfairly burden buyers of market-rate units in the same development, San Francisco, East Palo Alto, Union City, Dublin, Danville, Richmond, Napa, Petaluma, Santa Rosa and several cities in Marin County have adopted such requirements.

Many communities also have adopted jobs/housing linkage fees that require all new job-generating projects to pay a fee toward the development of affordable housing. Although some feel that these fees unfairly penalize businesses producing new jobs, many communities have already adopted them, including San Francisco, Menlo Park, Cupertino, Pleasanton, Livermore and Napa. Sonoma County is considering a countywide program.

Objective 2: Improve urban infrastructure

Create a stable revenue stream for local governments (e.g., return of property taxes).

During the 1990s, the state shifted approximately $3 billion of local property taxes annually from local governments to the Educational Revenue Augmentation Fund (ERAF), which supports public schools. The loss of property tax revenue — a trend exacerbated by the difficulty of establishing new revenue sources — has caused many communities to rely primarily on development fees and retail sales taxes to fund local services. Unlike property taxes, these revenue streams can fluctuate widely from year to year, making long-term budgeting and planning difficult for local governments. Returning ERAF funds to local governments and restoring state support of public schools through other means could help reduce local reliance on fees and sales taxes and provide a more stable revenue stream for local governments.

Parking requirements for housing NEAR PUBLIC TRANSIT can be reduced because residents and workers in dense neighborhoods near transit tend to own FEWER CARS.

The inside front pocket of this report contains a more detailed summary of specific legislative changes being pursued by the Smart Growth Strategy/Regional Livability Footprint Project. A description of these legislative efforts also is available online at www.abag.ca.gov/planning/smartgrowth.

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Prioritize infrastructure funds for smart growth infill projects.

The state could demonstrate support for smart growth by prioritizing funds to help improve and replace existing infrastructure facilities — new roads, sewer lines and other utilities — in already urbanized areas.

Provide state funds for cleanup of brownfields and to limit liability for contamination.

The state could provide fiscal incentives for cleanup of old industrial "brownfield" sites — contaminated properties — that are suitable for new uses, particularly for housing. Developers also would be more inclined to develop on such sites if limits were set on their liability for prior contamination. As an inducement to develop on contaminated infill sites, some local governments like Emeryville already post on their city's website the location of vacant parcels and their soils analysis.

Subsidize infrastructure for water recycling to ensure adequate water supply.

Subsidies for construction of separate irrigation systems would encourage use of recycled water for nonpotable uses. Similarly, price differentials for fresh versus recycled water would promote greater use of recycled water for golf courses and the like.

Link funding for new schools to smart growth criteria, such as: locating in neighborhood centers to promote pedestrian and bicycle access; designing for after-hours use as community centers; and building smaller scale structures to maximize proportion of nearby students.

Schools, both new and renovated, that also function as community centers give vitality to neighborhoods during non-school hours, while providing needed gathering places. School districts can be rewarded for developing joint community facilities in connection with new neighborhood schools.

Reward local governments for enacting smart building codes that allow retention of historic character while ensuring public safety.

The state can offer incentives to local governments that adopt building codes that allow and encourage retention of historic aspects of their communities. Creating flexible regulations while maintaining safety takes creativity on the part of planners and building officials.

Objective 3: Avoid displacement of existing residents and businesses.

Require that the existing stock of affordable housing be maintained.

Housing trust or bond funds can provide funding for existing affordable housing developments in danger of losing subsidies or tax-exempt status.

Create programs and regulations that promote living-wage jobs and services in low-income communities.

By setting a minimum wage that can support a full-time worker, the state could help foster stable communities. In addition, aggressive job training and economic development programs can be fostered by the state in low-income communities to create better job and entrepreneurial opportunities for local residents. Merchants can be encouraged to locate grocery, clothing, hardware and other types of stores and services in low-income neighborhoods to enable local residents to work, shop and generate income in their own communities.

Create programs to allow local public employees to live in the communities in which they work.

State or regional funds could be used to offer housing subsidies or income tax credits to employees who live close to their workplaces. Many local governments already provide such subsidies to teachers, police officers and firefighters.

agricultural lands.

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used to encourage mixed- hubs. State and federally as MTC's Transportation ş Incentive programs (see ith increased funding.

Streamline the California Environmental Quality Act (CEQA) process for specific kinds of development.

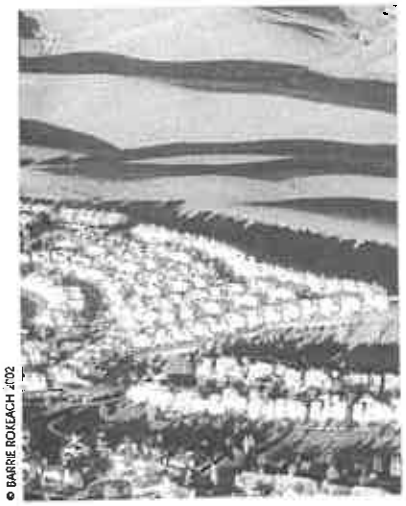
Although transit-oriented and mixed-use projects can increase local congestion by attracting more people and cars to an area, such projects can allow more residents to commute on public transit and run more errands in the surrounding neighborhood on foot. Although some workshop participants were nervous about discussing any changes to CEQA, others proposed exempting these projects from CEQA altogether or only from currently required traffic analyses. A similar exemption already exists for low-income housing projects of 100 units or less.

Provide incentives that encourage mixed-use, compact, transit-oriented, infill development.

Local governments can encourage developers to create attractive new neighborhoods near public transit, with narrow streets, landscaping and other amenities that invite walking and bicycling. Congestion management agencies can work with local jurisdictions in updating their general plans to reflect more transit-supportive land uses along the transit network and can include those new land-use scenarios in countywide transportation plans. State financial rewards for such development can help local governments, developers and others overcome biases toward single-use, spread-out developments that favor automobile use.

Provide increased funding to improve the safety, reliability and convenience of transportation alternatives such as rail, bus, ferry, bicycling and walking.

The Bay Area plans to spend 77 percent of all transportation funds over the next 25 years on public transit. This will help attract new riders. Only when it becomes easier, safer and more reliable to ride a bus, ferry or rail line than to drive a car will the choice be a viable one. Likewise, when the safety of pedestrian and bicycle pathways is assured, more people will opt to walk or bike to their destinations and leave their cars at home.



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In addition to ***protecting*** *our remaining OPEN SPACE,* ***growth boundaries*** *help maintain the VITALITY of cities.*

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Provide tax bonuses to cities that approve compact, mixed-use development near public transit, perhaps in designated "smart growth zones."

"Smart growth zones" can be created in communities that reshape their land-use policies and meet smart growth criteria, in return for which they will receive tax incentives, grants, loans and technical assistance from the state for planning and environmental review.

Use parking pricing and availability to encourage use of transportation alternatives.

Free parking can serve as a disincentive to using alternatives to the single-occupant vehicle. Meanwhile, some places have such high demand for parking that people are willing to pay a fee, generating funds that could be used to improve public transit. Cities also can institute parking ceilings that limit the amount of parking in new developments.

INNOVATIVE BAY AREA AFFORDABLE HOUSING PROGRAMS

Already Bay Area communities have created programs to spur affordable housing development. Here are some examples:

Housing Trust Funds The Housing Trust of Santa Clara County is a unique public/private partnership that has raised over $20 million, two-thirds of it from the private sector, and the remainder from public agencies including Santa Clara County and each of the 15 cities in the county, to provide first-time homebuyer assistance for 800 families, create affordable rental housing for 3,000 families, and build transitional and permanent housing for the homeless.

Flexible Zoning The city of San Jose provides for flexible zoning with its Discretionary Alternate Use policies such as density bonuses and the use of city-owned surplus land for affordable housing developments.

Farm Worker Housing Recently-passed state legislation — backed by the Napa Valley Vintners Association — allows Napa County to levy an annual fee on planted vineyards to provide and maintain housing for farm workers. Vineyard property owners who provide housing for their workers are exempted from the fee.

Bonds In 1996, San Franciscans passed a $100 million general obligation bond to create and preserve 2,400 affordable homes. Building on this success, voters will decide on a $250 million bond measure in November 2002. If passed, three-quarters of the money will fund affordable rental housing, with the balance assisting families buying their first home.

Inclusionary Zoning The city of Petaluma program requires 10 percent to 15 percent affordable homes in both rental and for-sale housing developments of five homes or more. Working with developers, Petaluma has created 1,400 affordable homes for lower and moderate income households since 1984.

Redevelopment Agency Commitments Oakland, San Francisco, San Jose and Santa Clara are raising the proportion of their redevelopment funds dedicated to affordable housing.

Location Efficient Mortgages (LEMs) These are special mortgages for housing in convenient, transit-rich neighborhoods where data show members of typical households drive less and spend less on transportation. Available through a demonstration project in the Bay Area, LEMs allow households to qualify for larger mortgages by taking reduced automobile expenses into consideration.

Jobs/Housing Linkage Programs Sonoma County and cities within the county are taking the first steps toward adopting a countywide linkage program that would require new developments to contribute funding for affordable housing. This could generate as much $35 million over the next five years, which could be combined with other funding sources to build 1,200 affordable homes.

The Vision Up Close: An Analysis of One Smart Growth Scenario

ANALYSIS OF ONE SMART GROWTH SCENARIO

This chapter summarizes the quantitative analysis of the specific smart growth land-use scenario developed by participants in county workshops in 2001 and 2002. The analysis provides an objective comparison of this smart growth scenario to the "current trends base case," i.e., the pattern of land use that is likely to occur if we do nothing to chart a new course.

Although this chapter analyzes the specific land-use scenario developed by workshop participants, there are innumerable ways to accomplish smart growth in the Bay Area. The analysis explores one possible model of a smart growth future for the Bay Area.

ENVIRONMENT

Greenfield Development

If the Bay Area continues to grow as it has in the recent past, 83,000 acres of "greenfields" (i.e., currently undeveloped land) could be converted to urban use by 2020. Amounting to an 11 percent increase in the urbanized Bay Area, this acreage is more than twice the area of San Francisco and will erode farmland, greenbelts, community separators and other open spaces.

Moreover, the current trends base case would not provide nearly enough housing within the nine Bay Area counties for the number of workers expected by 2020. Therefore, the housing that would need to be built outside the Bay Area to accommodate in-commuters might require as many as 45,000 additional acres, assuming today's average densities in surrounding counties.

By contrast, the smart growth land-use scenario would increase the urbanized footprint of the Bay Area by less than 16,000 acres, or 2 percent. It provides significantly more housing for new residents, but at the same time, saves highly prized open space and agricultural land — both within the Bay Area and in outlying areas such as the fertile Central Valley — by calling for compact, mixed-use communities that are close to transit lines and employment centers.

Air Quality

Loss of greenfields is not the only way that future development will impact the environment, both within the region's borders and beyond. Although a much cleaner vehicle fleet is improving air quality regardless of development patterns, air quality will suffer or improve, depending on how the Bay Area grows. All things being equal, the more that residents, workers and others depend on single-occupant vehicles, the more difficult it will be to improve our air quality. Bay Area households make approximately ten trips a day, on average, and 82 percent of these are by car. Dense, walkable neighborhoods invite residents to shop and do errands on foot, potentially reducing travel by car. When these communities are centered around public transit services that can transport residents to more distant jobs and other destinations, the air quality benefits are multiplied.

Under current growth trends, a continued Bay Area housing shortfall will require up to 265,000 workers (and their families) to live in outlying areas and commute to jobs within the region. These people will commute long distances, primarily in single-occupant vehicles.

The smart growth scenario, on the other hand, provides enough transit-accessible housing within the region to accommodate Bay Area workers who otherwise would have to live in distant towns and commute from afar. Providing more housing in the region — built in transit-rich, walkable neighborhoods — is expected to result in about the same air quality within the Bay Area as the base case, even while accommodating these additional households.

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Water utilities and engineers are constantly searching for new sources for the region, and continually monitoring and conserving our water supply is a way of life in the Bay Area.

Smart growth can't change the fact that each new job or household requires water to serve it. In fact, with the interconnected nature of the state's water system, new development just about anywhere in California affects the same overall water supply.

But smart growth can help communities minimize water use. In the Bay Area, new development in cooler areas near the Bay requires less water than new development in hotter inland areas. The combination of compact development and more townhouses, condominiums and apartments also reduces water demand by calling for less landscaping.

Currently, each residential unit in the Bay Area uses an average of 300 gallons of water per day. Under the base case, this rate is likely to continue for new development; it might even increase since new development is projected to be primarily in hotter inland areas and to be composed of single-family homes. The smart growth scenario developed by workshop participants emphasizes development in cooler, Bay-side parts of the region, and in multi-family units. This combination of changes is expected to result in a 17 percent reduction in water consumption — down to an average 250 gallons a day — in new housing units.

Future Research

The case study at left begins a discussion about the relationship between smart growth and water demand. Future work is needed to estimate the change in demand as a result of smarter growth patterns and future pipeline and storage requirements throughout the region. Work also is needed to identify the specific regulatory changes and incentives needed — such as funding for infrastructure to allow widespread use of recycled water for nonpotable use — to promote water conservation and increase supplies.

SMART GROWTH PROJECTIONS

The land-use scenario developed by workshop participants shows specific numbers of new housing units and jobs — as well as the types and locations of new development and areas to be protected as open space and agricultural land. The same information also is being used by ABAG as the *starting point* for a new set of regionwide, policy-based growth projections.

The specifics of the smart growth scenario analyzed in this chapter may change in the future as ABAG seeks public comment and input from local governments in the process of developing these policy-based projections. (Please see project website for review opportunities: www.abag.ca.gov/planning/smartgrowth.) It also is important to recognize that a series of incentives and regulatory changes, such as those discussed beginning on page 13, are critical variables in estimating an alternative future.

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TRANSPORTATION

Most of the Bay Area, like many U.S. metropolitan regions, grew after World War II with spread-out communities of housing, stores and offices segregated from each other; developers and officials assumed that people would drive from place to place. Today, only about a quarter of the region's residences and a third of its jobs are within convenient walking distance of a rail station or bus stop with frequent service. Since little new development is expected in already-developed areas, if current trends continue, these figures are likely to shrink.

In contrast, under the smart growth scenario, fully half of all new development would be near frequent public transit service. This dramatic improvement reflects a common theme of the smart growth scenario: New development in compact, mixed-use communities near high-quality public transportation.

A comprehensive analysis of the three smart growth alternatives arising out of the first round of workshops, conducted by the Metropolitan Transportation Commission (MTC), projected that all three alternatives would result in more people riding transit, walking and bicycling to their destinations than would the base case growth scenario. (See Alternatives Report, pp. 10-11). Based on this earlier analysis, MTC estimates that the land-use pattern in the final smart growth scenario developed by workshop participants also would encourage more residents to walk, bicycle or take transit to work than the base case.

How can the smart growth scenario — which houses many more workers within the region than the base case — allow people to travel less by car? By locating more jobs and housing where many short trips can be made on foot and longer ones by transit. If current trends continue, there will be no change from today in the percentage of trips using public transportation. Under the smart growth scenario, MTC estimates the number of public transit riders to increase by one third over current levels.

Congestion

MTC further estimates that the total number of vehicle miles traveled in the smart growth scenario — both for work trips and total trips — would be only slightly higher than in the base case despite the fact that it provides housing for a quarter million more residents than the base case. Furthermore, average commute speeds are expected to be about the same as in the base case, indicating that peak hour traffic would not be any worse. However, localized traffic congestion could worsen in areas with intensive new infill development.

Auto Ownership

With many more people riding transit, bicycling and walking, does this mean that households in this smart growth future will own fewer cars? Typically, there is a strong correlation between household income and auto ownership and the amount of travel by automobile. Since the smart growth scenario calls for a tremendous amount of new housing affordable to very low- and low-income families, it follows that more Bay Area residents would be riding public transit as a result of income alone. (Note: There are some important Bay Area exceptions to this rule of thumb. In some of today's densest and most upscale neighborhoods, many households rely on public transit, despite being able to afford owning and operating a car.)

In order to isolate the effect of smart growth on public transit ridership, MTC's analysis assumes a distribution of household income regionwide similar to that expected in the current trends base case.

Using this assumption, MTC finds a significant increase in the proportion of households with zero automobiles, in contrast to the base case in which the number and share of households with no automobiles is expected to decrease over the next two decades. This, again, reflects the large numbers of new housing units and jobs in central areas, well served by public transit, that are included in the smart growth scenario.

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	$63,800

al wages for the five Bay Area PMSAs
calated to 2001); BAE

modest units, and wealthier households outbid everyone else for housing originally built for middle-income residents.

From 1988 to 1998, the Bay Area produced 251,000 housing units — enough for 375,000 workers — while the number of jobs increased by nearly 500,000, forcing thousands of workers and their families to seek housing outside the region. Of these units, only about 100,000 were affordable for very low-, low- and moderate-income families, while almost twice that many units were needed for these segments of the population.

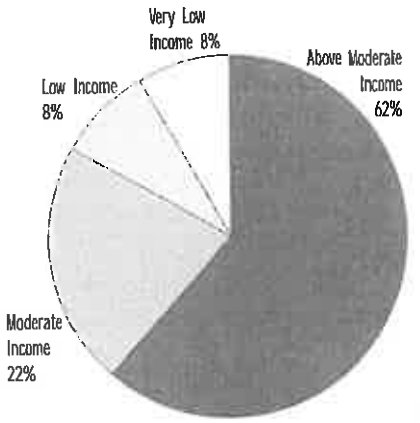
An increase in the total supply of housing, including apartments, condominiums, and rental and owner-occupied houses, is critical for the economic stability and overall well-being of the region. Involvement of both for-profit and nonprofit homebuilders in the smart growth process is vital to determining how to increase the production and affordability of housing. Without government assistance and subsidies, however, housing affordable to low- and very low-income households likely will remain unobtainable.

The smart growth scenario developed by workshop participants calls for construction over the next 20 years of 340,000 more housing units than the base case. This alternative growth scenario also greatly increases the proportion of new housing affordable to very low- and low-income households — 41 percent — far outpacing current trends in affordable housing production. In recent years, the Bay Area averaged only 23,000 new housing units per year, with 16 percent of them affordable to lower income families.

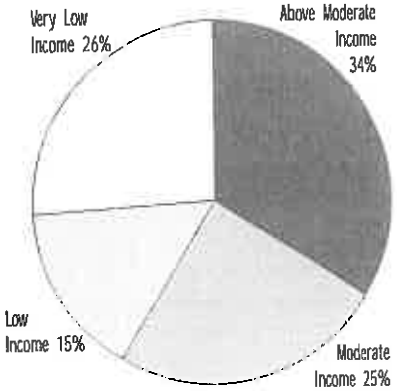
To meet the housing goals of smart growth workshop participants, new incentives and regulatory changes will be needed to counteract existing forces that discourage local governments and developers from supporting or building residential, mixed-use and compact development. In addition, special incentives will be needed to provide the levels of very low- and low-income housing envisioned by participants.

1 *"Cost of Land Drives Home Prices," San Jose Mercury News, August 4, 2002.*

AFFORDABILITY OF NEW HOUSING UNITS

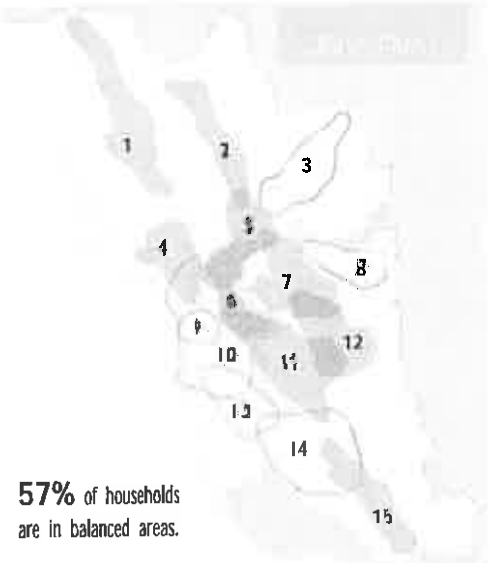


Base Case

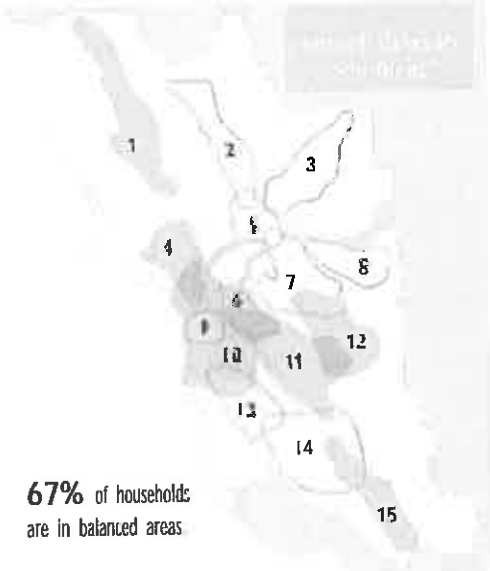


Smart Growth Scenario

HOUSEHOLDS IN AREAS WITH JOBS/HOUSING BALANCE
by key commute corridors

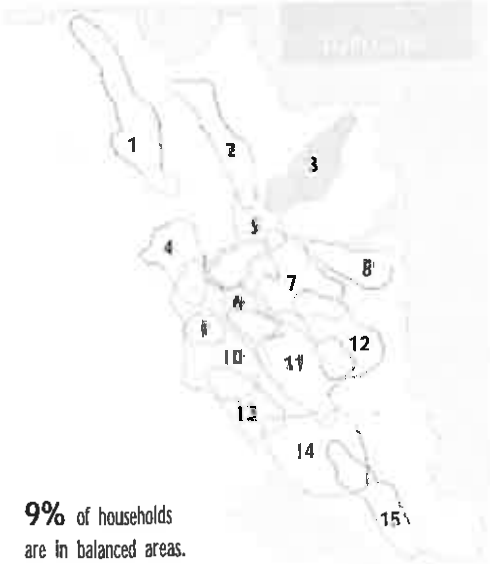


57% of households are in balanced areas.

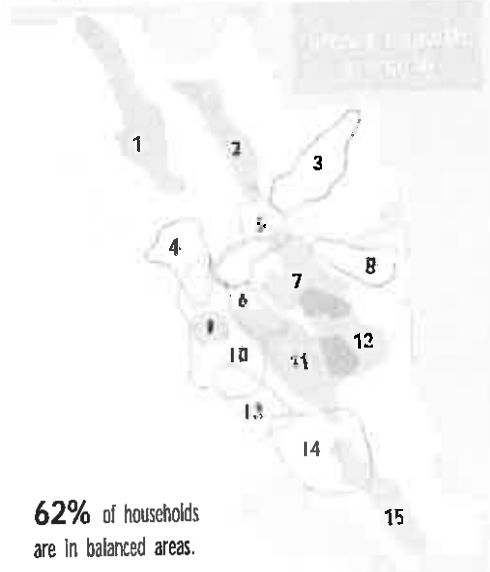


67% of households are in balanced areas

HOUSEHOLDS IN AREAS WITH NEW JOB PAY MATCHED TO NEW HOUSING COST *by key commute corridors*



9% of households are in balanced areas.



62% of households are in balanced areas.

MAPS

These maps illustrate 15 key corridors or commute areas around the Bay Area. The maps at the top compare total units of housing to total jobs in the year 2020 in each of the commute areas. Under the smart growth scenario, an impressive 67 percent of Bay Area households would be in areas with a balance of workers and jobs (assuming 1.5 workers per household). By comparison, under the base case (which perpetuates current growth patterns) only 57 percent of households would be in balanced areas.

The second pair of maps looks at the match between the pay scales of new jobs and the cost of new housing in each area. The differences here are more stark, with the smart growth scenario providing a match of new housing costs and local incomes for 62 percent of new households, while the base case achieves such a match in just 9 percent of households.

Areas where at least 25 percent of households are in balance/match are coded blue.

nine of the 15 analysis areas — accounting for just 57 percent of Bay Area residents — in 2020. The base case's strong job growth without companion housing growth to support it is responsible for this low number.

By contrast, the smart growth scenario would result in a total balance of jobs and housing for 67 percent of Bay Area households. Almost 20 percent more people would live in a "balanced" area under the smart growth scenario than under the base case because of the greater proximity of new housing to employment centers and increased interest in mixed-use development.

Focusing on New Growth

Another school of thought contends that striving for a total balance of jobs and housing is neither realistic nor advisable. Given that current Bay Area residents already have their jobs and homes, proponents of this line of thinking suggest that it is more important to try to balance job and housing growth only in new development.

Looking at the relationship between new jobs and housing also makes it possible to add another dimension to the analysis: jobs/housing match. An analysis of match considers how the cost of new housing available in each area compares to the pay scales of new jobs in the same area. Such an analysis is not meaningful when assessing total jobs and housing supply, since the Bay Area's current housing prices preclude a match between housing costs and incomes in most markets. But it is possible to see whether the projected incomes from new local jobs would be high enough to allow new workers and their families to afford new nearby housing.

Under current trends, there would be a very poor match between future jobs and housing. Development, under the current trends base case would lead to a match of new housing costs and local incomes in just one analysis area, accounting for only 9 percent of the total household growth projected under the base case.

Under the smart growth scenario, the picture improves dramatically. There would be an acceptable match of new jobs and new housing in seven of the analysis areas, incorporating 62 percent of all new households.

Just 9 percent of new housing in the BASE CASE would be ***affordable*** *to new nearby workers. Under the SMART GROWTH SCENARIO, the picture improves dramatically:* ***62 percent*** *of new households would be AFFORDABLE to new nearby workers.*

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SOCIAL AND ECONOMIC EQUITY

Social equity within the smart growth framework means that people of all income levels have access to good schools and various types of employment. It means that low-income residents in particular benefit from new investment in their communities and have access to affordable housing and reliable transportation. Social equity gives all individuals access to economic opportunities, mitigates displacement caused by rapidly increasing housing costs, and promotes active engagement and participation by all residents in community planning efforts.

Under both the current trends base case and the smart growth scenario, the Bay Area's population and job growth will present challenges and opportunities for lower income communities, and for making housing, services and employment available to residents of impoverished neighborhoods throughout the region. Smart growth strategies have the potential to reduce some of the current inequities in these areas. If not managed well, however, smart growth could trigger changes that disrupt communities and lead to increased displacement, and more economic and social isolation.

To assess these issues, growth envisioned under the smart growth scenario in impoverished communities throughout the Bay Area was compared to growth expected in these neighborhoods if current trends continue. A community is considered impoverished if the median household income is less than 80 percent of the county median income. This analysis looks at a total of 38 such communities, which are spread throughout the nine-county Bay Area. (See map page 27.)

Growth Patterns in Impoverished Communities

The population and job growth rates of Bay Area impoverished communities show major differences between the base case and the smart growth scenario, particularly in household growth.

Under the base case, the number of households in the region's most impoverished communities would grow by only 15 percent through 2020, and employment by 24 percent. In contrast, the smart growth scenario envisions a 46 percent increase in housing — more than three times that of the base case — and a 32 percent increase in jobs by 2020.

If managed well, the sizable increases in household and job growth foreseen for impoverished areas would provide a significant opportunity to create healthy, diverse, mixed-income communities and give low-income residents access to quality affordable housing.

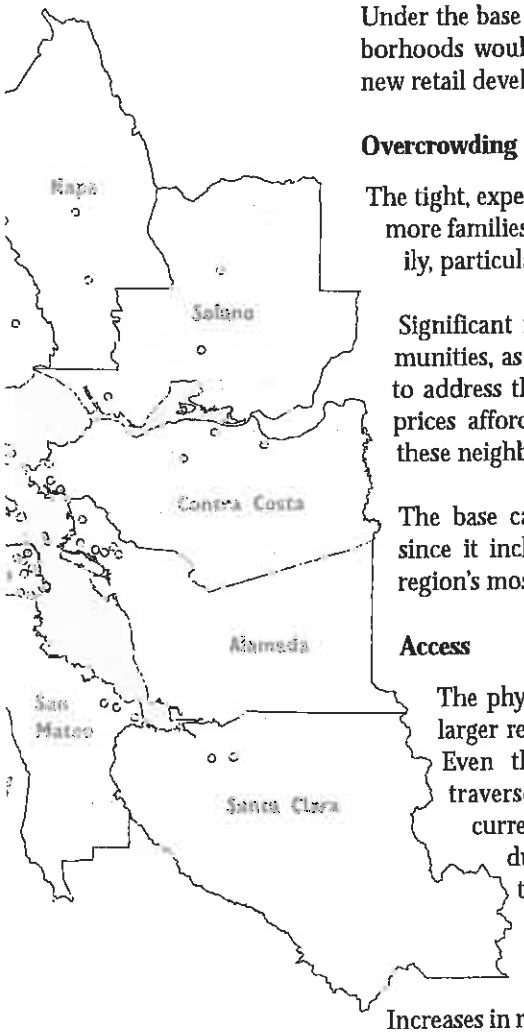
Job Skill Level

Unless residents have needed job skills, however, providing more jobs in the region's impoverished communities will not help improve standards of living, even if wages are high enough to cover local housing costs. Over recent decades, there has been a decline in traditional high-paying manufacturing employment and a stronger focus on the information-based "new economy." In the next 20 years, most jobs commanding incomes sufficient to raise a family above the poverty level will continue to require high levels of education and job skills, regardless of the pattern in which growth occurs.

Local workers in impoverished communities may not qualify for new jobs in their areas without aggressive job training and economic development programs. Thus training and education must be part of any smart growth scenario.

Commercial Services

The region's impoverished communities have far fewer retail establishments than their demographics would suggest they can support. The lack of retail stores means that more money than necessary leaves these neighborhoods; residents need to travel long distances to meet their basic shopping needs; and few local retail jobs and businesses are created as a result of residents' spending. Even in impoverished communities that are well-served by public transit, it is often difficult to carry groceries, take children to childcare and run other errands on the bus or train.



ngthen the ability of low-
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Under the base case, existing conditions in impoverished neighborhoods would change much less, creating little impetus for new retail development.

Overcrowding

The tight, expensive Bay Area housing market has forced two or more families to share housing units designed for a single family, particularly in the region's low-income neighborhoods.

Significant new housing construction in low-income communities, as foreseen in the smart growth scenario, can help to address this issue, provided that new units are offered at prices affordable to people living in overcrowded units in these neighborhoods.

The base case has less capability to address overcrowding since it includes far less new housing development in the region's most impoverished areas.

Access

The physical access of residents to employment and the larger region is another key issue in planning for equity. Even though impoverished communities are often traversed by major mass transit routes, many are currently lacking adequate transit service, especially during reverse commutes and off-peak hours. Poor transit accessibility can prevent lower income residents from reaching jobs for which they are qualified.

Increases in residential densities in impoverished communities would bring a potential increase in the number of transit riders and thus encourage bus and rail operators to add service in these areas. A concerted effort would be required to ensure more transportation options, since without them, impoverished communities will remain isolated, with potentially even more underserved residents.

The base case offers significantly ***less opportunity*** *for economic revitalization than the SMART GROWTH SCENARIO, AND could result in FURTHER STAGNATION of these communities.*

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Displacement and Neighborhood Change

As noted above, the substantial growth in the region's impoverished communities proposed in the smart growth scenario can lead to important new opportunities in housing, retail services and transit. But if this growth is not well managed, it could lead to displacement and instability. Lower income renters and businesses in neighborhoods that currently have relatively affordable building stock and access to downtown districts are the most likely to experience displacement as higher income renters and businesses move in. Programs to minimize displacement must be included in any smart growth scenario.

Much less growth would occur in low-income communities in the base case than in the smart growth scenario. Therefore, residents and businesses would feel less displacement pressure. At the same time, the base case offers significantly less opportunity for economic revitalization, and could result in further stagnation of these communities.

Capitalizing on Change

In order to capitalize on opportunities to revitalize lower income communities, while also discouraging displacement, the smart growth scenario relies on parallel strategies for reinvestment and affordability. Here are some of the policies that residents of these communities believe could help bring about needed improvements:

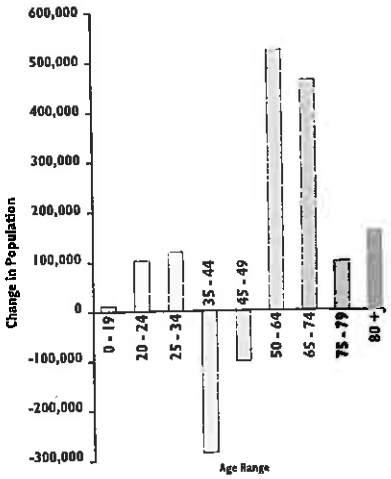
- Train and educate local residents to help them qualify for new, local jobs.
- Develop new jobs in low-income communities that are targeted to the current skill levels of local residents.
- Increase transit-oriented development and alternatives to single-occupant auto travel to improve access to new and existing jobs and services throughout the region.
- Provide new business opportunities in low-income neighborhoods targeted to local firms and residents.
- Build affordable housing throughout the region to avoid concentration in impoverished communities.
- Address current overcrowded conditions by giving existing residents priority for new units in a given neighborhood.
- Maintain affordability of existing housing through methods such as new financing for long-term subsidies set to expire soon.

questions. Would people in the Bay Area flock to multi-family and attached housing? Or will hordes of Bay Area commuters continue to migrate to the Central Valley in pursuit of the American dream of owning a single-family home with a big back yard?

In a 2000 survey, the Home Builders Association (HBA) of Northern California found that 43 percent of shoppers looking for a home in single-family subdivisions were "mainly considering a single-family home."[1] Yet in the same survey, 42 percent of potential home buyers said they would be willing to buy a higher density, attached housing unit if it meant living near their work, and it cost no more than a conventional single-family home in an outlying area. This same interest in more compact housing types in exchange for a shorter commute has been found in studies conducted for downtown Oakland and downtown San Francisco, particularly among young, single workers and "empty nesters."[2]

On a national level, too, acceptance of smart growth design principles, such as smaller lots and more compact development, is growing. One study of 2,000 buyers of both newly constructed and resale homes noted, "Often what buyers want is NOT what they get. One of the main reasons behind this is that they couldn't find what they wanted in their markets."[3] This study found that homebuyers wanted less sprawl and more "small town," pedestrian-oriented shopping and gathering places.

Changes in the Bay Area's demographics also may support the construction of more multi-family units. Household types, such as young singles, childless couples, "empty nesters" and the elderly, tend to be attracted to urban infill housing. These groups are expanding in the Bay Area, which is expected to undergo a dramatic change in its age composition in the next 20 years. As shown on the chart to the right, the 20- to 24-year-old and 55-and-over population groups together are expected to increase by over 1.2 million people in the next 20 years. Both have relatively high proportions of people who are interested in small units, senior and assisted housing, compact housing near workplaces and urban amenities, and other types of infill housing.



BAY AREA POPULATION CHANGE BY AGE GROUP (2000–2020)

***Changes** in the Bay Area's DEMOGRAPHICS will support the construction of more MULTI-FAMILY units.*

These trends, taken together, suggest that there could be increasing market demand for the types of housing foreseen in the smart growth scenario developed by workshop participants. As stated in a national study of future housing demand, "Since the driving force for the future is age-based growth of households that have largely completed child-rearing, the residential future of cities may well depend on how they appeal to people in life's later stages."[4]

Available Land Supply

During the Smart Growth Strategy/Regional Livability Footprint workshops, participants were encouraged to envision future Bay Area development patterns over a 20-year period without explicit regard for whether new development would fit on current vacant lands. Instead, participants placed development on lands they considered appropriate for either development or redevelopment over the next 20 years. But, since the smart growth scenario envisions a variety of building types in each place, many existing structures would be consistent with the vision of workshop participants.

An analysis of the smart growth scenario compared the proposed development patterns and densities desired by workshop participants in each planning area to the amount of vacant land, according to county assessor parcel data published by Metroscan. The goal of this "fit" analysis was to determine the number of acres that would need to be redeveloped to accommodate the smart growth scenario. The analysis assumed that new growth in each planning area would first occur on vacant land, and that other land in each planning area would be redeveloped to accommodate any remaining growth.

The "fit" analysis found that the smart growth scenario, depending on the density of development, would require the redevelopment of approximately 48,000 acres. By contrast the base case would require almost no redevelopment, since it presumes that most new growth will take place on currently undeveloped sites. Redevelopment sites generally contain underutilized and older buildings. They typically occur along older transportation corridors, in obsolete industrial areas or on large surplus sites such as the Alameda Naval Air Station and San Francisco's Mission Bay.

Over the 20-year planning horizon, the redevelopment foreseen in the smart growth scenario would require about 2,400 acres per year. While this level of redevelopment is ambitious, it also may be quite feasible, given that redevelopment projects are common throughout the region and that it amounts to just 0.3 percent of currently urbanized land (or 5 percent over 20 years). However, it might exceed the capacity of the marketplace, and will likely face resistance in some areas from "NIMBYs" — proponents of Not In My Back Yard — who oppose change in their communities. Beginning on page 13, the Incentives chapter of this report discusses policies and regulatory changes that might help to address these issues.

Financial Feasibility

It will take more for smart growth to succeed than interested buyers and enough building sites. In order for developers to build compact, infill and transit-oriented development, it needs to be financially feasible. Both for-profit and nonprofit developers must make their projects "pencil out" if they are to build them. Government subsidies can help in some cases to make ends meet, but in the long run, infill development costs (including a reasonable profit) cannot exceed the rent or purchase price that future residents will be willing and able to pay.

The financial feasibility of new development in the region will vary substantially depending on a host of factors, including location, timing, national economic trends, local market conditions, land prices, construction costs, local regulations, and the financial requirements of developers and investors. Due to the complexity and variability of each of these factors, this analysis does not look at the financial returns of future development projects. However, all of the types of development in the smart

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Appendix D to DEIR,

Cover page, & pages D-1 & D-4

Appendix D: Scoping Comments on Alternatives

Appendix D: Scoping Comments on Alternatives

This appendix documents the comments received on proposed alternative scenarios in response to the Notice of Preparation (NOP) for the EIR. The below tables summarize comments regarding definition of alternatives and information on why these suggestions were either included or not included for full evaluation in the EIR. General comments on methodology are not included.

GENERAL COMMENTS ON ALTERNATIVES

Topic	*Comments*	*Response*
Pricing	Alternatives should avoid the usage of pricing or other policy levers. Each alternative should include the use of policy measures such as pricing. (separate comments)	The alternatives may include land use or transportation policies that are feasible and achieve the project objectives. Alternatives include a variety of road pricing and policy incentive options for local jurisdictions, including using none at all.
Alternative Planning Strategy	Given potential infeasibility of meeting GHG targets, consider an Alternative Planning Strategy (APS). Alternatives 3, 4 and 5 should be assessed within the context of an Alternative Planning Strategy and MTC should evaluate the need to environmentally clear these alternatives.	An APS was not considered as the proposed Plan, as well as Alternatives 3 and 5 can achieve the state assigned GHG targets. Because multiple alternatives meet the GHG targets an APS was not considered at this time. Also, an APS must only be developed for the Plan selected and adopted by MTC and ABAG, not every alternative, and only if that final Plan cannot achieve the GHG targets.
Growth Forecasts	Include an Alternative with lower rate of employment and residential growth, based on an assumption that the Bay Area and regional economy do not see a significant economic recovery. Make clear that all Alternatives (except Alternative 4) will be analyzed using the same growth forecasts, and demographic and economic forecasts for Alternative 4 should be provided. Alternatives should plan for the housing level in the Eliminate Inter-Regional Commute alternative.	All alternatives are based on the same regional forecasts for population and job growth. The forecasts are considered static, and each alternative considers various distributions of the projected growth. The exception of Alternative 4 accommodates a higher population by assuming no regional in-commute from outside counties, but uses the same baseline population and job growth projections otherwise.

COMMENTS ON ALTERNATIVE 1 IN NOP – NO PROJECT

Topic	*Comments*	*Response*
Role of PDAs	Concerns about how this varies from the "Preferred Scenario" if the PDAs have already been established, and in particular how the "No Project" could mean "No PDAs" if they are already established.	The No Project scenario is based on currently adopted general plans. If those general plans reflect a local government's desire to see growth in the PDAs then the PDAs are *de facto* in the No Project alternative. However, if PDAs have not been re-zoned to match their PDA designations, then the alternative does not assume they will be. The No Project alternative also does not include OBAG funding (which goes to PDAs), since this is not a committed funding source without implementation of the Plan.
RTP 2035	Alternative should be modified so that it is the implementation of the existing Regional Transportation Plan, Transportation 2035.	The transportation system in the No Project alternative consists of those projects that would go forward without another RTP or further environmental review. That would be the system in Transportation 2035, minus those projects that have not received funding, or have not received environmental clearance by May 1, 2011.
Scale of Development	Alternative should include limiting future development to either a few remaining developable lots and/or infill development within the current scale and character of the town [of Fairfax].	None of the alternatives assign specific land uses, designate future development at the parcel level, nor set the scale and character of future development. Such details are the responsibilities of local jurisdictions through their land use plans and zoning. The alternatives are determined by applying specific policy measures rather than by tweaking growth projections for individual cities. For the No Project alternative, the UrbanSim model forecasts how future growth will likely distribute based on existing general plan policies and associated development regulations, plus some additional capacity from the expansion of urban growth boundaries based on historical trends.

Item 1-36 of Appendix I

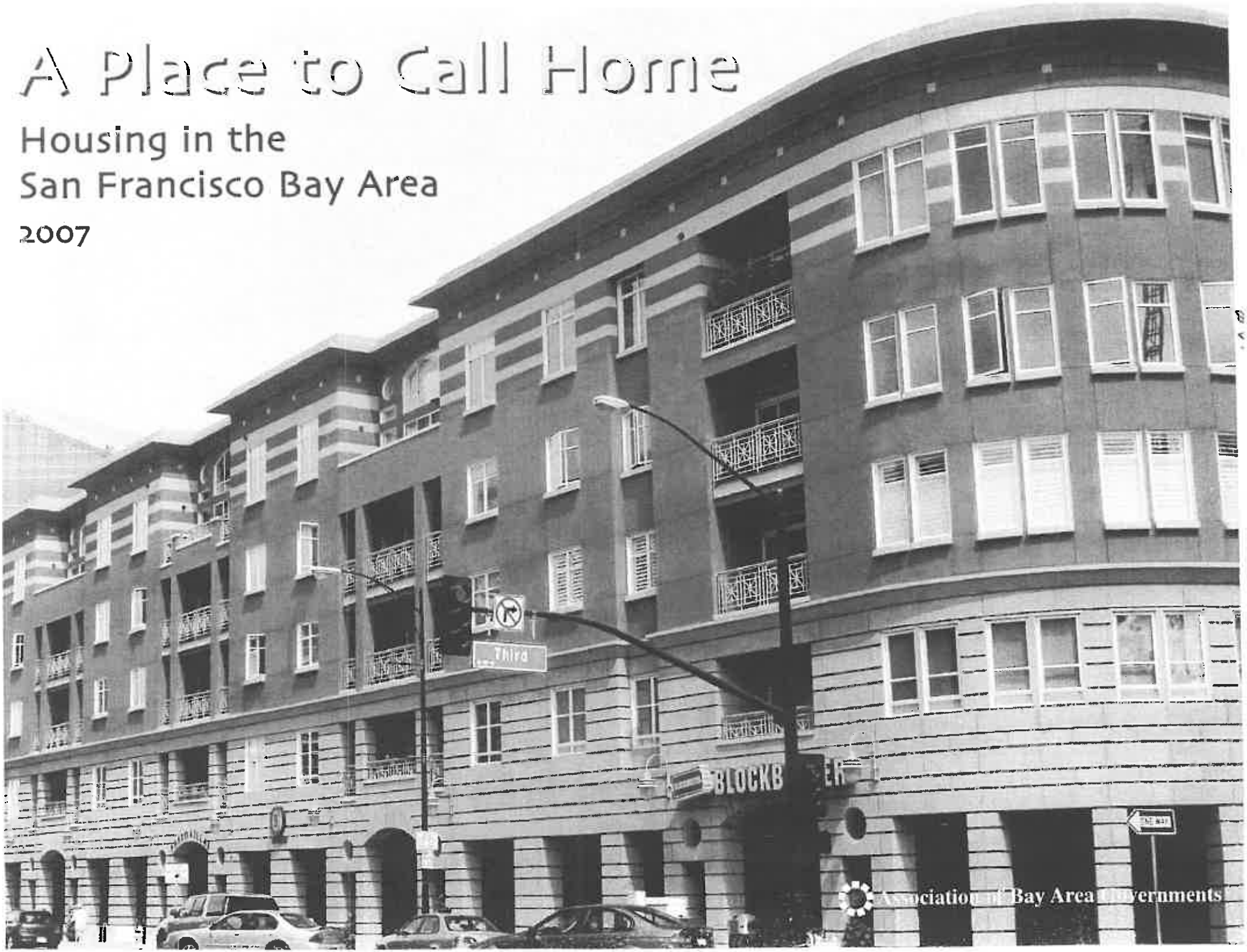
A Place to Call Home,

Cover page, & pages 1, 3, 8 through 28, & 34

A Place to Call Home

Housing in the San Francisco Bay Area

2007



A Place to Call Home: Housing in the San Francisco Bay Area

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The Emerging Consensus

After decades of development of auto-oriented communities, support is growing for more traditional styles of development. In particular, there is increased support for more compact communities near public transit that are not focused around the demands of the automobile. There is a growing demand for homes in areas that include jobs, shops, and services close to transit so that people can walk, bike or take public transit, in addition to using their car.

In the Bay Area, the State, regional agencies, and local governments are promoting planning and developments that are consistent with a more compact land use pattern. As a result of this momentum, resources are being shifted to support efforts to add housing in "infill" locations (areas that are already part of an existing community) and near transit services around the San Francisco Bay.

For example, the State of California includes infill development and efficient development patterns as objectives of the Regional Housing Needs Allocation (RHNA) process, which requires each jurisdiction in the Bay Area to develop a plan for meeting its share of the region's housing need.[1]

In addition, the passage of Proposition 1C in 2006 was the result of collaboration between Governor Schwarzenegger and the state legislature to support infill housing and transportation infrastructure in urban areas. Prop 1C provides $300 million toward Transit-Oriented Housing Development, $850 million toward infill housing, and an additional $1.4 billion toward affordable housing development. While it has not yet been determined exactly how this money will be spent, it is clear that the State considers promoting housing development in existing communities a priority.

Bay Area regional agencies have long been supporters of developing housing near transit and in existing communities. For example, the Metropolitan Transportation Commission (MTC) has directed transportation funding to local governments that plan for housing in infill areas and near transit through its Station Area Planning, Transportation for Livable Communities, and Housing Incentive Programs. For the 2007-2014 RHNA period, the Association of Bay Area Governments (ABAG) worked with local governments to create a methodology that directs new housing to existing communities and areas near jobs and transit. The goal of creating more compact communities near transit has also been a major component of Focusing Our Vision (FOCUS)—the planning effort led by ABAG, MTC, the Bay Area Air Quality Management District (BAAQMD), and the Bay Conservation and Development Commission (BCDC) to create a shared development and conservation strategy for the Bay Area.

During outreach conducted for FOCUS and a regional study of three Bay Area transportation corridors (East 14th Street, San Pablo Avenue, and El Camino Real—examined as part of ABAG's Corridor Program), it became clear that local governments in the Bay Area also understand the need for adding housing in infill areas and near transit. Many communities are creating plans that identify target areas for infill development near transit and create policies to promote the addition of housing in these areas. Cities of all sizes are building housing to revitalize downtowns and place commuters near rail stations and along major transportation corridors.

There is a clear emerging consensus at all levels of government to pursue the strategic implementation of a compact development pattern that adds to the housing supply in the state and in the region.

Regional Efforts to Promote Housing

The Bay Area has started to address its challenges. Work has been undertaken to put the region on a more sustainable course for the future. In 2002, regional agencies, local governments, community groups, and residents in the Bay Area created a vision for the region to address housing and traffic problems while improving the quality of life for all residents. Working together, these groups identified several goals to guide regional growth, including:

- Strengthen and support existing communities
- Create compact communities with a diversity of housing, jobs, activities, and services to meet the daily needs of residents
- Increase housing choices
- Improve housing affordability
- Increase transportation efficiency and choices
- Protect and steward natural habitat, open space, and agricultural land
- Improve social and economic equity
- Promote economic and fiscal health
- Conserve resources, promote sustainability, and improve environmental quality
- Protect public health and safety.

In 2002, ABAG's Executive Board resolved to use regional policies as the basis for *Projections*, ABAG's long-term growth forecast. This decision changed *Projections* from a trends-based forecast to a policy-based one that forecasts more growth in existing communities and near transit, with less growth in undeveloped areas. Since *Projections* is the basis for the Regional Housing Need Allocation (RHNA), these same regional policies influence how to plan for future housing need within the region.

There are several planning efforts currently happening in the Bay Area that incorporate the regional goals for growth to promote housing in the right locations. These efforts include RHNA and FOCUS, which both promote infill development and the addition of homes near transit to enhance existing neighborhoods and provide housing and transportation choices for all residents while protecting open space and agricultural areas.

Regional Housing Needs Allocation

The need for more housing choices and more affordable options is a problem that plagues communities throughout much of California. In response, the State of California has made increasing the housing supply a priority. The State requires each city and county to identify a sufficient amount of land to accommodate its "fair share" of the state's housing need.

In the RHNA process, the California Department of Housing and Community Development (HCD) gives each region a number representing the amount of housing needed, for all income groups, based on existing need and expected population growth. As the Bay Area's designated Council of Governments, ABAG is required by the State to create an allocation methodology that allocates a portion of the region's housing need to each local jurisdiction and sets targets for developing homes that are affordable to people at all income levels.

Several laws were passed in 2004 to clarify the policy objectives of RHNA, to give local governments more input, and to make the planning process more transparent. By law, the methodology that ABAG adopts must satisfy the objectives and rules spelled out in the statutes, and must be adopted using a fair and open public process.

Once it receives its allocation, each jurisdiction must demonstrate how it will accommodate these units in the Housing Element of its General Plan. The General

Plan is the document that outlines the community's long-term growth strategy. Once completed, Housing Elements are then certified by HCD.

Local Concerns About RHNA

Local communities understand the need to address the housing shortage and the need for more homes that people can afford. The League of California Cities has shown its support for addressing this need, and has identified expanding the supply of affordable housing as one of its top goals for 2007.[16]

Although they acknowledge the need for action, most cities and counties across the state have negative views about the RHNA process. Many jurisdictions see the State mandate as an unwarranted intrusion on local authority. Local governments resent being "forced" to plan for more housing, even though they have autonomy in planning where and at what densities it can occur. There is also a perception that the State's estimates of future growth, and consequently the number of housing units for which local communities must plan, are unrealistically high.

Many jurisdictions resent the goals set by the State because they believe that the estimates do not adequately consider local issues and growth constraints. Many communities in the Bay Area consider themselves to be "built out," with no room for growth. In addition,

RHNA Performance, 1999-2006*

As part of the RHNA process, the State estimates the amount of housing needed in the Bay Area. These estimates are based on demographic data about the population in the region that will form new households, and need homes to move into. The number of households formed is determined by both the age of the population and migration. Most new households are formed by young people moving out of their parents' homes or by people who move into the region to take advantage of job opportunities.

During the 1999-2006 RHNA period, Bay Area local governments issued building permits for 92 percent of the total estimated need for the region. While this performance is better than what jurisdictions have achieved in past decades, it still demonstrates the region is not building enough housing to meet the need.

Jurisdictions also met 44 percent of the target for very low-income units, 75 percent for low-income units, 37 percent for moderate-income units, and 153 percent for above moderate units.

These units are affordable to households making 50 percent or less, 50 to 80 percent, 80 to 120 percent, and 120 percent or more, respectively, of the Area Median Income (AMI). For example, in Alameda County a very low-income unit would be affordable for a family of four making $41,900 per year, a low-income unit would be affordable to a family with an income of $66,250, and a moderate-income unit would be affordable for a family that makes $33,800.[1]

* Information in this section and the table below was updated in August 2007, based on corrections affecting Santa Clara and Solano Counties.

1 Creswell, C. *Official State Income Limits for 2007*. Department of Housing and Community Development.

Table 1. Bay Area RHNA Performance, 1999 to 2006

County	RHNA Allocation	Housing Permits Issued	Allocation Minus Permits	Percent of Allocation Permitted
Alameda	46,793	33,697	13,096	72%
Contra Costa	34,710	47,956	-13,246	138%
Marin	6,515	5,772	743	89%
Napa	7,063	5,245	1,818	74%
San Francisco	20,372	17,439	2,933	86%
San Mateo	16,305	10,289	6,016	63%
Santa Clara	57,991	52,018	5,973	90%
Solano	18,681	18,572	109	99%
Sonoma	22,313	20,971	1,342	94%
Regional Total	**230,743**	**211,363**	**19,380**	**92%**

Source: ABAG Analysis

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Many people are confused about who is responsible for the RHNA process, and are dissatisfied with its limited scope. While the cartoon above cites "New ABAG Goals," in actuality they are the State of California's goals.

there is the perception that planning for housing promotes growth and that, if communities simply do not plan for it, it will not happen. What goes unacknowledged is that this growth does occur, and local land use policy choices put significant pressure on neighboring regions, including the Central Valley, to absorb spillover growth.

Another concern about the RHNA process is that it focuses on planning for housing, rather than producing housing. Even though most jurisdictions are able to identify sufficient development potential to satisfy their RHNA targets, the housing goals set by the State are generally not met. The plans local governments create influence how and where growth occurs, but they cannot control the market forces and decisions that determine if the housing actually gets built.

Although local planning alone cannot solve the problem, ensuring that development can occur is a key first step in meeting housing needs. Thus, despite the limitations of the RHNA process, many cities acknowledge that Housing Element updates spur them to focus attention on the housing needs in their communities and to develop creative solutions for addressing them. Housing developers in both the for-profit and nonprofit sectors also indicate that the RHNA process, a State mandate, is an important part of the solution.

Another concern with RHNA is that the process makes no distinction for where new housing is built, and many jurisdictions that are able to meet their RHNA targets do so by building housing on previously undeveloped land where there is no public transit or access to jobs. In addition, there is a lack of funding for the process and for supporting the development of housing for very low-, low- and moderate-income households, which impedes communities that seek to implement their Housing Elements.

For those communities that want to provide more housing options to residents, but think there is no more room, identifying development potential helps them to develop new strategies for accommodating housing. These jurisdictions recognize that, given the popularity of the Bay Area, population growth will continue and, therefore, real thought should be given to how that growth can best serve local communities and the region.

RHNA Methodology, 2007 - 2014

The Bay Area is currently working on the RHNA process for the 2007-2014 planning period. The methodology has been completed, and housing allocations will be made to local jurisdictions in July 2007.

The two primary purposes of the RHNA process are to increase the supply of housing and to ensure that local governments consider the housing needs of individuals at

all income levels. As a result, the two major components of the RHNA methodology are a formula for allocating units among jurisdictions and another formula that separates each jurisdiction's total need into the four income categories defined by the State.[17] The methodology also includes rules for how to address issues such as spheres of influence, the relationship to subregions, and voluntary transfers of housing units between jurisdictions.[18]

Given the concerns and reservations that many jurisdictions have about RHNA, ABAG took steps to ensure local government involvement in the process, and to make sure the methodology reflected local conditions and concerns about regional growth. One of ABAG's first steps was to create the Housing Methodology Committee (HMC), which brought together elected officials and local staff to advise ABAG staff on the allocation methodology. Each of the nine Bay Area counties had three representatives and there were also six members to represent stakeholder groups, such as Greenbelt Alliance, the Non-Profit Housing Association of Northern California, and the Home Builders Association of Northern California.

The HMC was tasked with creating a methodology that would meet the statutory requirements for RHNA and also reflect local conditions and support the Bay Area's regional goals for growth (page 8). The four statutory objectives of RHNA include increasing housing supply, affordability, and housing types; encouraging efficient development and infill; promoting jobs-housing balance; and reducing concentrations of poverty.[19] These objectives are consistent with the Bay Area's regional policies regarding growth.

The allocation methodology[20] includes factors related to housing, employment, and public transit. The specific factors used are household growth, employment growth, existing employment, and both household and employment growth near transit stations.

These factors are all based on data from the *Projections 2007* forecast. The methodology is intended to:

- Direct housing units to areas where housing growth is expected
- Ensure that housing and job growth happen together while also addressing existing jobs-housing imbalances
- Encourage housing development along major transit corridors
- Allocate fewer units to outlying areas to reduce development pressures on agricultural lands

Members of the HMC felt it was particularly important to weight the housing- and employment-related factors equally, as a way to encourage a better jobs-housing balance. By including transit factors, the methodology

Figure 2. Weighted Factors, RHNA Methodology 2007-2014

The methodology factors use data from Projections 2007.

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also builds on the regional policies that are already in *Projections* that assume additional growth along transit corridors and in existing communities. Some jurisdictions felt this made the transit factors in the methodology unnecessary, but most felt it was important to include them to be consistent with the regional goals for growth.

ABAG's Executive Board adopted the final methodology with a resolution that committed ABAG to working with its regional agency partners to secure incentives for the jurisdictions that accepted significantly higher RHNA allocations. The intent was both to support the jurisdictions taking a larger share of the regional housing need and to mitigate the potential "shortfall" resulting from smaller allocations to other jurisdictions. Specific funding possibilities are discussed in the Housing Incentives section (page 13).

To accomplish the second part of the housing need allocation, which is the separation of each jurisdiction's allocation into the four income categories, the methodology moves the income distribution in each jurisdiction 175 percent toward the regional income distribution. Using this approach, those jurisdictions that have a larger proportion of households in an income category will receive a smaller allocation of housing units in that category. Conversely, those jurisdictions that have a relatively low proportion of households in a category would receive a higher allocation of housing units in that category.

The effect of the 175 percent shift is to change the income distribution in each jurisdiction to more closely match the regional distribution. This is done by taking both a jurisdiction's existing conditions and future development into account. By addressing existing concentrations of low-income households, these scenarios more aggressively promote an equitable regional income distribution while ensuring that all communities do their fair share to provide affordable housing.

For example, a city where 12 percent of existing households are in the very low-income category is compared to the regional average of 23 percent of very low-income households.[21] This difference—11 percent—is multiplied by 175 percent and the result is added to the city's initial proportion of very low-income households. In the end, the city will have 31 percent of its total allocation in the very low-income category.

RHNA Next Steps

In April 2007, HCD determined that, at a minimum, the Bay Area must plan for 214,500 units during the 2007-2014 period. ABAG must use the adopted methodology to allocate this regional need to each city and county in the Bay Area in July 2007. Once these numbers are released, the public and local jurisdictions will have several opportunities to provide comments. Once these comments have been taken into consideration, final allocations will be issued by ABAG in 2008. After this point, local jurisdictions will have one year to incorporate these housing targets into the Housing Elements of their General Plans.

Subregions

The laws passed in 2004 gave contiguous cities and counties the opportunity to form a subregion that would plan for the allocation of housing units for its member jurisdictions. The 21 jurisdictions in San Mateo County decided to pursue this subregional option. These jurisdictions have a history of working together and saw the subregional process as an opportunity to continue that tradition. They also wanted the chance to have greater local control and flexibility in developing solutions to the housing challenges that face the county as a whole.

The San Mateo County subregion received a share of the region's total housing need that is consistent with its projected household growth during the 2007-2014 period. Based on household growth, the San Mateo share of the regional allocation is 15,738 units. The San Mateo subregion was responsible for developing its own allocation methodology. As with the regional process, the subregion's adopted methodology and resulting allocations must achieve state housing goals, including


Meridian Apartments, San Bruno


Victoria by the Bay, Hercules


Oakland


Novato

the objective that every jurisdiction do its "fair share" to provide affordable housing. In the end, the San Mateo County subregion opted to use a method identical to the regional method.

Identification of Priority Areas Through FOCUS

FOCUS serves as a platform for engaging Bay Area local governments and stakeholders in a regional dialogue to create a specific and shared concept of where growth in the region can best be accommodated and what areas need protection.

Interested local governments have the opportunity to apply to the regional agencies for **Priority Development Area** and **Priority Conservation Area** designations. As is consistent with the regional goals for growth, a **Priority Development Area** must be an area within an existing community, near existing or planned fixed transit or served by comparable bus capacity, and planned or in the planning process for more housing. Once these areas have been adopted, the FOCUS program will work to direct existing and future incentives to these areas.

To identify **Priority Conservation Areas**, regional agencies have been working with the Green Vision group, a coalition of regional and local open space organizations. Regional staff will collaborate with local governments to determine Priority Conservation Areas, based upon local plans, the results of the Green Vision project, and criteria related to urgency, community support, and regional significance. Open space acquisition of Priority Conservation Areas will be determined relative to state-level open space funds based upon regional significance and local support for preservation. The deadline for nominating a Priority Conservation Area is August 17, 2007.

The application process for Priority Development Areas is now complete, and local and regional staff are reviewing applications to ensure that the three basic criteria are met. The Priority Development Areas and Priority Conservation Areas will be adopted by the regional agencies in Fall 2007.

Housing Incentives

RHNA and FOCUS planning efforts will establish the framework for future growth in the region. However, creating on-the-ground change requires the support and action of local governments. Local jurisdictions will need a variety of resources to enable implementation of plans and projects that move the region toward its goals.

Half Moon Bay

City Heights, San José

Park Place, Mountain View

To assist local governments, regional agencies are currently working to identify and secure incentives related to planning funds, technical assistance, and capital infrastructure that can be aligned with local Priority Development Areas as established in FOCUS. Subsequent to adoption, jurisdictions with Priority Development Areas will be eligible to apply for the incentives.

The primary objective of these resources will be to facilitate infill development, especially near transit. Allocation of incentives will emphasize achieving results and providing examples of how Priority Development Areas can be developed as "complete communities" that provide for the day-to-day needs of current and future residents. The incentives will include capital and planning grants as well as services to assist local governments with priority area planning and development activities. These services will include technical and outreach assistance, networking assistance, and best practices information.

Potential sources include future funding from MTC's Transportation for Livable Communities and Housing Incentive Program, as well as additional transportation funds from MTC's Regional Transportation Plan (RTP) 2009 Update. How the RTP funds might be directed to align with priority development areas will be a primary consideration as the RTP update process proceeds. The State is also considering aligning funding from the recently passed housing and resource bonds to be consistent with regional priorities, potentially including FOCUS priority areas.

Local Efforts to Promote Housing

The RHNA process and FOCUS initiative will help provide a roadmap for how the Bay Area can move forward to address the housing needs of the region's residents. FOCUS represents a shared partnership between regional agencies and local governments to encourage a pattern of growth that will increase the vitality and walkability of existing neighborhoods, provide more housing and transportation choices for all residents, and reduce growth pressures on undeveloped lands.

As noted in previous sections, regional agencies are working to identify available incentives, including financial and technical assistance, that can help local governments pursue the addition of housing in infill locations and near transit. However, since local governments control local land use decisions, they play a key role in ensuring success. It is a daunting task to pursue a new pattern of growth, and there are many challenges to adding homes in infill locations near transit. But many local governments throughout the region are already finding solutions and achieving success. Some of the strategies they have used to expand housing choices in their communities are outlined in the following sections.

Making Room for Housing

Land use regulations are necessary to protect and promote public health and safety, and to ensure that developments meet community needs. Many factors combine to make a community vibrant and desirable, including access to jobs, shopping and services, parks and recreational opportunities, community spaces, and a diverse range of housing choices. All of these different features and uses must be accommodated in a local government's land use plans. Since most communities have a finite amount of land with which to work, local governments and the public must make choices about their priorities and how best to dedicate available resources, including land.

Many communities in the Bay Area have land use plans and zoning codes that do not provide enough development potential for housing, compared to the region's need. This is partly because, to maximize tax revenues, many jurisdictions emphasize commercial development, while limiting residential development. There are also significant concerns about the impacts of housing growth on the need for additional public services, such as schools and police and fire services. Other communities have adopted policies to protect certain types of land uses, such as open space or single-family neighborhoods.

Although these policies protect some of the features that make the Bay Area special and give the region its unique sense of place, they also limit the amount of land available for providing a wider variety of housing choices, such as townhomes and apartments.

Since local plans must balance the need for housing, employment, retail services, schools, parks, and other land uses, it is important for policies that limit growth in certain areas to be part of a comprehensive vision for how growth should occur. To ensure that it is meeting its housing needs, a community should consider implementing complementary policies that make room for housing. For example, more development sites and higher densities could be allowed in downtowns and near available transit options. These areas often consist of older commercial and industrial sites that might bring greater benefits to the community if revitalized with new housing, retail services, and the people they bring.

Revisiting Zoning Codes and Development Standards

One of the most important steps local governments can take to encourage housing production is to ensure there is land available for housing. Since many communities in the Bay Area are already developed, with little

Green Building

How homes are designed and built impacts the environment. People living in homes use water and energy—21 percent of all the energy in the country[1] and 64 percent of all urban water use in the region.[2] The construction and demolition of homes also use a number of resources and contribute significantly to the waste stream. Forty-two percent of all the wastes in California come from the construction and operation of homes.[3]

Green building is an approach to designing and constructing buildings that reduces the impact on the environment. Green building design encourages use of recycled, non-toxic materials; energy and water conservation; and a positive impact on the indoor and outdoor environments. Green buildings incorporate features such as energy-producing solar panels, stormwater retention and recycling, design that reduces the need for air conditioning or heating, and recycled building materials.

Green homes offer a number of benefits to local governments, developers, and residents. Green homes can create energy and use less water, reducing the demand on jurisdictions for electricity, water, and waste disposal services. Green homes can also assist in managing stormwater, reducing the load on local stormwater systems during storms. Energy and water savings translate into lower utility bills for residents—making a green home more affordable in the long run. Developers can also save money with green building by reusing materials from demolition or qualifying for green building incentives.

Photo Provided by Kate Lenore, Bean Housing and Bruce Mau Build It Green

Sara Corner Court, Hayward

Across the region, local governments are actively promoting green homes. Many governments have adopted "Construction and Demolition" ordinances that require a certain amount of construction waste to be recycled. Several cities in the Bay Area have passed ordinances that require new homes to be designed according to green building standards. A larger number of cities have voluntary green building programs that offer services—such as design guidelines, technical expertise, and financial incentives—to builders and residents. Local governments can learn more through Build It Green's Public Agency Council,[4] a coalition of public agencies promoting green building in the region.

[1] United States Department of Energy. *Buildings Energy Data Book*. 2006. Washington, D.C. United States Department of Energy.
[2] State of California Department of Water Resources. *California Land and Water Use*. 2007. Available at: www.landwateruse.water.ca.gov/annualdata/datalevels.cfm
[3] State of California Integrated Waste Management Board. *Statewide Waste Characterization Study*. December 2004.
[4] For more information, see www.builditgreen.org/guild/index.cfm?fuseaction=agencies

vacant land available, they have had to identify creative solutions for finding land that could be used for housing. In this regard, the most significant impact of the RHNA process is that cities and counties must zone enough sites to accommodate their housing need allocations. Although there are critics of RHNA, many local governments acknowledge that the State mandate has been a primary motivation for identifying ways to promote housing development.

It is particularly important for cities and counties to classify specific sites where multi-family housing is allowed. This is not to say that every jurisdiction must adopt zoning codes that allow for the types of development that would be found in a major city. However, cities should consider whether allowing higher densities or taller buildings in some areas of their community might enhance the vitality of existing neighborhoods while providing more housing options.

There may also be opportunities to make adjustments to policies that can facilitate housing development. For example, the City of Vacaville adopted a zoning strategy that allows certain commercially zoned sites to be used for multi-family housing without requiring a General Plan amendment or zoning change. To promote affordable housing, the City of San Francisco prohibits market-rate housing development in its Service/Light Industrial District. Residential developments in these

areas must include 100 percent affordable or single room occupancy units. These kinds of changes help simplify the development process for those trying to provide a wider range of housing choices, especially affordable options.

When considering ways to make more room for housing in existing communities, it is important for local governments to think proactively about making zoning and development standards more inclusive. In some areas, requirements for single-use zoning create missed opportunities for mixed-use development that can provide additional space for housing units and also create more vibrant neighborhoods that link housing, jobs, local services, and retail.

In addition, the requirements for successful infill housing development are often different than those for suburban-style neighborhoods. Given the constraints of working in already-developed areas, standards such as large minimum lot sizes, and limitations on heights and densities can act as barriers to housing development. For example, a study of opportunities for development near transit in San Mateo County suggested allowing reduced setback requirements, exemption from height limit or Floor Area Ratio (FAR) requirements, and increased densities on smaller parcels for infill projects.[22]

Revitalizing Underutilized Land

As communities change over time, the way they use land changes as well. Many jurisdictions end up with developed lands that no longer meet the needs of residents and workers. Adding a mix of uses, higher-density housing, and pedestrian amenities can often revitalize underused areas such as older shopping centers, surface parking lots, and surplus lands. With designs that respect surrounding neighborhoods, these underused commercial spaces can be transformed into vital focal points for community interaction and activity.

For example, traditional suburban-style shopping centers, regional malls, and other commercial spaces often use significant amounts of land for both retail space and parking. Rezoning commercial strips to mixed-use can both add housing and help create a more walkable environment. In Marin County, for example, planners and citizens have collaborated to create a conceptual master plan for Marinwood Village, a mixed-use center with up to 100 units (up to 50 of which will be affordable), a grocery store, and other shops. This village will replace what is now a failing strip commercial center with many vacant stores.

Communities of all types are also considering surface parking lots near transit as places for new homes or mixed-use development. The close proximity of parking lots to the stations

The Arbors, Rohnert Park

Palo Alto

Abella Paseo Homes, San Pablo

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makes these prime locations for development that takes advantage of transit services. In the Bay Area, this type of development has occurred around a wide variety of transit services, including commuter rail stations, light rail stops, ferry terminals, and stops along bus corridors.

For example, the Santa Clara Valley Transit Authority (VTA) and Eden Housing have constructed affordable housing and community facilities on a former 1,100-space lot along the Guadalupe light-rail line. The site now accommodates diverse uses and is part of the neighborhood. Called Ohlone-Chynoweth Commons, it includes 194 units of affordable housing, retail, a community center, and 369 parking spaces. VTA benefits from the development because it allows residents to have easy access to the light rail line. VTA also receives a dedicated source of funding due to the ground lease, which should bring in at least $250,000 each year for the next several decades.[23]

In addition to surface parking lots, local governments and transit agencies have also been looking at surplus publicly-owned land as future locations for housing. As part of its *Transit-Oriented Development Opportunity Study*, the San Mateo County Transit District inventoried publicly-owned property near BART and Caltrain stations and highlighted parcels for redevelopment.

In Dublin, the Alameda County Surplus Property Authority obtained a vacant military property near the Dublin Transit Center. Recognizing that retail employees in the area needed homes they could afford, the County worked with EAH Housing to provide family-friendly apartments and townhouses. The resulting development, Camellia Place, provides an opportunity for some of those employees to live near their jobs, reducing the environmental impact and other burdens created by commuters who travel to the Tri-Valley area every day for work.

Converting Industrial Sites to Homes

Many cities in the Bay Area have identified industrial lands as areas for infill housing. Economic forces and the shift toward more service-oriented jobs have reduced the need for industrial land in the region. Underutilized industrial areas are prime targets for residential uses because they tend to be low-density uses and in many communities are often near transit stations. Redeveloping industrial buildings into multi-family apartments can create new residential communities with minimal impact on older neighborhoods. As a result, many local governments have been converting these lands to housing to meet the existing demand.

The question of whether or not to redevelop vacant industrial lands depends on local needs and opportunities. Many cities want to preserve industrial areas as a way to promote economic development, including living-wage jobs and green, localized industries, and so maintain the existing industrial infrastructure in the region. However, cities can use policies such as raising allowable floor area ratios to better utilize industrial lands. This type of strategy enables jurisdictions to maintain land for industrial uses while opening up opportunities for housing development on excess sites.

When considering converting industrial lands, jurisdictions should also consider how residential and industrial uses may conflict and whether industrial areas proposed for housing can function as complete neighborhoods. It is important to plan for how residents will access necessary amenities and services, such as shopping, transit, schools, and parks. In addition, careful planning is needed to avoid potential conflicts between new residents and existing industrial operations. Possible negative impacts include exposure to noise pollution, harmful chemicals, or poor air quality—all of which can affect the health of residents. Residents' concerns about these issues can also make it difficult for the businesses to continue operations.

For those cities that want to convert underutilized industrial spaces into new housing, a checklist of these factors can be a useful tool for evaluating proposals to convert industrial to residential land. The City of

Santa Clara's *Industrial to Residential Conversion Planning Criteria Guidelines* evaluate proposed conversions for General Plan and zoning compatibility, residential suitability, environmental compatibility, service availability, and other criteria. A copy of the checklist is available at www.bayareavision.org/ta/localresources.html

Flexibility and Incentives Encourage Housing Choice

In addition to identifying sites for housing development, many cities and counties in the Bay Area are taking other significant steps to promote housing. These efforts often involve changing policies that present impediments to housing production as well as offering incentives to encourage more housing.

Many developers, both for-profit and nonprofit, cite the permitting and entitlement process as a barrier to increased housing production. They assert that the tangle of regulations they often encounter causes delay and uncertainty. In some cases, this situation is made worse by a lack of coordination between different regulatory agencies that must approve a project. For developers, a lengthy approval process translates into costs that will be passed on to consumers—homeowners and renters—which ultimately reduces housing affordability.

Oxford Plaza, Berkeley

In the City of Berkeley, construction is underway to transform a city-owned parking lot into a centerpiece mixed-use development. The development will consist of the David Brower Center, a major environmental center and space for cultural activities, a parking garage (to replace existing parking), and Oxford Plaza, a 96-unit affordable apartment building with ground-floor retail.

This project is notable for its contribution to sustainable and equitable development. The buildings will be an excellent example of infill on an underused site located near the Berkeley BART station in Downtown Berkeley. Parking standards are dramatically reduced for the residential portion of the project, and densities are appropriate to support the available transit. The units will be a mix of studios and one- to three-bedroom rental units that are affordable to a mix of incomes (from extremely low- to low-income). The residential building, Oxford Plaza, will also incorporate many green and sustainable elements into its design.

Due to the varied uses (residential, office, retail, and civic), this project required an extensive process that involved establishing a diverse project team and assembling a wide range of funding sources. It is being developed through a partnership between the non-profit Resources for Community Development and the David Brower Center, and the project will be jointly owned by those two organizations and the City of Berkeley. For the residential portion of the project, the City used $12 million in local funds, including $6.2 million in funds from the City's Housing Trust Fund Program, Redevelopment Agency, and HUD Section 108 loan funds. The total $12 million local investment was leveraged with approximately $70 million in other private and state funds to complete the rest of the project. The project process also consisted of a five-year community engagement process.

Villa Montanaro, Pleasant Hill

The Pleasant Hill BART station area was the location of one of the first transit villages to be planned in the region, as part of the Pleasant Hill BART Specific Plan in 1983. Villa Montanaro, the latest development in the area, increases housing choices by adding 163 rental units in a city that is mostly ownership units. It includes nine units affordable to very low-income households and three for moderate-income residents.

Villa Montanaro replaced an underutilized and deteriorated site that is 1/4 mile from the BART station and close to shops and services. The development has a density of 40 units per acre. Even though the building height of 50 feet exceeded the city's current limit of 35 feet, it was approved and supported by the community because of the project's strengths and location, as well as a recognition of the importance of expanding housing choices in Pleasant Hill.

Villa Montanaro won the 2007 ABAG Growing Smarter Together Award: On the Ground—Getting It Done.

Another factor often highlighted as contributing to escalating housing costs are the impact fees imposed by cities, counties, and special districts for new housing development. Since property tax revenues are limited, many communities use impact fees as a way to cover the costs of providing services to new residents. Impact fees, however, do not cover the continuing costs of these services. Although these fees are an important funding source that enables jurisdictions to provide needed services, they add to the costs of developing housing, which can act as a barrier to housing affordability.

There is a range of policy changes and incentives local governments can offer to promote housing production, and affordable housing in particular. Some of the options in use by Bay Area jurisdictions include permit streamlining, density bonuses, fee waivers, and land assembly.

The City of Fremont provides one example of a jurisdiction that has developed comprehensive strategies for encouraging affordable housing. Developments with five or more units can qualify for a density bonus if affordable units are included. In addition to the density bonus, other incentives include site identification assistance, marketing and tenant screening, modification of development standards, and streamlined processing of plans and permits.

In Fremont's new multiple family zone, additional incentives include reduced parking requirements for affordable units, allowance for commercial uses on the ground floor of multi-family residential buildings on major streets, and the option for creating live-work units. In addition, for projects where at least 49 percent of the units are affordable, Fremont offers deferred impact fee payments, financial assistance, help with community engagement, and assistance in identifying possible sites.

Developing Infill and Homes Near Transit

Development in infill locations and in areas with access to public transit is a major component of the region's vision for growth. It is a key strategy for expanding housing and transportation choices. However, building homes in these areas involves a variety of challenges that do not usually arise when building on undeveloped land. Cities that want to promote infill development often encounter challenges related to attracting developers to infill sites, working with small parcels, applying appropriate transportation and parking standards, and responding to the needs and concerns of existing residents.

Targeting Development with Specific Plans

Building on infill parcels often involves a great deal of complexity, since the development must fit in with the streets and buildings that are already part of a neighborhood. In this situation, jurisdictions,

developers, and the community must work together to determine how best to integrate a new development into the existing fabric of the community.

Creating a specific plan, neighborhood plan, precise plan, or other detailed plan for a community also provides an opportunity to engage community members in thinking broadly about how to incorporate more housing into a neighborhood while addressing some of their concerns about the potential impacts of new residents. The process of developing a specific plan allows a local government to consider the best way to link new housing to existing transportation networks, community services, and retail locations.

Identifying areas where housing is desired encourages housing production because it provides certainty to developers and sends a strong signal that the community is supportive of proposals for more housing. In addition, since the design and aesthetics of a development are particularly important to existing residents, giving developers guidance about desired development types and design standards shows them how best to meet the needs and desires of the community. This kind of guidance can lead to faster and better results from the entitlement process—for both the developer and the community.

Redwood City recently adopted a Downtown Precise Plan that uses the strong regional demand for housing as an engine for local community revitalization.[24] Created with extensive community input, the Precise Plan articulates the city's collective vision in careful detail. The plan describes distinct zones, each with its own unique design guidelines. It directs new developments to maximize public benefits by treating the street as a public space. Permitted building heights of up to 12 stories are calculated to minimize the need for public subsidies. Clear, well-researched, and community-based development guidelines have attracted local and national developer interest and help to ensure that new construction fulfills the city's goals.

The City of Milpitas has also created a vision for their Midtown area in the Midtown Specific Plan. This plan takes advantage of rail stations (VTA and BART) in the area to increase housing choices and densities, and create a walkable district focused along Main Street. As part of the plan, Milpitas identified 252 acres of vacant land that can accommodate up to 4,900 housing units based on allowable densities. These new housing units will be interspersed with and linked by pedestrian and bike trails as outlined in the city's Streetscape and Trails Plans. The city is refining this vision by creating the Milpitas Transit Area Specific Plan, which focuses on a subset of the midtown area adjacent to BART and VTA stations.

San Mateo

Suisun City

Domicilio, Santa Clara

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Greenridge, South San Francisco

Alma Apartments, Walnut Creek

Cochrane Village, Morgan Hill

Working with Small Parcels

A common refrain in Bay Area cities is that infill housing is impossible without land assembly. Underused parcels of land in urban areas are often small or oddly-shaped, particularly near transit stations crossed with rail lines and street alignments. Many real estate developers are interested in multi-acre properties, and need local government assistance to obtain neighboring parcels. In turn, cities look for financial assistance to purchase properties and tools such as eminent domain to negotiate with property owners in blighted areas. However, large parcels and parcel assembly are not always financially feasible, even with public assistance. The process of assembling parcels can sometimes take many years and, as a result, in some cases this strategy can slow down new infill development.

An alternative to land assembly may be to alter the development strategy to favor buildings on small parcels. On small parcels, developers can achieve high densities at a small scale, if allowed by local zoning codes. Physical and financial analyses show that projects can achieve densities ranging from 70 to 139 units an acre on parcels that are a fraction of an acre in size.[25] What makes this development feasible is allowing a mix of uses (retail adds to the profitability of a project), and reducing parking standards. Berkeley and Redwood City have achieved densities of 100 units per acre on parcels of less than one acre and in projects that are five stories or less.

Building on small lots may be more beneficial to a city than large-scale developments, especially when this strategy is coordinated through a detailed area plan that helps weave new projects into the existing community. Small projects can work within the confines of a city's existing street grid pattern and often result in diverse building types and aesthetically interesting streetscapes for people—making neighborhoods more walkable. In addition, a neighborhood where older buildings are preserved has a better opportunity to support both high- and low-rent businesses, allowing for a mix of chain and independent businesses that often makes a community unique. They also enhance, instead of alter, existing communities and are more likely to gain community support—especially if they also offer needed housing choices and services. Furthermore, developers of small parcels tend to be local entrepreneurs with knowledge of the community. These benefits have encouraged communities to work closely with developers to get projects built on small parcels.

Redefining Transportation Standards

In much of the region, automobiles are the primary mode of transportation, and land use and development patterns are arranged to meet the needs of drivers. In contrast, one of the primary benefits of infill locations is that they encourage alternative transportation options, such as walking, bicycling, and public transit use. Recent studies have shown that people who live within a half mile from transit

are twice as likely to walk and four times more likely to take transit for all trips.[26]

Unfortunately, housing production in infill locations is often hampered by the application of transportation standards that do not take into account these differences in travel patterns. When considering approval of a proposed development, planners must consider potential impacts on traffic in the area. City planners often use Institute of Transportation Engineers (ITE) standards, which are developed using data from suburban-style developments, to estimate the number of trips a project will generate and the impact it will have on traffic congestion and delay at nearby intersections (known as "Level of Service" or "LOS" standards).

Use of these conventional standards can result in an overstatement of potential auto trips and the resulting traffic congestion. Although new development may lead to an increase in local traffic, evidence indicates development in urban areas generates fewer auto trips than in suburban areas. In addition, meeting LOS standards poses a particular challenge for higher-density and infill projects, since they are generally located in dense areas that already have traffic congestion. For example, pedestrian-oriented downtowns are places where cars naturally move slowly and experience delays. Therefore, these areas often have poor or failing LOS grades.

Downtown River Apartments, Petaluma

The City of Petaluma in Sonoma County has emerged as a housing leader in the region, exceeding its RHNA allocations in all income categories. The Downtown River Apartments is an excellent example of how affordable housing can contribute to community revitalization while providing housing for working people and families.

This development consists of 81 income-restricted apartments with one-, two- and three-bedroom units. It is home to families paying no more than $1100 for a three bedroom apartment. The project has plentiful common space, both in an inner courtyard and a small park along the river. It is located directly across the river from the city's historic downtown, a walkable district with a variety of stores and services in the midst of a revitalization. It has contributed to this revitalization with new homes, stores, and public spaces where an underutilized lot used to be.

The city's partnerships with nonprofit partners are a key to the success of the city's housing program. The city works actively with nonprofits to leverage funds and to develop and manage properties. Eden Housing, Inc. used a variety of state and local funds to develop the Downtown River Apartments, and the nonprofit continues to manage the development. The city also partners with the Boys and Girls Club in this and all family-oriented affordable developments to provide after school activities.

The use of conventional standards to assess these developments can have significant implications for whether or not these projects are successful. The reported congestion often results in neighborhood resistance to a development. In response to community concerns about traffic, cities often plan and approve development at lower densities. In some cases, these required changes can keep the project from being financially feasible, which means the loss of an opportunity to add housing units to a community.

Although these standards are perceived to be objective, since they rely largely on data from auto-oriented sites, they overweight the

Virginia Grove, Novato

In the most expensive county in the Bay Area, a small suburban town has found an innovative way to provide affordable homeownership opportunities in an existing single-family neighborhood. Virginia Grove consists of eight single-family homes, four of which are deed-restricted for low-income families.

The development does not rely on public subsidies to make the homes affordable. Instead, the design focuses on smaller homes to maximize the efficient use of the land. With the use of a density bonus, Virginia Grove will replace a single-family home with eight homes, for an increase in residential density from 1.5 to 12 units per acre.

The development's design also ensures that it is sensitive to the existing surroundings. The project includes a number of environmentally-friendly features, including retention of native trees, vegetated swales, and passive solar heating and cooling. While Virginia Grove is a small project, it provides a reproducible model for providing affordable homes in an exclusively suburban area.

importance of automobiles at the expense of the needs of people—which runs counter to the goal of creating and enhancing vibrant, walkable neighborhoods and community centers. It is also important to note that these standards for measuring local traffic congestion do not take into account the added regional traffic burden created by pushing new housing to the edges of the region and into neighboring regions and forcing people to drive to reach job centers and other destinations in central areas.

Bay Area cities have found ways to navigate around these challenges. Cities can develop policies that accept lower LOS standards, explicitly allowing for some amount of traffic delay, as a way to add new construction without widening streets or harming a pedestrian-oriented downtown.

San Leandro has a lower LOS standard for its downtown area than for the rest of the city, which ensures that downtown will continue to be a pedestrian area. The City of San José has an "intersection protection policy" that designates certain intersections where no further increases in width or capacity are allowed. Design changes at these intersections to encourage walking, biking, and transit use reduce the need for new lanes and other improvements that expand automobile capacity. To encourage use of these alternative forms of transportation, LOS grades at these intersections can be poor or failing.

Rethinking Parking

In addition to measures of trip generation and traffic congestion, many cities and counties have parking requirements that are also based on suburban-style development. While this might be appropriate for single-family neighborhoods, the needs of people living in infill and transit-oriented developments are different. As noted above, people who live near transit are more likely to use it, reducing their dependence on automobiles. In addition, a study by MTC found that residents who live within a half-mile of transit stations own fewer cars than people who live further away. Nearly one third of households near transit do not own a car at all.[27] In infill locations, where the amount of land is limited and multi-level parking structures are necessary (and expensive), using conventional parking standards can be a significant impediment to housing development, especially affordable units.

As a result, many jurisdictions in the Bay Area have made changes to their parking standards to encourage a range of development choices, and to make housing more affordable. The City of San Francisco replaced minimum parking standards for its downtown with a maximum that allows no more than 0.75 spaces per unit.[28] The City of San José provides automatic parking reductions for low-income housing, senior housing, and housing near transit.[29] The City of San Rafael also lowered parking standards for housing in its downtown after

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surveying parking use in existing apartment developments in the area. A complementary policy is to "unbundle" parking, which means that residents pay for parking separately. This allows people who do not want access to a parking space to pay less, making units more affordable.

In addition to reduced parking requirements, jurisdictions are also conducting studies to examine existing parking resources and find ways to manage them more effectively. Successful parking management strategies can reduce the need for additional spaces and, in some cases, can make surface parking lots unnecessary—opening up land for development. To manage parking, cities are using pricing to encourage individuals to drive less and to direct drivers to underused parking spaces. Another strategy is to allow developments that create demand for parking at different times, such as an office building and a movie theater, to share parking spaces. Shared parking lowers the amount of land devoted to parking, while still offering enough spaces to meet the needs of drivers.

In June 2007, MTC released a toolkit of regional best parking strategies, including pricing and shared spaces strategies. This report will be an excellent resource for local communities looking for alternative ways to manage parking.[30]

Overcoming Community Resistance

One of the primary barriers that developers and local governments face in producing housing—particularly in infill locations—is opposition from existing residents. Although community members may recognize the need for more housing, they may still oppose new developments because of anxiety about how a proposed development will affect their neighborhood. Residents often object to projects because of concerns that more housing, especially higher-density housing, will lead to increased traffic, displace existing residents, or change the character of the neighborhood. As a result of community resistance, proposals for new housing often must be reworked with lower densities or, in some cases, are denied entirely. In addition, many developers focus on creating housing in undeveloped areas to avoid the challenges of dealing with neighborhood opposition.

Many local governments have come to realize that the best way to reduce community resistance to new housing development is to give community members an active role in determining what kind of housing and amenities their community will have. Giving community members a real voice requires that local governments go beyond the minimum outreach requirements mandated by law to find ways to truly engage residents and others in the planning and decision-making processes.

When residents are engaged as partners and seen, and see themselves, as part of the solution then a collaborative relationship is possible. If, on the other hand, residents are viewed solely as customers then the... underlying dynamic can become adversarial and the opportunity for collaborative change missed.

—Strong Neighborhoods Initiative, City of San Jose

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Murphy Ranch, Morgan Hill

Murphy Ranch is an affordable housing community in Morgan Hill that incorporates a variety of environmentally-friendly features. It was funded, in part, by the Santa Clara County Housing Trust Fund and consists of 100 units that are affordable to tenants who earn 22-60 percent of the Area Median Income (AMI). At 14 units per acre, it is more dense than most housing in the area, but the buildings were designed to fit in with the rural character of Morgan Hill.

Murphy Ranch is near downtown and within walking distance of a Caltrain station, a bus stop, and various stores and services. To encourage transit use, residents are given an Eco-Pass that provides unlimited free rides on the county's bus and light rail system.

The green building features of the project include use of recycled-content building materials and non-toxic finishes, energy-efficient appliances, water-conserving landscaping, and solar panels to meet the power needs of the community center.

One strategy for successful community engagement is for local governments to work with community members to establish a vision for the future. This can help to alleviate residents' concerns and help them see how new housing is part of a larger vision to enhance existing neighborhoods. The City of Hercules and the Town of Windsor have revitalized portions of their communities with new housing based upon plans that came out of visioning processes. Community members are now highly supportive of development projects that fit the concepts from the visioning process. New homebuyers have increased confidence that they will enjoy their community decades into the future.

Other innovative community engagement strategies include the City of Richmond's "plan van," which travels to schools and community events to gather input into the process for updating the City's General Plan. Richmond also established a Youth Visioning Program to engage students in the update. The City of Pittsburg has made use of local and regional community-based organizations to help spread information to local neighborhood and church groups about their Railroad Avenue eBART Specific Plan. As part of their Better Neighborhoods Program, the City of San Francisco includes "talk to the planner" walk-in sessions for community residents and business owners.

It is also important for local governments to include residents during the development process. By doing so, a jurisdiction can make sure development projects fit the shared vision for an area, and can get constructive community buy-in early on. Using community-based organizations, neighborhood organizations, and other grassroots institutions to distribute information to the community can be an excellent means of reaching many community members with relative ease. Cities can also attract more residents to meetings by making public meetings more accessible. This includes using less technical and procedural language, as well as providing translation, food, and childcare.

Some jurisdictions are trying to move beyond one-time, issue-based community engagement to build a base of citizens who share responsibility and decision-making processes with the local government. By doing so, local governments create a long-term strategy that directly involves citizens in shaping their communities. For example, Redwood City has focused on community building, where citizens share in the decision-making yet are in part responsible for the results of public efforts. Redwood City encourages active citizenry through a citizen's academy, speaker series, and town hall meetings that discuss community issues, including those related to planning and development.

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Through the Strong Neighborhoods Initiative, the City of San Jose has realigned its approach to manage neighborhood services based upon a series of neighborhood plans. This initiative is a partnership between the City, the Redevelopment Agency, and the community to improve neighborhood conditions and livability while building strong, independent, and capable neighborhood organizations and leaders. Partners develop Neighborhood Improvement Plans, and prioritize "Top-Ten" Action Agendas. Comprehensive engagement strategies such as San José's ensure that changes to neighborhoods are long-term, popular, and sustainable. They build on community assets and strengths, and help community members understand policy decisions, resource limitations and trade-offs.

For more outstanding examples of community engagement, visit the FOCUS Best Practices Conference Series webpage. (www.bayareavision.org/outreach/sce.html)

Making Affordable Housing Happen

In the Bay Area, there is a continuing need for more homes that are affordable. During the 1999-2006 RHNA period, jurisdictions in the region issued permits for only 47 percent of their allocations for units affordable to very low-, low-, and moderate-income households. Local governments had the most success at creating units affordable to low-income households, issuing permits for 79 percent of the RHNA allocation. Making homes affordable for very low-income households is challenging because these units require larger subsidies, which are hard to obtain. Providing homes affordable to moderate-income households is equally difficult because there are few subsidies available for people in this income group.

There are a variety of strategies to increase housing choices for people at all incomes. These approaches focus on increasing the supply of homes people can afford and creating new sources of funding to devote to developing more affordable homes.

Inclusionary Housing

For many Bay Area communities, inclusionary housing—including a certain percentage of units that are affordable to lower-income households in market-rate developments—is a key policy driving creation of affordable housing. In 1970, Petaluma and Palo Alto were the first local jurisdictions in California to adopt inclusionary housing ordinances. Use of this strategy has expanded tremendously so that, by 2006, 65 of the region's 101 cities and 9 counties have inclusionary ordinances.[31]

The goal of inclusionary housing policies is to ensure the continued growth of the region makes room for people at all income levels, but specific policies and requirements vary by individual jurisdiction. Most communities encourage development of the affordable units on the same site as the market-rate homes; many also try to offer developers flexibility in how they meet the inclusionary requirements. In some cases, developers can construct the affordable units on a different site, or they may be able to count excess units from one project as the inclusionary requirement of a different project.

Some ordinances offer alternatives to construction of the required affordable units, such as allowing the developer to donate land or pay an "in-lieu" fee into a local fund dedicated to construction of affordable homes. The City of Santa Rosa has made use of in-lieu fees, in conjunction with other funds, to create a large amount of affordable housing in their city.

For these options to be effective, the local jurisdiction must ensure the donated land is suitable for affordable development and that the in-lieu fee is sufficient to cover the costs of constructing the affordable units. These alternatives can allow consolidated projects that may provide housing in a more cost-effective way. This is particularly true for very-low income housing and housing that serves special needs populations.

Criticism of inclusionary ordinances has centered on the idea that developers, land owners or purchasers of market-rate housing must bear the cost of subsidizing the

My housing mantra is that to make affordable housing happen you need three things: political will, money, and sophisticated nonprofits. It will only work if all three of these things are present. In addition, you must keep things simple, flexible, and enforceable.

—Bonne Gaebler
Housing/CDBG Administrator
City of Petaluma

inclusionary units. However, these costs can be offset in a number of ways. For instance, developers can receive "density bonuses" as part of an inclusionary ordinance. This means more units can be included in a project, which reduces the per-unit cost and increases its overall value. In addition, cities can charge partial "in-lieu" fees, reducing costs for the developer yet allowing the city to receive money which it can then leverage and apply toward new housing.

While the Home Builders Association of Northern California opposes inclusionary housing policies, they recently worked with the Non-Profit Housing Association of Northern California to develop a number of key principles that improve inclusionary housing policies. Those principles include:

- Affordable housing policies that require the development of "like for like" units distributed uniformly throughout the market-rate development are often not the most efficient way of providing affordable housing.
- To increase effectiveness and efficiency, inclusionary housing programs should provide flexibility and allow a range of alternative methods of providing affordable units.
- Affordable housing policies that maximize resources by providing more housing opportunities or deeper levels of affordability at the same or less cost should be encouraged.
- Local communities with inclusionary housing programs have a responsibility to contribute tangible and substantial resources so that the cost of providing affordable housing is spread fairly across the community.[32]

Preservation of Existing Affordable Units

One of the major issues affecting the supply of homes that people can afford is the conversion of affordable units to market-rate units. The loss of affordable units not only displaces current tenants, but also represents a permanent loss of affordable housing choices in a community. Preserving and rehabilitating the existing affordable housing stock is, therefore, an integral part of a community's strategy for providing affordable housing choices.

The use of public subsidies is the primary method for producing homes that very low- and low-income households can afford. These subsidies come from a variety of federal, state, and local sources. In return for receiving public subsidies, owners of the properties developed agree to keep them affordable for a certain number of years. Many of these subsidy programs have been around for several decades and the rent restrictions on many older buildings are expiring. This allows the owner to convert affordable units

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Item 1-39 of Appendix I

Appendix A to

Item 1-36 (A Place to Call Home),

Bay Area RHNA Performance, 1999 to 2006

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Appendix A: Bay Area RHNA Performance, 1999 to 2006

Bay Area Affordable Housing, 1999 to 2006

	Very Low			Low			Moderate			Above Moderate			
	RHNA Allocation	Permits Issued	Percent of Allocation Permitted	RHNA Allocation	Permits Issued	Percent of Allocation Permitted	RHNA Allocation	Permits Issued	Percent of Allocation Permitted	RHNA Allocation	Permits Issued	Percent of Allocation Permitted	Total Permits Issued
Alameda County													
Alameda[a]	443	300	68%	265	36	14%	611	120	20%	843	496	59%	952
Albany[a]	64	5	8%	33	10	30%	77	54	70%	103	91	88%	160
Berkeley[a]	354	239	68%	150	257	171%	310	94	30%	455	762	167%	1,352
Dublin[a]	796	263	33%	531	243	46%	1,441	378	26%	2,668	2,948	110%	3,832
Emeryville[a]	178	124	70%	95	63	66%	226	183	81%	278	1,452	522%	1,822
Fremont[a]	1,079	361	33%	636	142	22%	1,814	340	19%	3,179	2,128	67%	2,971
Hayward[a]	625	40	6%	344	17	5%	834	818	98%	1,032	1,727	167%	2,602
Livermore[a]	875	202	23%	482	259	54%	1,403	657	47%	2,347	2,628	112%	3,746
Newark[a]	205	0	0%	111	0	0%	347	0	0%	587	314	53%	314
Oakland[a]	2,238	610	27%	969	690	71%	1,959	155	8%	2,567	6,847	267%	8,302
Piedmont[a]	6	0	0%	4	0	0%	10	0	0%	29	9	31%	9
Pleasanton[a]	729	120	16%	455	410	90%	1,239	272	22%	2,636	1,589	60%	2,391
San Leandro[a]	195	108	55%	107	0	0%	251	161	64%	317	1,245	393%	1,514
Union City[a]	338	177	52%	189	55	29%	559	59	11%	865	1,561	180%	1,852
Unincorporated[a]	1,785	50	3%	767	253	33%	1,395	4	0%	1,363	1,571	115%	1,878
Total	**9,910**	**2,599**	**26%**	**5,138**	**2,435**	**47%**	**12,476**	**3,295**	**26%**	**19,269**	**25,368**	**132%**	**33,697**

[a] *Data was provided by local planning or housing staff.*

[b] *Data was estimated by ABAG staff. Total housing units based on data from the Construction Industry Research Board (CIRB). Estimates of affordable units in the low- and very low-income categories were produced by using CDLAC and TCAC data. Projects were identified as "Placed in Service" and having received funding between 1998 and 2005. ABAG staff reviewed data to ensure the units in projects that received funding from both sources were not double counted. Redevelopment Agency reports to the State Department of Housing and Community Development were used to estimate moderate-income housing production. This data may include rehabilitated units as well as new construction.*

[c] *Data for 1999-2005 was provided by local planning or housing staff. ABAG staff estimated data for 2006.*

[d] *Partial data provided by local planning or housing staff. Other data estimated by ABAG staff.*

Bay Area Affordable Housing, 1999 to 2006

	Very Low			Low			Moderate			Above Moderate			
	RHNA Allocation	Permits Issued	Percent of Allocation Permitted	RHNA Allocation	Permits Issued	Percent of Allocation Permitted	RHNA Allocation	Permits Issued	Percent of Allocation Permitted	RHNA Allocation	Permits Issued	Percent of Allocation Permitted	Total Permits Issued
Contra Costa County													
Antioch[a]	921	435	47%	509	403	79%	1,156	1,923	166%	1,873	3,213	172%	5,974
Brentwood[a]	906	376	42%	476	238	50%	958	2,166	226%	1,733	7,687	444%	10,467
Clayton[a]	55	67	122%	33	17	52%	84	16	19%	274	119	43%	219
Concord[a]	453	171	38%	273	115	42%	606	76	13%	987	2,411	244%	2,773
Danville[c]	140	85	61%	88	56	64%	216	84	39%	666	496	74%	721
El Cerrito[a]	37	0	0%	23	5	22%	48	19	40%	77	210	273%	234
Hercules[a]	101	96	95%	62	68	110%	195	93	48%	434	1,818	419%	2,075
Lafayette[a]	30	15	50%	17	2	12%	42	0	0%	105	186	177%	203
Martinez[b]	248	0	0%	139	0	0%	341	0	0%	613	424	69%	424
Moraga[a]	32	21	66%	17	0	0%	45	0	0%	120	65	54%	86
Oakley[a]	209	168	80%	125	293	234%	321	51	16%	553	1,888	341%	2,400
Orinda[b]	31	0	0%	18	0	0%	43	0	0%	129	157	122%	157
Pinole[a]	48	34	71%	35	6	17%	74	80	108%	131	52	40%	172
Pittsburg[a]	534	247	46%	296	381	129%	696	800	115%	987	2,477	251%	3,905
Pleasant Hill[a]	129	95	74%	79	69	87%	175	226	129%	331	362	109%	752
Richmond[a]	471	200	42%	273	1,093	400%	625	131	21%	1,234	805	65%	2,229
San Pablo[a]	147	214	146%	69	70	101%	123	16	13%	155	366	236%	666
San Ramon[a]	599	157	26%	372	407	109%	984	1,143	116%	2,492	5,538	222%	7,245
Walnut Creek[a]	289	99	34%	195	80	41%	418	175	42%	751	1,123	150%	1,477
Unincorporated[a]	1,101	372	34%	642	177	28%	1,401	77	5%	2,292	5,151	225%	5,777
Total	**6,481**	**2852**	**44%**	**3,741**	**3,480**	**93%**	**8,551**	**7,076**	**83%**	**15,937**	**34,548**	**217%**	**47,956**

Bay Area Affordable Housing, 1999 to 2006

	Very Low			Low			Moderate			Above Moderate			
	RHNA Allocation	Permits Issued	Percent of Allocation Permitted	RHNA Allocation	Permits Issued	Percent of Allocation Permitted	RHNA Allocation	Permits Issued	Percent of Allocation Permitted	RHNA Allocation	Permits Issued	Percent of Allocation Permitted	Total Permits Issued
Marin County													
Belvedere[a]	1	0	0%	1	0	0%	2	2	100%	6	7	117%	9
Corte Madera[a]	29	0	0%	17	0	0%	46	0	0%	87	99	114%	99
Fairfax[a]	12	0	0%	7	0	0%	19	0	0%	26	18	69%	18
Larkspur[a]	56	7	13%	29	6	21%	85	3	4%	133	37	28%	53
Mill Valley[a]	40	69	173%	21	28	133%	56	41	73%	108	32	30%	170
Novato[a]	476	297	62%	242	527	218%	734	496	68%	1,130	1,646	146%	2,966
Ross[b]	3	0	0%	2	0	0%	5	0	0%	11	22	200%	22
San Anselmo[b]	32	0	0%	13	0	0%	39	0	0%	65	70	108%	70
San Rafael[a]	445	25	6%	207	87	42%	562	388	69%	876	684	78%	1,184
Sausalito[a]	36	22	61%	17	0	0%	50	0	0%	104	51	49%	73
Tiburon[a]	26	4	15%	14	3	21%	32	0	0%	92	144	157%	151
Unincorporated[a]	85	104	122%	48	100	208%	96	110	115%	292	643	220%	957
Total	**1,241**	**528**	**43%**	**618**	**751**	**122%**	**1,726**	**1040**	**60%**	**2930**	**3453**	**118%**	**5,772**
Napa County													
American Canyon[a]	230	114	50%	181	60	33%	353	51	14%	559	2,110	377%	2,335
Calistoga[c]	44	3	7%	31	15	48%	41	0	0%	57	60	105%	78
Napa[a]	703	177	25%	500	351	70%	859	582	68%	1,307	1,287	98%	2,397
St. Helena[a]	31	10	32%	20	10	50%	36	22	61%	55	82	149%	124
Yountville[a]	21	0	0%	15	2	13%	20	19	95%	31	46	148%	67
Unincorporated[a]	405	30	7%	272	45	17%	466	63	14%	826	106	13%	244
Total	**1,434**	**334**	**23%**	**1,019**	**483**	**47%**	**1,775**	**737**	**42%**	**2,835**	**3,691**	**130%**	**5,245**

Bay Area Affordable Housing, 1999 to 2006

	Very Low			Low			Moderate			Above Moderate			
	RHNA Allocation	Permits Issued	Percent of Allocation Permitted	RHNA Allocation	Permits Issued	Percent of Allocation Permitted	RHNA Allocation	Permits Issued	Percent of Allocation Permitted	RHNA Allocation	Permits Issued	Percent of Allocation Permitted	Total Permits Issued
San Francisco City & County													
San Francisco[a]	5,244	4,203	80%	2,126	1,101	52%	5,639	661	12%	7,363	11,474	156%	17,439
San Mateo County													
Atherton[a]	22	0	0%	10	0	0%	27	0	0%	107	5	5%	5
Belmont[a]	57	24	42%	30	20	67%	80	10	13%	150	287	191%	341
Brisbane[a]	107	7	7%	43	1	2%	112	7	6%	164	93	57%	108
Burlingame[a]	110	0	0%	56	0	0%	157	72	46%	242	32	13%	104
Colma[b]	17	0	0%	8	73	913%	21	0	0%	28	14	50%	87
Daly City[a]	282	11	4%	139	22	16%	392	0	0%	578	383	66%	416
East Palo Alto[c]	358	57	16%	148	155	105%	349	15	4%	427	492	115%	719
Foster City[a]	96	88	92%	53	0	0%	166	44	27%	375	401	107%	533
Half Moon Bay[b]	86	0	0%	42	106	252%	104	0	0%	226	250	111%	356
Hillsborough[c]	11	0	0%	5	15	300%	14	19	136%	54	109	202%	143
Menlo Park[b]	184	0	0%	90	0	0%	245	11	4%	463	204	44%	215
Millbrae[a]	67	0	0%	32	0	0%	90	0	0%	154	262	170%	262
Pacifica[a]	120	0	0%	60	10	17%	181	0	0%	305	169	55%	179
Portola Valley[a]	13	12	92%	5	3	60%	13	2	15%	51	44	86%	61
Redwood City[a]	534	36	7%	256	70	27%	660	18	3%	1,094	341	31%	465
San Bruno[a]	72	138	192%	39	187	479%	110	0	0%	157	542	345%	867
San Carlos[b]	65	0	0%	32	0	0%	89	1	1%	182	207	114%	208
San Mateo[a]	479	125	26%	239	85	36%	673	50	7%	1,046	1,511	144%	1,771
So. San Francisco[a]	277	121	44%	131	71	54%	360	104	29%	563	1,014	180%	1,310
Woodside[b]	5	0	0%	3	0	0%	8	0	0%	25	126	504%	126
Unincorporated[a]	252	31	12%	146	0	0%	454	0	0%	828	1,982	239%	2,013
Total	**3,214**	**650**	**20%**	**1,567**	**818**	**52%**	**4,305**	**353**	**8%**	**7,219**	**8,468**	**117%**	**10,289**

Bay Area Affordable Housing, 1999 to 2006

	Very Low			Low			Moderate			Above Moderate			
	RHNA Allocation	Permits Issued	Percent of Allocation Permitted	RHNA Allocation	Permits Issued	Percent of Allocation Permitted	RHNA Allocation	Permits Issued	Percent of Allocation Permitted	RHNA Allocation	Permits Issued	Percent of Allocation Permitted	Total Permits Issued
Santa Clara County*													
Campbell[a]	165	23	14%	77	14	18%	214	98	46%	321	482	150%	617
Cupertino[a]	412	36	9%	198	12	6%	644	79	12%	1,466	1,212	83%	1,339
Gilroy[a]	906	189	21%	334	327	98%	1,030	425	41%	1,476	1,636	111%	2,577
Los Altos[a]	38	24	63%	20	16	80%	56	2	4%	147	705	480%	747
Los Altos Hills[a]	10	26	260%	5	6	120%	15	5	33%	53	195	368%	232
Los Gatos[a]	72	13	18%	35	73	209%	97	16	16%	198	505	255%	607
Milpitas[a]	698	524	75%	351	177	50%	1,146	464	40%	2,153	2,153	100%	3,318
Monte Sereno[a]	10	12	120%	5	7	140%	13	15	115%	48	59	123%	93
Morgan Hill[a]	455	258	57%	228	298	131%	615	313	51%	1,186	1,466	124%	2,335
Mountain View[a]	698	118	17%	331	5	2%	991	128	13%	1,403	1,233	88%	1,484
Palo Alto[a]	265	214	81%	116	130	112%	343	134	39%	673	1,955	290%	2,433
San Jose[a]	5,337	4,415	83%	2,364	3,886	164%	7,086	776	11%	11,327	18,184	161%	27,261
Santa Clara[a]	1,294	279	22%	590	479	81%	1,786	665	37%	2,669	3,340	125%	4,763
Saratoga[a]	75	60	80%	36	1	3%	108	108	100%	320	455	142%	624
Sunnyvale[a]	736	55	7%	361	57	16%	1,075	194	18%	1,664	1,861	112%	2,167
Unincorporated[a]	325	325	100%	158	158	100%	651	152	23%	312	786	252%	1,421
Total	**11,496**	**6,571**	**57%**	**5,209**	**5,646**	**108%**	**15,870**	**3,574**	**23%**	**25,416**	**36,227**	**143%**	**52,018**

* *Data was updated in August 2007, based on corrections to the permits issued by the City of Campbell.*

Bay Area Affordable Housing, 1999 to 2006

	Very Low			Low			Moderate			Above Moderate			
	RHNA Allocation	Permits Issued	Percent of Allocation Permitted	RHNA Allocation	Permits Issued	Percent of Allocation Permitted	RHNA Allocation	Permits Issued	Percent of Allocation Permitted	RHNA Allocation	Permits Issued	Percent of Allocation Permitted	Total Permits Issued
Solano County*													
Benicia[d]	70	54	77%	49	128	261%	90	165	183%	204	385	189%	732
Dixon[c]	268	0	0%	237	0	0%	379	15	4%	580	1,002	173%	1,017
Fairfield[a]	761	57	7%	573	192	34%	972	631	65%	1,506	5,421	360%	6,301
Rio Vista[b]	357	12	3%	190	27	14%	342	0	0%	502	1,679	334%	1,718
Suisun City[a]	191	16	8%	123	64	52%	256	36	14%	434	890	205%	1,006
Vacaville[a]	860	87	10%	629	691	110%	1,172	1,463	125%	1,975	2,165	110%	4,406
Vallejo[d]	690	322	47%	474	231	49%	779	4	1%	1,299	2,408	185%	2,965
Unincorporated[a]	500	0	0%	363	71	20%	771	0	0%	1,085	356	33%	427
Total	**3,697**	**548**	**15%**	**2,638**	**1,404**	**53%**	**4,761**	**2,314**	**49%**	**7,585**	**14,306**	**189%**	**18,572**
Sonoma County													
Cloverdale[a]	95	104	109%	51	59	116%	128	138	108%	149	721	484%	1,022
Cotati[a]	113	74	65%	63	40	63%	166	59	36%	225	347	154%	520
Healdsburg[a]	112	76	68%	78	112	144%	171	31	18%	212	297	140%	516
Petaluma[a]	206	250	121%	124	201	162%	312	361	116%	502	944	188%	1,756
Rohnert Park[a]	401	293	73%	270	467	173%	597	546	91%	856	1,551	181%	2,857
Santa Rosa[a]	1,539	591	38%	970	1,338	138%	2,120	2154	102%	3,025	4,241	140%	8,324
Sebastopol[a]	58	0	0%	35	5	14%	75	28	37%	106	88	83%	121
Sonoma[a]	146	111	76%	90	68	76%	188	66	35%	260	587	226%	832
Windsor[a]	430	161	37%	232	171	74%	559	33	6%	850	1,516	178%	1,881
Unincorporated[a]	1,311	650	50%	1,116	339	30%	1,563	317	20%	2,809	1,836	65%	3,142
Total	**4,411**	**2,310**	**52%**	**3,029**	**2,800**	**92%**	**5,879**	**3,733**	**63%**	**8,994**	**12,128**	**135%**	**20,971**
Total Bay Area*	**47,128**	**20,595**	**44%**	**25,085**	**18,918**	**75%**	**60,982**	**22,783**	**37%**	**97,548**	**149,663**	**153%**	**211,959**

* *Data was updated in August 2007, based on corrections to the permits issued by the City of Campbell and the City of Vallejo.*

Item 1-41 of Appendix I

PDA Readiness Assessment,
March 29, 2013,

Pages 1 through 43,

plus pages A-6 through A-9 of
Appendix A "PDA Readiness Criteria"

Final Report

PDA Readiness Assessment

The Economics of Land Use

Prepared for:

Metropolitan Transportation Commission

Prepared by:

Economic & Planning Systems, Inc.

March 29, 2013

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1. Report Summary and Findings

Plan Bay Area Background

The Metropolitan Transportation Commission (MTC) and the Association of Bay Area Governments (ABAG) have prepared *Plan Bay Area*, the first integrated long-range transportation and land-use/housing plan for the San Francisco Bay Area that addresses the challenge of accommodating projected growth. *Plan Bay Area* responds to SB 375 which requires the adoption of a Sustainable Communities Strategy (SCS) to be updated every four years that aligns transportation investments with projected growth to reduce greenhouse gas emissions from cars and light-duty trucks. To meet these goals, the Plan's pattern of growth reduces the distance between jobs and housing, thereby reducing commutes. It distributes growth to areas with greater accessibility to transit, job centers, shopping, schools, parks, recreation and other amenities, while planning for environments that better support walking and biking.

Plan Bay Area projects that the San Francisco Bay Area will grow by over 2 million people, 1 million jobs and 660,000 housing units by 2040. Much of this growth is anticipated to be located in Priority Development Areas (PDAs), or designated areas identified by local jurisdictions to be appropriate for residential and commercial development. Approximately 80 percent of the anticipated growth for Plan Bay Area is allocated to PDAs.

The purpose of this report is to provide a deeper understanding and independent assessment of the readiness and feasibility of PDAs to accommodate the number of housing units envisioned by *Plan Bay Area*. This assessment will assist in implementation of the *Plan* today and in the future. By understanding the challenges to development across an diverse range of PDAs with varying market conditions, regional funding, policy, and advocacy efforts can be focused in areas that need it most.

As the Bay Area's first SCS, *Plan Bay Area* also acknowledges that much more needs to be done to ensure that PDAs realize their full development potential, and outlines strategies and initial legislative changes needed to support the proposed pattern of growth. This work will continue to be refined in future.

Process of the PDA Readiness Assessment

MTC commissioned the urban economics consulting firm Economic & Planning Systems (EPS) to conduct a Development Readiness Assessment of the PDAs in relation to the new regional housing growth forecasts and other policies of *Plan Bay Area*. Building upon a Development Readiness Survey conducted by ABAG and MTC in 2010, this assessment applied new research and provided in-depth analysis on a sample of 20 representative PDAs.

The new assessment estimates the ability of the PDAs in the sample to accommodate new residential development consistent with *Plan Bay Area* residential forecasts. The report estimates the amount of housing that can be produced assuming baseline current conditions, and the increase in the number of housing units that could be produced if select key barriers to

development can be addressed by policy or financial interventions over the 30-year time horizon of *Plan Bay Area*. Five criteria were used to assess the sample set of PDAs:

- Housing capacity estimate (based on current conditions and the *Plan Bay Area* forecast).
- Existing planning and entitlement process.
- Level of community support as demonstrated by elected official approval of PDA-supportive land uses as well as history of neighborhood opposition.
- Market attractiveness.
- Infrastructure capacity, unfunded needs and financing capability.

The analysis also incorporates information gleaned from discussions with local jurisdiction staff, examination of existing local plans and policies, and interviews with developers working in the sample PDAs.

Summary of Findings and Recommendations

Table 1 provides a summary of the EPS Development Readiness Assessment indicating the *Plan Bay Area* housing forecast for each PDA in the sample, and the percentage of forecast housing units likely to be accommodated under current "base" conditions and "amended" conditions (if recommended policy actions are taken). Key findings of the Development Readiness Assessment are as follows:

1. The 169 PDAs[1] that have been designated in the Bay Area are quite diverse, reflecting seven distinct "place types" that range in size from as little as 30 acres to several thousand acres. Given their wide distribution throughout the Bay Area the PDAs also exhibit a range of market conditions, development opportunities, and development constraints.

2. Substantial development capacity exists in the PDAs given current local land use policy as applied to identified "opportunity sites" (potential development sites), but some upzoning or increase in allowable densities will be required to meet the *Plan Bay Area* growth allocations. **Table 1** indicates that, in aggregate, the current land use policies for the 20 PDAs in the sample currently represent physical capacity for 92 percent of the housing growth that has been allocated to them in *Plan Bay Area*. However, there is substantial variation among PDAs; in some cases current capacity greatly exceeds the *Plan Bay Area* growth forecast while it falls substantially short in others.

3. Overall "readiness" reflects the number of housing units EPS projects can be expected to be built in the PDA based on multiple factors, as distinct from the estimate of current physical capacity, which is simply an aggregation of allowable densities on opportunity sites per existing zoning ordinances. Also, "readiness" varies substantially among the PDAs with some

[1] *Plan Bay Area's Jobs Housing Connection Strategy* (May 2012) included 198 PDAs. A number of changes or modifications have been made since that time. At the writing of this report, the current number of PDAs is 169.

Table 1
Summary of PDA Readiness Assessment Results
PDA Readiness Assessment; EPS #121113

PDA Type	PDA	*Plan Bay Area* New Units 2010-2040	Current Planned Capacity: Total New Housing Units based on Current Zoning and Sites (2012)	Current Planned Capacity: % of Allocation	"Base" Readiness: New Units by 2040	"Base" Readiness: % of Allocation	"Amended" Readiness: New Units by 2040	"Amended" Readiness: % of Allocation	Key Constraints
Regional Center	San Francisco – Downtown/Van Ness/Geary	27,139	16,846	62%	17,688	65%	21,479	79%	Limited land supply, parcel sizes and existing uses
	San Jose – North	32,400	32,000	99%	19,200	59%	25,800	79%	Policy to maintain jobs/housing balance
City Center	Fremont – City Center	2,896	7,943	274%	3,177	110%	4,766	165%	Ample land supply and zoning, but infrastructure deficiencies and funding
	Hayward – Downtown	3,223	5,159	160%	3,353	104%	3,869	120%	Ample capacity but constrained by market conditions, parcel sizes and existing uses
	Redwood City – Downtown	5,243	3,803	73%	1,902	36%	3,042	58%	Limited land supply, parcel sizes and existing uses
	San Rafael – Downtown	1,348	2,079	154%	1,455	108%	1,663	123%	Ample land supply and zoning, but constrained by parcel sizes and existing uses
	Santa Rosa – Downtown/Station Area	3,895	3,399	87%	2,379	61%	3,059	79%	Parcel sizes and existing uses
Suburban Center	Antioch – Hillcrest	2,287	2,500	109%	1,250	55%	1,500	66%	Unproven market for higher density, infrastructure financing
	Milpitas – Transit Area	7,080	6,136	87%	5,522	78%	6,136	87%	Parcel sizes and existing uses
	Walnut Creek – West Downtown	3,012	1,814	60%	1,451	48%	2,177	72%	Parcel sizes and existing uses
Transit Town Center	Alameda – Naval Air Station	4,010	1,935	48%	1,959	49%	3,483	87%	Density limits and infrastructure financing
	Morgan Hill – Downtown	1,419	1,243	88%	870	61%	1,243	88%	Market conditions and lack of financing assistance
	Oakland – Coliseum	6,845	11,194	164%	3,358	49%	3,918	57%	Market conditions and lack of financing assistance
	South San Francisco – Downtown	3,116	1,700	55%	1,496	48%	1,777	57%	Limited land supply, infrastructure needs, and lack of financing assistance
Urban Neighborhood	Oakland – MacArthur	5,092	3,577	70%	2,325	46%	3,130	61%	Limited land supply, parcel sizes and existing uses
Transit Neighborhood	Benicia – Downtown	929	429	46%	343	37%	429	46%	Limited land supply, parcel sizes and existing uses
	Pittsburg – Downtown	1,823	707	39%	636	35%	990	54%	Limited land supply, market conditions and lack of financing assistance
Mixed-Use Corridor	El Cerrito – San Pablo Corridor	1,015	2,147	212%	1,288	127%	1,718	169%	Ample land supply and zoning, but constrained by parcel sizes and existing uses
	San Mateo – El Camino Real	1,204	1,668	139%	1,001	83%	1,168	97%	Parcel sizes and existing uses
	Sunnyvale – El Camino Real	4,412	2,850	65%	3,192	72%	4,104	93%	Low-density zoning, parcel sizes, and existing uses
TOTAL SAMPLE		**118,388**	**109,129**	**92%**	**73,848**	**62%**	**95,249**	**80%**	

expected to add units in excess of the *Plan Bay Area* forecast while others may fall well below the forecast because of the existence of a range of constraints, which will impede full development of the PDAs, including these constraints:

- Policy Constraints. Overall it appears that local planning and zoning are consistent with the uses and densities envisioned in *Plan Bay Area*, but there are cases where there are major policy impediments. Two significant examples include the City of Alameda's "Measure A" prohibition of multifamily housing development and San Jose's phasing requirement linking housing development to net new non-residential square footage in North San Jose.

- Market Constraints. While market prospects for multifamily and mixed use development have recently been and will likely remain strong in the inner Bay Area PDAs, conditions are less certain in the more outlying PDAs where more traditional suburban development continues. Market demand will also lag in the more outlying PDAs or those with unfavorable demographic or institutional conditions.

- Infrastructure Constraints. Many PDAs have substantial existing infrastructure supporting infill development; however, there are many PDAs where infrastructure is inadequate and that will require substantial public investment to improve capacity and readiness. In nearly all cases, a concerted effort to assure adequate infrastructure will be an ongoing local and regional effort.

- Site-related Constraints. While there are some vacant sites in most PDAs, much of the development capacity in the PDAs will be derived from redeveloping existing commercial land uses with new multifamily or mixed use development. Moreover, in many instances there are small parcel sizes with problematic configurations that will require parcel assembly to create adequate development sites.

- Financing Constraints. With the demise of redevelopment agency powers, local governments have limited authority and financing capacity to promote or pursue redevelopment projects by assembling land or subsidizing desired private development. Where market conditions are strong, the private sector may have adequate incentive to invest but where market conditions are weak or development costs are high, lack of redevelopment authority and public financing will impede PDA development.

- Financial Feasibility Constraints. In combination, the above policy, market, and physical constraints evident in some PDAs will make the desired multifamily and mixed use development there infeasible, particularly in the coming decade. Over time, these feasibility constraints will diminish as market conditions improve, infrastructure constraints are resolved and public and private redevelopment efforts become successful. The provision of affordable housing presents a particular financial feasibility constraint as substantial subsidies will be required in most cases to achieve the targeted levels of affordability in the PDAs.

  After applying discounting factors for these types of constraints to the current planned capacity for development in each sample PDA, EPS estimates that, in aggregate, the sample PDAs are "ready" to accommodate 62 percent of the housing growth allocated to

them through 2040 in *Plan Bay Area*. This figure represents the "Base" readiness of the PDA sample shown on **Table 1**.

4. *Plan Bay Area* will specify a range of policy actions to be pursued at the local, regional, state and federal levels. As a part of the Development Readiness Assessment, a general set of such policy actions were assumed and theoretically applied to determine how such actions might improve development readiness substantially above the base "no action" case. These efforts include:

   - Reinstating some form of redevelopment authority to provide jurisdictions with development financing and parcel assembly capacity.
   - Modernizing the California Environmental Quality Act (CEQA) by providing consistent standards and reducing duplication of environmental review.
   - Supporting long-term adjustment to commercial or residential tax rates to balance the financial incentives for new development.
   - Stabilizing federal funding levels for the development of housing.
   - Supporting transportation funding policies that encourage the development patterns included in *Plan Bay Area*.
   - Refining local land use policies and zoning that improves the flexibility, predictability and efficiency of land use regulations.

   In addition, local governments should continue infrastructure improvement and financing efforts, and assure that related financial burdens placed on new development fall within reasonable economic limits.

   EPS has estimated that these policy actions can, over time, substantially improve PDA development readiness, increasing from 62 percent of the forecast under the "base" conditions to 80 percent under the "amended" conditions, as shown in **Table 1**.

   While the PDA Readiness Assessment analysis accounts for factors such as the performance of local schools, the presence of crime and environmental conditions, the scope of the analysis did not extend to recommending policies and strategies for improving these factors. Should these factors be sufficiently improved over time, PDA housing production may exceed the amounts estimated in this report.

5. *Plan Bay Area* anticipates that 20 percent of future housing growth in the region will occur beyond PDA boundaries, in "non-PDA" areas. Development of the non-PDA "greenfield" areas will face many of the same categories of constraints as identified for the PDA areas, such as the following:

   - Policy Constraints. Capacity for substantial residential development in suburban locations in the Bay area is limited to a few areas given land use and urban growth policies adopted by the counties and cities of the Bay Area. Suburban growth areas remain in eastern Alameda County (Livermore Valley), eastern Contra Costa County, southern Santa Clara County, and the peripheries of Solano County and Sonoma County cities.

Even these areas are subject to significant policy constraints, though they may face different challenges than infill areas.

- Market Constraints. There will always be a market for suburban and rural single family housing in the Bay Area, including resale of the substantial existing inventory and modest expansion in response to market demands. However, the recent housing "bust" has shown that peripheral suburban areas have been quicker to lose their home values and slower to recover than the interior areas nearer major employment centers and along transit corridors. EPS expects consumer preferences to increasingly favor urban and/or transit-accessible areas as population, employment, and related congestion increase. This is supported by recent trends, as well as a 2009 MTC study which identified certain segments of the market likely to locate in transit-oriented developments.[2]

- Infrastructure and Financing Constraints. Non-PDAs typically have less existing infrastructure to accommodate new growth, and new suburban subdivisions frequently have carried significant costs to install new roadways, utility extensions, parks, schools, etc. These costs, paired with comparatively low home values in some areas with greater planned "greenfield" capacity, represent a financing obstacle for new subdivision development.

Other Non-PDA areas, such as rural development beyond growth limit lines or infill development in non-PDA built neighborhoods, are not expected to represent a major supply of future housing, irrespective of the *Plan Bay Area* forecasts.

[2] MTC (2009), *Choosing Where We Live: Attracting Residents to Transit-Oriented Neighborhoods in the San Francisco Bay Area (http://www.mtc.ca.gov/planning/smart_growth/tod/5-10/Briefing_Book-Choosing_Where_We_Live.pdf)*

2. STUDY BACKGROUND

Over the past several years, the regional agencies have been engaged in an intensive effort to create the Bay Area's first Regional Transportation Plan and Sustainable Communities Strategy as mandated by SB-375 through an intensive and interactive regional planning effort. Key components of *Plan Bay Area* include:

- Regional Growth forecast. ABAG has updated regional growth population and employment forecasts for *Plan Bay Area*. ABAG's new regional growth forecast was derived from national population growth trends, estimates of employment by industry sector, and assumptions regarding California and the Bay Area's share of national population and employment growth. EPS also understands that emphasis was placed on capturing all net new households generated by forecast job growth within the nine Bay Area counties, rather than assuming any significant number of new Bay Area employees choosing housing outside the Bay Area (such as in San Joaquin County).

- Designation of PDAs by local jurisdictions. At the core of *Plan Bay Area* are the Priority Development Areas, or places identified by local jurisdictions that are located in existing communities, have at least 20 minute transit frequencies during peak hours and are planning for residential and commercial growth. At this time there are 169 PDAs in over 60 jurisdictions in the region.

- Preparation and review of regional planning scenarios. A series of regional land use scenarios reflecting distinct geographic distributions of the regional growth forecast were prepared by ABAG. The regional growth scenarios were intended to explore how alternative future land use patterns might influence production of greenhouse gas (GHG) emissions, given the more or less equal amounts of regional population and job growth reflected in ABAG's regional growth forecasts. This process was coupled with an extensive effort of outreach and interaction with the Bay Area's cities and counties and other stakeholders soliciting comments regarding the ABAG land use scenarios.

- Selection and study of a preferred growth scenario. This interactive planning effort culminated in the creation of the *Jobs-Housing Connection Strategy*, the *Plan Bay Area* land use scenario, which was included in the *Plan Bay Area* environmental review (*Plan Bay Area Environmental Impact Report*). Notably, this was the most aggressive of all land use scenarios considered by ABAG in terms of concentrating future growth within the designated PDAs.

- Developing a new allocation framework for federal transportation funding designed to incentivize PDA development. A key component of *Plan Bay Area* implementation is the "One Bay Area Grant" (OBAG) program. In essence, the OBAG program creates a new framework for allocating federal transportation funding including the Surface Transportation Program (STP) and Congestion Mitigation Air Quality (CMAQ) funds. This allocation framework is intended to incentivize PDA development by directing federal grant funds, through the individual county Congestion Management Agencies, to PDA-serving transportation planning and capital infrastructure projects. As a part of the OBAG program, the CMAs are preparing

PDA Investment and Growth Strategies that describe how the funding will be prioritized and allocated in each county in support of PDA development.

By definition, all the PDAs are or will be served by transit and are planning for intensified growth patterns. Nonetheless, there is considerable variation among the PDAs regarding their individual market potential, development constraints, and related development capacity and feasibility (i.e., readiness for development).

This report provides an independent assessment of PDA development readiness, documenting both opportunities and constraints. As noted earlier, an initial survey of development readiness was conducted by ABAG and MTC in 2010. This updated and more comprehensive evaluation assesses the feasibility of achieving the growth pattern reflected in *Plan Bay Area* and identifies resources required and actions necessary to achieve the projected development pattern. The assessment of development readiness can guide implementation of *Plan Bay Area* by identifying feasibility constraints and providing generally applicable implementing actions and policies, defining subsequent steps by ABAG and MTC, and identifying actions and resources needed at the federal, state and local levels to improve PDA development readiness. The resulting implementation program can help achieve the land use mix and development pattern reflected in *Plan Bay Area*.

3. PDA Development Readiness Assessment

Study Methodology

Development Readiness in the context of this report is defined as the likelihood that a given area (e.g., a PDA) can achieve a prescribed type and amount of development within a given time. Development readiness is influenced by a range of physical opportunities and constraints, land use regulations, market factors, and availability and capacity of physical infrastructure. In order for the development readiness assessment to be broadly applicable, it was necessary to develop evaluation criteria and methods consistent with industry-standard development planning principles. The readiness assessment process has involved multiples steps, as described below.

Sample Selection

The 169 PDAs are spread among each of the nine Bay Area counties, and include places as different as Downtown San Francisco and undeveloped land adjacent to the freeway in Antioch. In sum, roughly 525,000 new housing units through 2040, representing about 80 percent of the 660,000 new housing units forecast for the entire Bay Area, have been allocated in PDAs in *Plan Bay Area*.[3] Twenty PDAs were selected as a representative sample of the total, including a substantial proportion of the allocated housing growth but also reflecting the diversity of market and physical conditions present among the region's PDAs. The sample for this assessment includes representatives of the seven different PDA place types identified by ABAG and MTC.

PDA Type	PDA	*Plan Bay Area* New Units 2010-2040
Regional Center	San Francisco -- Downtown/Van Ness/Geary	27,139
	San Jose -- North	32,400
City Center	Fremont -- City Center	2,896
	Hayward -- Downtown	3,223
	Redwood City -- Downtown	5,243
	San Rafael -- Downtown	1,348
	Santa Rosa -- Downtown/Station Area	3,895
Suburban Center	Antioch -- Hillcrest	2,287
	Milpitas -- Transit Area	7,080
	Walnut Creek -- West Downtown	3,012
Transit Town Center	Alameda -- Naval Air Station	4,010
	Morgan Hill -- Downtown	1,419
	Oakland -- Coliseum	6,845
	South San Francisco -- Downtown	3,116
Urban Neighborhood	Oakland -- MacArthur	5,092
Transit Neighborhood	Benicia -- Downtown	929
	Pittsburg -- Downtown	1,823
Mixed-Use Corridor	El Cerrito -- San Pablo Corridor	1,015
	San Mateo -- El Camino Real	1,204
	Sunnyvale -- El Camino Real	4,412
Sample Total		**118,388**

[3] Analysis is based on the allocations included in *Plan Bay Area's Jobs Housing Connection Strategy*, May 2012.

Local jurisdictions have selected their PDA place type based on characteristics that they envision for the future, not necessarily based on their current conditions. As a result, even places categorized similarly may have very different existing conditions. For example, Antioch's Hillcrest Station Area and Walnut Creek's Core are both identified as "Suburban Centers," though the Hillcrest PDA is almost wholly unimproved land while Walnut Creek's Core has a substantial existing base of employment, retail, and housing. EPS aimed to reflect this diversity so that the issues pertinent in a variety of Bay Area settings would be reflected in the sample.

Review of Previous Assessments

In 2010, ABAG distributed surveys to Bay Area jurisdictions seeking information about planned PDAs. These surveys inquired about expected growth, planning documents, infrastructure issues, political circumstances, and other pertinent factors affecting the potential to develop housing and employment in the PDAs. The surveys were completed by local jurisdiction staff, at varying levels of completeness and accuracy. The completed surveys were provided to EPS by ABAG and MTC, and were reviewed as relatively recent data points and expressions of the jurisdictions' expectations for their PDAs.

Review of Physical and Planned Capacity

In addition to the information provided in the 2010 surveys, EPS's subcontractor Community Design + Architecture (CD+A) reviewed current planning regulations for each of the PDAs in the sample set, including Specific Plans, General Plans, zoning documents, etc., to understand the allowable uses and densities within these PDAs. In some cases, the plans already summarized the number of housing units that could be accommodated within the subject areas. Where such plan documents did not already provide assessments of the physical capacity for growth in the PDAs, CD+A conducted an assessment of "opportunity sites" representing vacant or underutilized properties in the PDAs. This was done primarily through visual inspection of aerial photographs and/or onsite assessment of PDAs. Parcels on which development was clearly well below the allowable density were identified as having potential for development over the coming decades. For example, a site on which mixed-use development of 40+ units/acre was allowed, but on which a small retail building with surface parking currently sat, would be identified as an opportunity site. Based on this assessment and an aggregation of allowable development densities on the opportunity sites, CD+A estimated the amount of development for which there is current physical and planned capacity. **Table 2** provides a summary of CD+A's results, which was derived by assessing local jurisdiction planning documents and input from city staff as applicable.

Market Assessment

To inform our understanding of local market conditions, EPS gathered basic socio-economic and real estate data for each PDA and its surrounding context (a 2-mile radius from the PDAs' centerpoints), including the following data:

Table 2
Capacity Assessment for Selected Priority Development Areas
PDA Readiness Assessment; EPS #121113

Community Design + Architecture, 11/19/12

County	PDA Type	JURISDICTION	KEY	PDA_NAME	Projected Unit Capacity	2010 Units from Plan	2040 Units from Plan	Potential Land Availability (Acres)*	Average Density Required*	[illegible]	Capacity [illegible]	Notes
Ala		Fremont	FRE2	Central Fremont	2,900	7,310	10,210	189.3	15.3	7,943	5,043	Fremont Policies are in place. Can be achieved by partially displacing some employment.
Ala		Hayward	HAY2	Downtown	3,220	2,290	5,510	68.7	46.8	5,159	1,939	Significant agglomeration of smaller parcels in downtown Hayward. Some residential displacement maybe required
SM	City Center	Redwood City	RWC1	Downtown Precise Plan Area	5,240	1,060	6,300	63.3	82.8	3,803	(1,437)	No Maximum density limit. Assume 80 du/ac based on 20 du/ac range between mixed use categories
Marin		San Rafael	SRA1	Downtown San Rafael	1,350	2,610	3,960	96.1	14.0	2,079	729	Policy and land available. Some aggregation required. Some residential displacement maybe required. The present General Plan EIR assumes only 625 new units within 1/2 mile of the station
Son		Santa Rosa	SRO1	Downtown Santa Rosa Station Area	3,900	2,230	6,130	150.0	26.0	3,399	(501)	Additional capacity can be available if Retail & Business Services designation can include residential mixed use
CC		El Cerrito	ELC1	San Pablo Avenue Corridor	1,020	1,340	2,360	56.2	18.1	2,147	1,127	Zoning allows for growth. Need for Parcel aggregation. Some residential displacement maybe required.
SM	Mixed-Use Corridor	San Mateo	SMA3	El Camino Real	1,200	880	2,080	38.7	31.0	1,668	468	North end of Hillsdale mall utilized for HSG. Assumption of HDR density on Reg Commercial classification
SC		Sunnyvale	SUN3	El Camino Real	4,410	10,990	15,400	107.3	41.1	2,672	(1,738)	The Corridor Mixed Use designations at major intersections require higher average density designation (current 24du/ac). And/Or re-designation of commercial to corridor mixed use along stretches between major intersections.
SC	Regional Center	San Jose	SJO3	North San Jose	32,850	1,093	33,943	432.7	75.9	37,375	4,525	NSJ plan estimates 32,000 units on select parcels. Utilizing policy densities on same parcels + two Mobile home Parks result in listed numbers
SF		San Francisco	SFO3	Downtown-Van Ness-Geary	27,140	101,520	128,660	221.0	122.8	16,846	(10,294)	City provided a "soft site" analysis identifying over 1,000 separate parcels with an average size of ~7,000 square feet. Capacity figure reflects current maximum density for such parcels.
CC		Antioch	ANT1	Hillcrest eBART Station Focus Area	2,290	160	2,450	See Note	See Note	2,500	210	Specific Plan allows to 2,500 housing units. Policy and land available for desired capacity.
SC	Suburban Center	Milpitas	MPT1	Transit Area	7,080	790	7,870	154.5	45.8	6,136	(914)	Does not include Great Mall. Include BART station area. Policy complementary to housing intensification
CC		Walnut Creek	WAL1	Core area including the Walnut Creek BART Station	3,010	1,520	4,530	59.0	51.0	1,814	(1,196)	Need to build at average 52 du/ac
Sol	Transit Neighborhood	Benicia	BEN1	Downtown Benicia	930	600	1,530	57	16.4	429	(501)	Considerable redevelopment and parcel aggregation required. Substantial redevelopment of SF parcels. Also may require some redesignation of land use on large mall lot at North end.
CC		Pittsburg	PIT2	Downtown Pittsburg	1,830	1,870	3,700	15.0	122.0	707	(1,123)	Will require revision of land use policy to add residential MU designation to Service Commercial areas.
Ala		Alameda	ALA1	Naval Air Station Alameda	4,010	1,460	5,470	See Note	See Note	1,935	(2,075)	Acreage not calculated, but capacity estimated from Staff reporting of planned capacity for developable areas. Measure A major impediment to multifamily development.
SC	Transit Town Center	Morgan Hill	MOH1	Downtown Morgan Hill	1,420	570	1,990	56.3	25.2	1,243	(177)	Downtown has no limits on Density. Utilized highest residential density as limit. Challenge will be to assimilate parcels. Some residential displacement maybe required.
Ala		Oakland	OKD2	Coliseum BART Station Area	6,850	3,870	10,720	240.0	28.5	11,194	4,344	used 1/3 area of Coliseum parcel
SM		South San Francisco	SSF1	SSF Downtown	3,110	1,590	4,700	See Note	See Note	1,700	(2,574)	Numbers based on policy and ongoing planning efforts as reported by City of South San Francisco.
Ala	Urban Neighborhood	Oakland	OKD6	MacArthur Transit Village	5,090	8,820	13,910	45.3	112.4	3,577	(1,513)	Includes BART 625 units. Does not include Walgreens shopping plaza on telegraph. Parcels > than .5 acres calculated at higher average density. Some residential displacement maybe required.

Note: * ***Potential Land Availability*** *assessed primarily on existing vacant or non residential parcels with land use designations allowing for housing.*
* ***Average Density Required*** *indicates the average housing density required on potentially useable/reusable parcels to achieve PDA growth projection.*

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- Median household incomes and percentage of households earning $100,000 or more (to understand the basic socio-economic profile as an indicator of housing demand).
- Percentage of renter households and percentage of attached or multifamily housing units (to understand the physical form of local housing).
- Number of dwelling units in 2000 from corresponding Census tracts and in 2010 from the *Plan Bay Area* data (to understand recent housing growth).
- Average and median prices per square foot for attached and multifamily housing in from 2002 through 2012 (to understand basic housing prices and trends to assess the feasibility of new construction).

This information served as the basis for understanding market demand and financial feasibility factors for new housing in and around each PDA, but was further supplemented through interviews as discussed below.

Interviews with Local Jurisdictions

Having reviewed the 2010 survey materials and CD+A's assessment of planned development capacity in each PDA, EPS conducted interviews with staff from each of the jurisdictions whose PDAs were in the sample. These interviews typically involved planning staff, but in some cases also involved staff in economic development, public works, or other departments. The interviewees were asked a series of standardized questions, from which the conversations branched off to seek clarification or more information regarding locally-specific conditions and issues. The standardized questions were as follows:

Planning and Entitlement

1. Have there been any notable changes in the applicable land use plans in the PDA in the past two years?
2. Will it be necessary to displace existing stable residential areas to achieve plan development objectives?

Market and Investment Attractiveness

3. Have there been changes to the "pipeline" projects under review or construction in the PDA in the last two years? (Review or create list with project name, use types, and size).
4. What key factors within or surrounding the PDA influence attractiveness to real estate investment? (list)
5. What key factors within or surrounding the PDA create disincentives to real estate investment?

Community Support

6. Have elected officials expressed support for development in the PDA consistent with ABAG's development allocation under *Plan Bay Area*'s "Jobs-Housing Connection Scenario"?
7. Has there been any organized citizen opposition to development in the PDA?
8. Have there been ballot initiatives or referenda that have limited development potential within the PDA?

Infrastructure Capacity and Needs

9. Is there adequate infrastructure capacity to meet demands of PDA development?
10. If not, are the necessary infrastructure master plans in place?

Financial Resources

11. Is there an infrastructure financing plan in place that demonstrates funding for needed infrastructure?
12. What development impact fees are required in the PDA (list and amounts)?
13. Are there major funding constraints or challenges that may limit PDA development?

EPS found the interviewees to be well-informed and forthcoming about the issues and conditions affecting development in their PDAs. EPS also found the interviewees to be thoughtful and pragmatic about the potential policy and other changes that could enhance the prospects for development in the PDAs.

Interviews with Local Developers

In addition to discussing conditions with jurisdictions' staff, EPS conducted interviews with developers actively engaged in housing developments in various PDAs within the sample set. While less formal than the interviews with jurisdictions, these developer interviews covered the same topics and were intended to corroborate the information gleaned thus far and/or seek opinions from real estate professionals who may have different perspectives on that information. Also, most of the developers interviewed have worked in multiple jurisdictions included in the PDA sample, and could provide cross-jurisdictional comparisons. As with the local staff interviewees, EPS found these developers to be thoughtful and well-informed regarding local policies and processes as well as market and financial considerations.

Readiness Assessment

Based on the findings of the preceding tasks, EPS developed readiness assessment criteria to be applied to each PDA in the sample set. These assessment criteria aimed to reflect EPS's understanding of various issues and conditions in each PDA:

- Planning and Entitlement Criteria—requirements and institutional capacity to process higher-density housing projects, including length of processing time, and whether or not

achievement of substantial densities would require displacement of or conflicts with existing residential neighborhoods.

- Community Support—whether elected officials have exhibited support for higher-density housing through PDA endorsement, project approvals, adoption of Specific Plans, etc., and whether community groups have actively supported or significantly opposed such relevant actions or projects.

- Market and Investment Attractiveness—the type and pace of recent development; the pipeline of planned development projects; general market indicators (incomes, prices, etc.); whether prices appear high enough to support new construction costs at required densities; whether parcels are large or regular enough to accommodate common construction formats; and whether other conditions may detract from consumer location preferences (e.g., poor schools, high crime, environmental contamination, etc.).

- Infrastructure Capacity, Needs, and Financing—whether existing roadways, water/wastewater, parks, and other infrastructure are adequate, need minor upgrades, or need major upgrades to accommodate new growth; whether a plan or mechanism to finance such improvements is already in place; and whether future improvements represent a significant financial burden compared to the value of future housing development.

A "generic" example of the readiness assessment model is provided as **Table 3**, with notes explaining the procedure as well as the types of judgments made by EPS. As shown, EPS has begun with the current planned capacity (Line 1) and compared that to the *Plan Bay Area* growth allocation (Line 2) to determine whether capacity is adequate or falls short (Line 3). EPS then estimates the likelihood and scale of potential capacity increases, reflecting whether and to what extent zoning changes and other regulations may increase the capacity compared to current policies (Line 4). The product thus far is the estimated planned capacity under various timeframes – through 2020, 2030, and the plan horizon year of 2040 (Line 5). From that point, EPS estimates the likely production of housing units in each timeframe by summing the coefficients of the various constraints described above (Line 6). The time-based estimates reflect EPS's judgment of conditions that will affect the pace of development, including factors that may enhance production over time (such as expected upzoning) and others that may pose greater constraints in later years (such as the cumulative subscription of existing infrastructure capacity). In the generic example on **Table 3**, this process suggests that 1,040 of the 2,000 housing units allocated to the PDA may be expected through 2040, thus representing 52 percent of the allocated growth under *Plan Bay Area* (Lines 7, 8).

In each case, EPS constructed a "base readiness" assessment, as well as an "amended readiness" assessment. The "base readiness" reflects the current opportunities and constraints for development in the PDAs, with adjustments from existing conditions only for factors we know to be relevant based on current or recent activities – for example, an upzoning of development capacity in places where plans are being formulated. Otherwise, the "base readiness" expresses EPS's judgment of how many housing units are likely to be developed through 2040 and in the intervening decades in each PDA.

Table 3
PDA Readiness Criteria Worksheet
PDA Readiness Assessment; EPS #121113

PDA name: Generic PDA Example

#	Readiness Criteria Category	#	Sub-Criterion Name	Present (2012)	PDA Development Readiness Scoring 2020	2030	2040	Notes
A	PDA Housing Capacity Estimate	1	Estimate of current local land use policy new housing capacity	1,000				Net new housing growth potential based on existing plans (where quantified) or application of average allowable densities to visually identified opportunity sites.
		2	*Plan Bay Area* new housing allocation				2,000	The increment of new housing allocated to the PDA in Plan Bay Area
		3	Capacity surplus or (shortfall)	(1,000)				Difference between estimated housing capacity (2012) and allocation
		4	Estimated increased capacity through likely changes to land use policy, including any initiative-based density restrictions (percentage change to		0%	30%	60%	EPS has made adjustments in Base Scenario where we are aware that rezoning is already being considered, or in Amended Scenario where existing zoning allowances represent limits that can be exceeded without significant increase in visual impact (e.g., increase from 27 to 40 DU/acre but not to 100 DU/acre).
		5	Estimated gross housing capacity at each period		1,000	1,300	1,600	Calculation based on projected increase to currently allowed densities.
		6	Sum of Capacity Constraint Coefficients		0.60	0.45	0.35	Summation of constraints under Base or Amended Scenarios.
		7	EPS estimate of housing production given constraints		400	715	1,040	Calculation of potential housing production, calculated as gross housing capacity by period (#5) reduced by percentage of constraint coefficients (#6).
		8	Percentage of PDA 2040 housing allocation accommodated		20%	36%	52%	Calculation of total estimated housing production by period, divided by total net new units in Plan Bay Area allocation through 2040.

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Table 3
PDA Readiness Criteria Worksheet
PDA Readiness Assessment; EPS #121113

PDA name: Generic PDA Example

#	Readiness Criteria Category	#	Sub-Criterion Name	Present (2012)	PDA Development Readiness Scoring 2020	2030	2040	Notes
B	Planning and Entitlement Criteria	1	Displacement of existing stable residential neighborhoods		0.00	0.00	0.00	If PDA allocation or estimated capacity requires redevelopment of residential neighborhoods, EPS has considered this is a constraint on probable housing growth in the Base Scenario. In certain cases, EPS has reduced the constraint coefficient in the Amended Scenario to reflect the potential return of Redevelopment-type powers for parcel assembly.
		2	Time required and difficulty in obtaining entitlement: institutional capacity and jurisdictional track record		0.05	0.05	0.05	If jurisdictions are regarded as particularly difficult or time-intensive political or bureaucratic environments in which to gain project entitlement, EPS has considered this a constraint in the Base Scenario. In some cases, EPS has reduced the constraint coefficient in the Amended Scenario to reflect the possibility of enhanced project streamlining through dedicated PDA entitlement staff, reduced environmental clearance criteria, etc.
C	Community Support	1	Elected official support for proposed PDA use types and densities during past 3 years		0.00	0.00	0.00	If elected officials have actively opposed higher-density development projects or planning consistent with PDA allocation, EPS has considered this a constraint in the Base Scenario. In the Amended Scenario, EPS has reduced this coefficient in outer years assuming that electeds would be more pro-density.
		2	History of neighborhood opposition		0.05	0.05	0.00	If community groups have actively opposed higher-density development projects or planning consistent with PDA allocation, EPS has considered this a constraint in the Base Scenario. In the Amended Scenario, EPS has reduced this coefficient in outer years assuming that community groups would be more pro-density.

Table 3
PDA Readiness Criteria Worksheet
PDA Readiness Assessment; EPS #121113

PDA name: Generic PDA Example

#	Readiness Criteria Category	#	Sub-Criterion Name	Present (2012)	PDA Development Readiness Scoring 2020	2030	2040	Notes
D	Market and Investment Attractiveness	1	History of real estate investment in PDA and surrounding city		0.05	0.00	0.00	If PDA and/or City (in certain cases) have not realized significant housing growth in the past decade, EPS has considered this a constraint in the Base Scenario. EPS has made no adjustment in the Amended Scenario for this retrospective criterion.
		2	Recent Local Development Activity		0.05	0.00	0.00	If PDA and/or City (in certain cases) does not have a substantial pipeline of housing development projects (proposed, permitted, or under construction), EPS considers this a constraint in the first time period. This constraint is not extended to the years beyond 2020, and no adjustment is made under the Amended Scenario.
		3	General Market Conditions		0.00	0.00	0.00	If PDA and/or City (in certain cases) has low incomes, low housing prices, high vacancies, demographic profiles inconsistent with higher density housing (such as comparatively few small households), limited access to job centers, etc., EPS considers this a constraint in the Base Scenario. Adjustments are made in the Amended Scenario only where such conditions are expected to be different in the future based on observable trends.
		4	Financial Feasibility Constraint		0.00	0.00	0.00	Where housing prices are low, development costs are high, or sites are limited or constrained, EPS considers this a constraint in the Base Scenario. Adjustments are made in the Amended Scenario only where such conditions are expected to be different in the future.
		5	Parcel size and configuration		0.05	0.05	0.05	Where PDA opportunity sites are generally small or oddly configured and held under numerous owners, EPS considers this a constraint in the Base Scenario, unless evidence exists that such small sites have been developed for PDA-type uses in the past. Under the Amended Scenario, EPS has reduced this constraint coefficient where property assembly for more feasible development may be achievable through re-introduction of Redevelopment-type powers.
		6	Existence of major investment disincentives		0.05	0.05	0.00	Where PDAs have conditions such as high crime, poor schools, access constraints, or environmental pollution, EPS considers this a constraint in the Base Scenario. Adjustments are made in the Amended Scenario only where such conditions are expected to be different in the future based on observable trends.

Table 3
PDA Readiness Criteria Worksheet
PDA Readiness Assessment; EPS #121113

PDA name: Generic PDA Example

#	Readiness Criteria Category	#	Sub-Criterion Name	Present (2012)	PDA Development Readiness Scoring 2020	2030	2040	Notes
E	**Infrastructure Capacity, Needs, and Financing**	1	Existing infrastructure capacity		0.10	0.10	0.10	Where PDAs are known to require major upgrades to transportation, utilities, open space, and similar infrastructure to accommodate new growth, EPS has considered this a constraint in the Base Scenario. In some cases, this constraint is assumed to grow over time, as infrastructure may be nearly adequate for early phases of development while requiring more upgrades for later phases. Adjustments are made in the Amended Scenario only where it is expected that infrastructure projects can be funded through new programs or revenue sources.
		2	Is there an existing CIP funded or other infrastructure financing plan in place?		0.05	0.00	0.00	If the City has not identified an expected approach to funding required infrastructure that is still viable today (e.g., does not assume tax increment financing), EPS considers this a constraint in the Base Scenario. Generally, this constraint is assumed to be rectified through financing plans in later years, even under the Base Scenario. In the Amended Scenario, the initial phase of development through 2020 is assumed to be bolstered through the creation of a viable financing plan in the next few years.
		3	PDA financing capacity		0.15	0.15	0.15	Where required infrastructure costs are estimated to represent significantly more than 20% of the aggregate value of new housing under the projected capacity (#5 above), EPS has considered this a constraint in the Base Scenario. In some cases, this assessment is more qualitative due to limited information regarding projected infrastructure costs. In the Amended Scenario, these constraints are assumed to be lessened through the availability of regional funding and/or re-introduction of Redevelopment-type funding sources.

The "amended readiness" reflects interventions that are not currently planned but, in EPS's estimation, represent actions at the local, regional, or state level that can enhance the prospects for development in the PDAs. **Table 3** provides illustrations of the types of assumptions that EPS has included in the "amended readiness" scenarios. Most common among such enhancements is the assumption that the ability to assemble property and assist in the financing of infrastructure and buildings would be re-introduced in some meaningful way, despite the early-2012 dissolution of the Redevelopment Agencies throughout the state.

Sample PDA Readiness Assessment Results

EPS and CD+A have produced "base" and "amended" readiness assessments for each of the 20 PDAs in the sample. The results vary widely based on the multiple factors that contribute to each area's readiness. In aggregate, EPS has estimated that the sample PDAs have a "base readiness" to accommodate 62 percent of the growth allocated to them in *Plan Bay Area*. The various enhancements assumed under the "amended readiness" scenarios are estimated to increase the achievable growth to 80 percent of the *Plan Bay Area*-allocated housing units. The models used to evaluate each PDA are included in **Appendix A** to this report, and are summarized below.

Regional Centers

Regional Centers are PDAs located in the most urbanized centers of the region's major cities, and are assumed under *Plan Bay Area* to accommodate high volumes of housing growth in the coming decades. The two Regional Centers selected for this analysis, and the conditions and conclusions for each, are as follows:

- **San Francisco Downtown-Van Ness-Geary Corridors**—This PDA covers a significant portion of San Francisco's financial, cultural, civic, retail, and tourism areas, and is already developed at high densities. Market support for housing development is strong, and infrastructure upgrades appear reasonably proportioned to the value of new growth. Moreover, zoning allowances in this area are permissive of very high densities, and EPS believes it is reasonable to project that further "upzoning" to allow higher densities may occur through 2040, as they have over the past several decades. However, the number and scale of developable sites is limited because the area is already heavily developed. San Francisco Planning Department "soft sites" analysis has identified 1,415 underutilized parcels, on which 16,846 new housing units could be developed under current regulations. These parcels comprise a total of 221 acres of land, which means that the assumed average density is 76 units per acre. The average size of these underutilized parcels is roughly 7,000 square feet, or roughly the size of a typical single family lot in a suburban context. The small parcel sizes represent the primary constraint to new housing in this PDA, and EPS estimates that the pace of new housing development will actually slow over time as the most developable sites are built first. Under the "base" scenario, EPS assumes that the City will increase the zoning capacity of this PDA by 40 percent, and estimates that 17,688 housing units can be built in this PDA through 2040. The "amended" scenario assumes that upzoning increases capacity by 50 percent rather than 40 and that regional funding can support some infrastructure requirements. EPS estimates that 21,479 units could be expected under these

conditions. These figures represent 65 and 79 percent of the *Plan Bay Area*-allocated housing growth, respectively.

- **San Jose North**—This PDA is the location of many technology industry jobs, but has also added an increasing number of multifamily housing units within its boundaries. The City's plan for North San Jose anticipates increasing densities to allow for roughly 32,000 new housing units in addition to greater numbers of higher-density employment centers. Market forces are strong and infrastructure needs are well within feasible levels. The primary constraint on housing growth in this PDA is the City's phasing policy, which caps the total number of housing units in each of four phases at 8,000 (6,400 market-rate and 1,600 affordable) until 7.0 million square feet of non-residential development is approved. The market-rate housing allocation for the first phase is already fully subscribed, but the non-residential development allocation is well below its goal. In the base scenario, EPS has estimated that this phasing restriction will limit growth to 19,200 units through 2040, or 59 percent of the *Plan Bay Area* allocation. The amended scenario assumes that the phasing restrictions are adjusted to allow housing development to continue, and is projected to yield 25,600 units through 2040, or 79 percent of the *Plan Bay Area* allocation. This amended scenario sums to nearly 950 units per year for the next 27 years – an aggressive pace that EPS believes is achievable based on this PDA's strong market position.

These two Regional Center PDAs represent over 10 percent of the total housing growth allocation for the entire region, indicating the level of concentration of housing in the most urban centers in *Plan Bay Area*. While EPS does not predict either of these PDAs will fully achieve their allocated housing growth by 2040, they do represent large, politically viable, and financially attractive opportunities to increase housing densities in support of the *Plan Bay Area* goals.

City Centers

City Centers are PDAs in already-established secondary cities in the Bay Area. The City Center PDAs in our sample have a mixed-use character including both job centers and existing housing at various densities. The five City Centers selected for this analysis, and the conditions and conclusions for each, are as follows:

- **Fremont City Center**—This PDA encompasses Fremont's Central Business District (CBD) an increasing vital center of retail and service, office, institutional, and residential uses. Central Fremont BART Station is within the PDA. The BART extension to San Jose, expected to be operational within the next five years, will be transformational for Fremont, creating convenient transit access to the Santa Clara County employment centers. The Downtown area has an ample supply of underutilized and some vacant sites that are zoned for moderate-to-high density housing. CD+A has estimated current housing capacity to be over 7,900 units while *Plan Bay Area* allocates 2,900 units to the PDA. Substantial multifamily housing has been developed in the PDA in the past decade linked to the expanding employment base in Fremont and Santa Clara County. While the Downtown has substantial physical and policy capacity to accommodate multifamily and mixed use development that exceeds the *Plan Bay Area* allocation, utilizing this capacity will require substantial infrastructure investments given current deficiencies and service demands of the new development including structured parking, schools, transit improvements (buses), and a range of roadway improvements. In the base scenario, EPS has estimated that 3,177 new

units may be achievable by 2040, which represents 110 percent of the *Plan Bay Area* allocation to this PDA. In the amended scenario, additional regional funding is assumed for major transportation infrastructure and redevelopment-type authority and financing tools are assumed to be re-established thus enhancing the viability of new development on smaller and/or currently utilized parcels. With these enhancements, the PDA is projected to be able to accommodate as many as 4,766 new units, or 164 percent of the *Plan Bay Area* allocation.

- **Hayward Downtown**—This PDA includes Hayward's historic "main street" areas as well as portions of commercial strip development and adjacent neighborhoods. The area has an ample supply of underutilized land that is zoned for moderate-to-high density housing – CD+A has estimated current capacity for over 5,100 units while *Plan Bay Area* allocates only 3,223 units to the PDA. Multifamily housing has been developed in the vicinity in the past decade, and a significant project within the PDA is currently in the advanced planning stage seeking approvals. Infrastructure is also largely in place, with relatively modest improvements required to enhance capacity. Constraints in this area include modest demographics and price points and the fact that many "opportunity sites" are small and/or have existing uses on them, for which achievable price points may need to escalate in order to enhance development feasibility. In the base scenario, EPS has estimated that 3,353 new units may be achievable by 2040, which actually represents 104 percent of the *Plan Bay Area* allocation to this PDA. In the amended scenario, redevelopment-type authority and financing tools are assumed to be re-established, enhancing the viability of new development on smaller and/or currently utilized parcels. The PDA is projected to be able to accommodate as many as 3,869 new units, or 120 percent of the *Plan Bay Area* allocation.

- **Redwood City Downtown**—This PDA includes Redwood City's Downtown area which has a Caltrain Station and is the County seat for San Mateo County. The PDA has undergone redevelopment over the years, and has planning and the current "form-based" zoning that create substantial capacity for additional multifamily housing (though below the *Plan Bay Area* allocation). CD+A has estimated current capacity for over 3,800 units while *Plan Bay Area* allocates 5,240 units to the PDA, so physical capacity is a major issue. Several multifamily housing projects are currently proposed totaling nearly 500 units. Infrastructure is largely in place, with relatively modest improvements required to enhance capacity and to modernize wet utilities. Constraints in this area include the large number of institutional uses (e.g. County government buildings) and the fact that many "opportunity sites" consist of small parcels and have existing uses on them, creating a substantial cost hurdle for developers. Financial feasibility limitations will be created by the need to displace the existing uses, and by high construction costs due to the high water table and on-site parking requirements. In the base scenario, EPS has estimated that 1,902 new units may be achievable by 2040, which represents only 36 percent of the *Plan Bay Area* allocation to this PDA. In the amended scenario, redevelopment-type authority and financing tools are assumed to be re-established enhancing the viability of new development on smaller and/or currently utilized parcels. The PDA is projected to be able to accommodate 3,059 new units, or 58 percent of the *Plan Bay Area* allocation.

- **San Rafael Downtown**—This PDA encompasses the downtown area of San Rafael which has been transformed in recent years into a vital shopping, employment, and entertainment district. The PDA is served by regional bus service and is the location of a SMART train station, with train service anticipated to begin in a few years. The Downtown has planning

and current zoning which creates capacity for additional multifamily housing. Capacity is derived nearly entirely from assumed redevelopment of a limited number of underutilized properties, including some existing residential uses. Financial feasibility limitations will be created by the need to displace existing uses, and by high construction costs. Increasing flooding associated with sea level rise may also require adaptive management techniques including costly flood protection improvements (seawalls, etc.). *Plan Bay Area* allocates 1,348 new housing units to this PDA, somewhat below the 2,079-unit capacity as measured by CD+A. Under the base scenario, EPS anticipates that 1,455 housing units can be developed by 2040, or 108 percent of the *Plan Bay Area* allocation. The amended scenario assumes that redevelopment-type resources are re-introduced, allowing infrastructure financing to take advantage of growing tax increment in the PDA. Under this amended scenario, EPS anticipates that development may increase to 1,663 units by 2040, or 123 percent of the *Plan Bay Area* allocation.

- **Santa Rosa Downtown Station Area**—This PDA encompasses Downtown Santa Rosa and its SMART Station area. The Santa Rosa Station Area Specific Plan and the City's related planning efforts create substantial capacity for multifamily housing. CD+A has estimated current capacity for over 3,400 units while *Plan Bay Area* allocates 3,900 units to the PDA. In the base scenario, EPS has estimated that 2,379 new units may be achievable by 2040, which represents 61 percent of the *Plan Bay Area* allocation to this PDA. Development capacity is derived nearly entirely from redevelopment of underutilized and a few vacant properties. Constraints include current and expected market conditions and related financial feasibility limitations and the need for local infrastructure (road and utility improvements). Lack of redevelopment authority and financing capacity will likely slow the pace of parcel assembly and redevelopment activity thus limiting project feasibility. In the amended scenario, redevelopment-type authority and financing tools are assumed to be re-established enhancing the viability of new development on smaller and/or currently utilized parcels. The PDA is projected to be able to accommodate 3,059 new units, or 79 percent of the *Plan Bay Area* allocation.

Suburban Centers

Suburban Centers are PDAs with mixed-use character surrounding existing or planned transit stations, and typically have densities similar to City Centers but featuring more recent development. The three Suburban Centers selected for this analysis, and the conditions and conclusions for each, are as follows:

- **Antioch Hillcrest eBART Station**—This PDA is mostly undeveloped land at the junction of Highway 4 and Highway 160 in eastern Contra Costa County. BART's "eBART" system's under development and will have a station in this PDA. A Specific Plan has been adopted that promotes higher-density housing and non-residential development in this area. *Plan Bay Area* allocates 2,287 new housing units to this PDA – just fewer than the 2,500 units anticipated in the Specific Plan. Major constraints in this PDA include a lack of evident market interest in multifamily housing (despite significant housing growth overall) and the significant infrastructure costs required to accommodate the planned growth. Under the base scenario, EPS anticipates that 1,250 housing units can be developed by 2040, or 55 percent of the *Plan Bay Area* allocation. The amended scenario assumes that redevelopment-type resources are re-introduced, allowing infrastructure financing to take

advantage of growing tax increment in the PDA. Under this amended scenario, EPS anticipates that development may increase to 1,500 units by 2040, but still only 66 percent of the *Plan Bay Area* allocation due to constrained market conditions in this outlying area.

- **Milpitas Transit Area**—This PDA is located in central Milpitas surrounding the BART and VTA transit stations. The Transit Area Specific Plan adopted in 2008 created the planning framework to transform the area from its current largely commercial/industrial land uses to a vibrant new mixed use community, including creation of a financing plan for all the infrastructure needed to support new development. Phase 1 development, roughly half of the overall development capacity, should be developed in next 5 to 10 years as the result of six major pending "pipeline" projects. Phase 2 of the development is expected to take longer to evolve as easily redeveloped opportunity sites become increasingly scarce. *Plan Bay Area* allocates 7,080 new housing units to this PDA – more than the 6,136 units of capacity estimated by CD&A. Under the base scenario, EPS anticipates that 5,522 housing units can be developed by 2040, or 78 percent of the *Plan Bay Area* allocation. Lack of redevelopment authority and funding is expected to impede this Phase 2 development. The Amended Scenario assumes that redevelopment-type resources are re-introduced, allowing infrastructure financing to take advantage of growing tax increment in the PDA. Under this amended scenario, EPS anticipates that development may increase to 6,136 units by 2040, 87 percent of the *Plan Bay Area* allocation.

- **Walnut Creek Downtown**—The Walnut Creek Downtown PDA encompasses a walkable downtown that has become a thriving shopping, employment, entertainment, and more recently, residential center during the past few decades. This new development largely replaced previously existing lower density uses including automobile dealerships and older residential and commercial uses. The location of the Walnut Creek BART Station in the Downtown is in some measure responsible for the success of the Downtown. Current zoning creates substantial capacity for multifamily housing but is below the *Plan Bay Area* allocation of 3,012 units. Actual capacity of 1,814 units as estimated by CD+A is derived nearly entirely from the assumed redevelopment of a limited number of remaining underutilized properties. Constraints are related to financial feasibility (effectively high land costs) and needs to fund local infrastructure including major roadway improvements to Ignacio Valley Road and I-680/Olympic ramps. Under the base scenario, EPS anticipates that 1,451 housing units can be developed by 2040, or 48 percent of the *Plan Bay Area* allocation. The amended scenario assumes some increases in existing permitted densities will occur as a result of an ongoing planning process and that redevelopment-type resources are re-introduced, allowing infrastructure financing to take advantage of growing tax increment in the PDA. Under this amended scenario, EPS anticipates that development may increase to 2,177 units by 2040, or 72 percent of the *Plan Bay Area* allocation.

Transit Town Centers

Transit Town Centers are mixed-use areas that offer relatively robust transit services within urban areas, but serve a more localized population of residents and workers, rather than attracting significant patronage from beyond the local area. The four Transit Town Centers selected for this analysis, and the conditions and conclusions for each, are as follows:

- **Alameda Naval Air Station**—This PDA is primarily comprised of former military land, including Naval Air Station Alameda and the Fleet Industrial Center. Smaller segments of the area have been developed for housing, and additional housing and retail projects are nearing construction. The majority of the area, however, is the former Naval Air Station that has faced numerous challenges ranging from environmental contamination to historic resources to grossly inadequate infrastructure. EPS anticipates that market support for housing in this area will be strong, but will face feasibility challenges primarily related to infrastructure financing. Additionally, the City of Alameda has a long-standing policy ("Measure A") limiting multifamily housing development, though EPS assumes that such policy-based limits would not persist for this PDA through 2040. Under the base scenario, EPS estimates that this area will be able to accommodate 1,959 new housing units through 2040 (49 percent of the *Plan Bay Area* allocation), constrained primarily by infrastructure financing challenges. Under the amended scenario, EPS assumes that redevelopment-type resources are re-established, which would enhance the financing resources for infrastructure and enable the development of an estimated 3,483 housing units (87 percent of the *Plan Bay Area* allocation).

- **Morgan Hill Downtown**—This PDA encompasses the downtown area of Morgan Hill, the commercial and social center of the City. Over the past several decades the City has pursued revitalization and redevelopment of the Downtown with its Redevelopment Agency and planning efforts. As a result, Downtown has capacity for additional multifamily housing and mixed use development. This capacity is derived from several City-owned properties and redevelopment of underutilized properties, all consistent with the City's downtown mixed use zoning districts. Residential development in the Downtown is exempted from the City's growth management ordinance. Infrastructure needed to serve additional Downtown development is largely in place. Constraints to development include a currently limited market for multi-family residential development and the limited service by regional transit (Caltrain). *Plan Bay Area* allocates 1,420 new housing units to this PDA, slightly above the 1,240-unit capacity as measured by CD+A. Under the base scenario, EPS anticipates that 870 housing units can be developed by 2040, or 61 percent of the *Plan Bay Area* allocation. The amended scenario assumes that redevelopment-type resources are re-introduced, increasing the City's parcel assembly abilities and allowing infrastructure financing to take advantage of growing tax increment in the PDA. Under this amended scenario, EPS anticipates that development may increase to 1,243 units by 2040 using all the estimated capacity, or 88 percent of the *Plan Bay Area* allocation.

- **Oakland Coliseum BART Station Area**—This PDA abuts the East Bay's primary current sports and entertainment complex, and offers excellent transportation connectivity with BART, Amtrak/Capitol Corridor, the Oakland Airport Connector, and Interstate 880. The continuing uncertainty regarding the future of the sports franchises represents both a constraint and an opportunity in this PDA, as the City is exploring expansive mixed-use development opportunities on the sports complex site in the event that some or all of it becomes available. With this potential land supply included, the Oakland Coliseum PDA would have more than ample capacity to fulfill the *Plan Bay Area* allocation. However, this PDA faces significant market challenges, as reflected in low income levels and housing prices in the vicinity. While housing construction has occurred in and around this PDA in the past decade, virtually all of the new units have been deeply subsidized affordable housing, for which there is ample demand. Market-rate housing projects have been proposed and pursued on BART property for many years but thus far have not advanced to construction.

The loss of redevelopment resources represents a significant challenge for this area. In the base scenario, EPS has estimated that 3,358 new housing units can be developed, representing 49 percent of the *Plan Bay Area* allocation through 2040. The amended scenario assumes that redevelopment authority enhances the financial viability of development and increases the development to 3,918 units, or 57 percent of the *Plan Bay Area* allocation.

- **South San Francisco Downtown**—This PDA is also well connected to regional transit, with a Caltrain station and BART station in the vicinity. The City has pursued revitalization of this PDA through property acquisitions and similar redevelopment-related activities, but the likely success of those actions is now in question due to the dissolution of redevelopment agencies. The City estimates that current planned capacity on opportunity sites falls well short of the *Plan Bay Area* allocation, even with densities up to 80 units per acre and a presumption that some existing residential uses are redeveloped. Moreover, the City expects that significant infrastructure upgrades will be required for virtually all systems (roadways, water/wastewater, parks, etc.), and had previously anticipated that redevelopment-based funds would assist in such investments. Under the base scenario, EPS has estimated that 1,496 new housing units would be constructed, or 48 percent of the *Plan Bay Area* allocation through 2040. Under the amended scenario, with the re-introduction of redevelopment-type resources but still a constrained supply of developable land, EPS has estimated that 1,777 units, or 57 percent of the *Plan Bay Area* allocation, would be achievable.

Urban Neighborhood

Urban Neighborhoods are PDAs with moderate- to high-density residential uses that also feature supportive retail and employment centers, rather than being primarily commercial areas. Transit is present but not necessarily a focal point of the neighborhoods. The one Urban Neighborhood selected for this analysis, and the conditions and conclusions for it, are as follows:

- **Oakland MacArthur Transit Village**—This PDA lies north of Downtown Oakland, in an area that includes expansive health care facilities, commercial strips, and older neighborhoods undergoing significant investment and revitalization. The most significant opportunity site in this PDA is the MacArthur BART property planned for a 600+ unit transit village, but in sum, CD+A has identified only 45 acres of underutilized land with capacity for 3,577 units, or 70 percent of the units allocated in *Plan Bay Area*. Even this small supply is constrained as most parcels are relatively small and have existing uses. This limited land supply is the major constraint in this PDA, as market conditions have shown support for housing development in the vicinity and infrastructure is generally in place. Under the base scenario, EPS estimates that 2,325 new units can be developed in this PDA through 2040, or 46 percent of the *Plan Bay Area* allocation. Assuming that redevelopment-type authority and resources are re-introduced and that allowable densities are increased (though existing densities are already high at roughly 80 units per acre), the amended scenario increases the estimated unit count to 3,130, or 61 percent of the *Plan Bay Area* allocation.

Transit Neighborhoods

Transit Neighborhoods are primarily residential areas, well served by transit, but with existing low- to moderate densities. The two Transit Neighborhoods selected for this analysis, and the conditions and conclusions for each, are as follows:

- **Benicia Downtown**—This PDA encompasses the downtown area of Benicia, currently a low-density commercial district surrounded by Benicia's residential neighborhoods. The Downtown has limited capacity for additional multifamily housing that is below the *Plan Bay Area* allocation. Capacity that does exist would likely be derived from some redevelopment of underutilized properties, including existing single family residential uses, though consistent with the City's downtown "form-based" zoning district. Constraints include a limited market for multi-family residential development and the limited access to regional transit facilities. Financial feasibility limitations will be caused by parcel assembly costs. The existing 40 foot height limit and community opposition to more intensive development may also deter some mixed use projects. *Plan Bay Area* allocates 930 new housing units to this PDA, well above the 429-unit capacity as measured by CD+A. Under the base scenario, EPS anticipates that 343 housing units can be developed by 2040, or 37 percent of the *Plan Bay Area* allocation. The amended scenario assumes that redevelopment-type resources are re-introduced, increasing the City's parcel assembly abilities and allowing infrastructure financing to take advantage of growing tax increment in the PDA. Under this amended scenario, EPS anticipates that development may increase to 429 units by 2040, or 46 percent of the *Plan Bay Area* allocation.

- **Pittsburg Downtown**—This PDA encompasses the downtown area of Pittsburg, the historical center of the City. Over the past several decades the City has pursued revitalization and redevelopment of the Downtown with its Redevelopment Agency and planning efforts. As a result, Downtown has created capacity for additional multifamily housing and mixed use development. This capacity is derived from several City-owned properties and redevelopment of underutilized properties, all consistent with the City's downtown zoning districts. Some rezoning of existing commercial properties, allowing mixed use, would expand existing capacity. Infrastructure needed to serve additional Downtown development is largely in place. Constraints to development include a currently limited market in Eastern Contra Costa County for multi-family residential development and the distance of the Downtown to planned transit service (eBART) or the existing Baypoint BART Station. *Plan Bay Area* allocates 1,823 new housing units to this PDA, well above the 700 unit capacity as measured by CD+A. Under the base scenario, EPS anticipates that 636 housing units can be developed by 2040, or 35 percent of the *Plan Bay Area* allocation. The amended scenario assumes the aforementioned rezoning and that redevelopment-type resources are re-introduced, increasing the City's parcel assembly abilities and allowing infrastructure financing to take advantage of growing tax increment in the PDA. Under this amended scenario, EPS anticipates that development may increase to 990 units by 2040 using all the estimated capacity, or 54 percent of the *Plan Bay Area* allocation.

Mixed-Use Corridors

Mixed-Use Corridors are linear PDAs served by transit lines, and typically feature commercial development extended along a major surface roadway with residential neighborhoods flanking

these commercial strips. The three Mixed-Use Corridors selected for this analysis, and the conditions and conclusions for each, are as follows:

- **El Cerrito San Pablo Corridor**—This PDA is typical of several along the San Pablo Avenue corridor in Alameda and Contra Costa Counties. It exhibits mostly lower-intensity commercial developments with surface parking interspersed with other uses, including residential buildings. The PDA is largely developed but many parcels are underutilized by comparison to existing planning and zoning allowances. The corridor has excellent transit access afforded by the El Cerrito Plaza and El Norte BART stations, as well as frequent AC Transit bus service along San Pablo Avenue. Mixed use and multifamily development has been occurring along the corridor in the recent decade. Constraints include the need for parcel assembly and related land costs and need for major improvements to several San Pablo Avenue intersections and connections of lateral streets (e.g. Central Avenue) to I-80. CD+A has identified underutilized parcels that can support 2,150 new residential units under current zoning, double the *Plan Bay Area* allocation through 2040 of 1,020 units. While the market for housing exists and infrastructure deficiencies are manageable, the chief constraints are the small and shallow parcels with diverse ownership, which challenge the ability to construct larger and efficient housing developments. Given these constraints, EPS's base scenario estimates that 1,288 units could be built through 2040, or 126 percent of the *Plan Bay Area* allocation. If the City could assist with parcel assembly through Redevelopment-type authority and funding, and the regional transportation improvements to San Pablo Avenue can be completed, EPS's amended scenario indicates that 1,718 units may be possible, or 169 percent of the *Plan Bay Area* allocation.

- **San Mateo El Camino Real**—This PDA is typical of several along El Camino Real in San Mateo County, as it features many lower-intensity commercial developments with surface parking interspersed with other uses, including residential buildings. CD+A has identified underutilized parcels that can support 1,668 new residential units under current zoning, representing 139 percent of the *Plan Bay Area* allocation through 2040 (1,204 units). While the market for housing is strong and infrastructure is generally in place, the chief constraints are the small and shallow parcels with diverse ownership, which challenge the ability to construct larger and efficient housing developments. San Mateo also has a history of "ballot box" planning that makes amendments to heights, densities, and other development regulations difficult. Given these constraints, EPS's base scenario estimates that 1,001 units could be built through 2040, or 83 percent of the *Plan Bay Area* allocation. If the City could assist with parcel assembly through Redevelopment-type authority and funding, EPS's amended scenario suggests that 1,168 units may be possible, or 97 percent of the *Plan Bay Area* allocation.

- **Sunnyvale El Camino Real Corridor**—This PDA is similar to San Mateo's El Camino Real corridor, in that it features a mix of lower-intensity development along the major roadway, but is flanked by lower-density residential neighborhoods on either side. CD+A estimates the current capacity in this corridor to be around 2,850 units, well short of the 4,412 units allocated in *Plan Bay Area*. Because the City's "Horizon 2035" committee has already explored the possibility of upzoning in the corridor, EPS has assumed that planned capacity would be increased sometime before 2030 even under the base scenario. Moreover, market conditions are strong and infrastructure needs are relatively modest. Still, the challenges of redeveloping existing uses on small parcels are likely to constrain growth in this PDA. EPS's

base scenario estimates that 3,192 units (72 percent of the *Plan Bay Area* allocation) will be built through 2040. With the re-introduction of Redevelopment-type authority and resources and more aggressive upzoning than under the base scenario, EPS's amended scenario estimates that 4,104 unit may be built through 2040, representing 93 percent of the *Plan Bay Area* allocation.

Overall Findings of PDA Readiness

In the sample selected for review by EPS, PDAs jointly have existing **planned capacity** (i.e., density allowed under current regulations on opportunity sites) for 92 percent of the units allocated to them in *Plan Bay Area*. Some PDAs have capacity for more units than they have been allocated, while others have less capacity. Overall, these results suggest that continued innovative planning and "upzoning" will be required in some PDAs to approach or achieve the PDA housing and employment growth levels envisioned in *Plan Bay Area* by 2040.

In general, the **planning and entitlement processes** in the PDAs appear not to represent a major constraint on growth. Most communities have been reasonably accommodating of development proposals and capable of processing them in a timely fashion, within the legal and procedural conditions relevant to CEQA requirements. However, in some communities still affected by the Great Recession[4] and its impact on municipal funding, planning and development, staff has been reduced and staff capacity to process applications is suboptimal. Improvements in the general economy are likely to improve these conditions, but regional funding sources to support planning staff and efforts may also be of benefit.

Political circumstances also do not appear to be a major constraint in the PDAs evaluated. This is not surprising, since jurisdictions that nominate PDAs must consider and support the intensification of these self-identified locations within their communities. In many cases, elected officials and community stakeholders have been supportive of actual development project applications – not just planning efforts – that are consistent with the PDA designations.

Market conditions vary widely among the PDAs evaluated. Some PDAs are very high-demand areas with high housing prices and a history of intensified development occurring along transit corridors and near transit stations. Others face low market demand and conditions that discourage private investment. Policy intervention has proven only so effective in addressing discouraging market factors, though continued efforts to improve quality-of-life factors such as

[4] The "Great Recession" refers to the period of national economic contraction from 2007 to 2009, during which housing prices fell dramatically and unemployment rose significantly. Government finance was greatly affected during this period, as property values, consumer spending, and development declined, leading to reductions in property tax, sales tax, and development fee income.

crime, schools, and environmental conditions should continue to be a high priority.[5] Many of the PDAs face a shared challenge—redeveloping small, developed parcels in an infill setting. The state's redevelopment agencies have traditionally provided tools and resources to address the complexity and cost of such redevelopment, but such resources are not currently available.

Infrastructure quality and capacity also varies widely among PDAs, with some requiring very limited new facilities to accommodate their allocated growth while others require extensive and expensive investments. In locations where infrastructure needs are high *and* market demands/achievable pricing are low, financing of improvements is especially problematic. Again, redevelopment agency authority and financial resources to assist in improving infrastructure to facilitate private development are no longer available.

In sum, EPS has estimated that the 20 PDAs are "ready" to accommodate 62 percent of the housing growth allocated to them in *Plan Bay Area*. This figure represents the "base" readiness, assuming that current conditions are only improved marginally by efforts known to already have been considered by the cities (for example, upzoning for increased capacity where such has been publicly contemplated if not yet completed). EPS believes the "readiness" of the 20 PDAs can be improved to at least 80 percent of their *Plan Bay Area* allocated growth through a combination of actions at the local, regional, state and federal level including, most significantly, the restoration of the originally intended authority of redevelopment agencies to assist with parcel assembly and tax-increment-based financial support for infrastructure and vertical development. This and other potential planning and policy interventions are described in the final chapter of this report.

[5] Residential location decisions and financial investment decisions by both real estate professionals and consumers are complex. Studies have shown that lower crime, better schools, and improved environmental conditions are positively correlated with higher home prices—a key measure of housing demand. However, this study did not aim to provide specific recommendations to address the full spectrum of urban conditions that affect development opportunities and demand, and these three issues (crime, schools, and environmental conditions) are addressed qualitatively as potential constraints in certain locations without being the focus of policy actions recommended in this report.

4. Readiness of Non-Priority Development Area Locations

While *Plan Bay Area* allocates most of the future housing growth in the region to Priority Development Areas, roughly 20 percent of the future housing is still assumed to be developed outside the PDAs. Moreover, it is appropriate to consider whether more housing development could more easily or feasibly be provided in non-PDA areas, given the variety of constraints identified in the analysis of 20 sample PDAs. This section of the report summarizes some of the opportunities and constraints pertaining to growth in non-PDA areas.

By definition, PDAs are designated by their jurisdictions as places well-served by transportation services and offering opportunities for mixed-use development at higher densities than are typical elsewhere in the Bay Area. The PDAs, in aggregate, represent a very small portion of the land mass of the Bay Area (roughly 5 percent), leaving many other areas as "non-PDAs." However, much of the region outside of PDAs is policy-protected through growth management measures such as urban growth boundaries adopted by cities and counties. Examples of non-PDA areas include East Contra Costa County's expanses of potential greenfield subdivisions, to Palo Alto's established residential neighborhoods, to Marin and Sonoma Counties' coastal areas.

Planned Capacity and Policy Constraints

EPS and CD+A have explored the planned capacity of each of the 20 PDAs in our sample by identifying opportunity sites and applying development regulations to those sites. Non-PDAs also have finite growth potential based on planning regulations. For example, the combined residential growth capacity in Eastern Contra Costa County (Pittsburg, Bay Point, Antioch, Oakley, and Brentwood, and Discovery Bay) under current regulations sums to roughly 40,000 units.[6] While this capacity figure is certainly significant, these same communities added roughly 25,000 new housing units between 1990 and 2010, suggesting that even if long-term absorption rates continue without significant change, the area will approach full buildout by 2040.

Another non-PDA example is Coyote Valley, in southern San Jose. This expansive area has been held in reserve for several decades, awaiting market forces that would enable the development of the City's stated goals of having 25,000 homes and 50,000 "industry-driving" jobs. Achieving these quantified goals would require average residential densities of roughly 30 units per acre—a high average density for essentially greenfield development.[7] In addition, to meet City-established development conditions for the area, Coyote Valley development must not have a negative fiscal impact on the city, and all infrastructure and facilities must be fully funded by the development. These conditions significantly add to the cost to develop the area. Moreover,

[6] EPS has been working for the Contra Costa County Transportation Authority on planning and economic issues, and generated this figure through reviews of General Plans from the named communities.

[7] EPS was the urban economics firm employed by the City for the creation of the Coyote Valley Specific Plan from roughly 2003-2008.

stakeholders have raised numerous concerns about traffic, air quality, water quality, cultural resources, affordable housing, healthcare facilities, wildlife habitat, farmland preservation, and similar environmental and social issues. These issues and challenges are typical of efforts to develop "new towns" or full-service urban areas where facilities and services do not yet exist. By contrast, development in most PDAs benefits from some level of existing infrastructure and services, even if these are not fully adequate to accommodate the allocated growth.

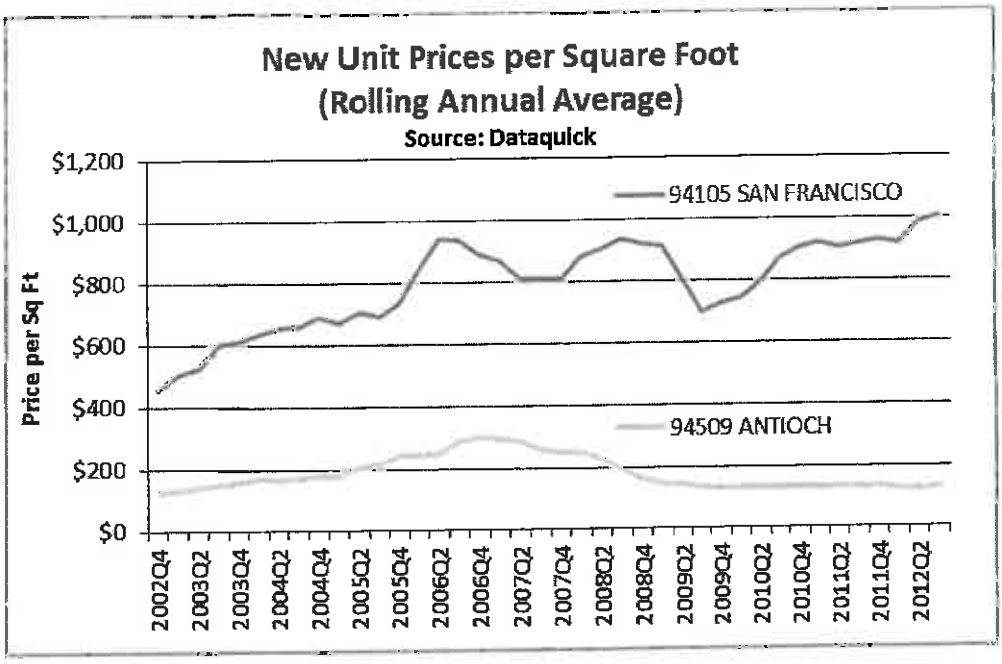
Overall, capacity for substantial suburban density residential development in the Bay Area is limited to a few areas given land use and urban growth policies adopted by the counties and cities. Significant suburban growth areas remain in eastern Alameda County (Livermore Valley), eastern Contra Costa County, southern Santa Clara County, and the peripheries of Solano County and Sonoma County cities. But as highlighted above, these areas have finite planned capacity and face many of the same challenges present in PDAs, plus other challenges that are not as prominent in most PDAs.

Other non-PDA areas such as rural development beyond growth limit lines, or infill development within non-PDA built neighborhoods, are not expected to represent a major supply of future housing.

Market Constraints

There will always be a market for suburban and rural single family housing in the Bay Area, including resale of the substantial existing inventory and modest expansion in response to market demands. However, the recent housing "bust" has shown that peripheral suburban areas have been quicker to lose their home values and slower to recover than the interior areas nearer major employment centers and transit networks. EPS expects consumer preferences to follow recent trends, increasingly favoring urban and/or transit-accessible areas as population, employment, and related congestion increase.

By way of illustration, transaction records from DataQuick, a real estate data collection and management firm, show that the median price per square foot for newly constructed homes in Antioch's ZIP Code 94509 are roughly the same today as they were a decade ago, and are roughly half what they were at the peak of the market (2006). By contrast, prices in San Francisco's ZIP Code 94105 (South of Market and South Beach) have climbed dramatically in the decade and actually exceed the figures from 2006.



These figures illustrate the precipitous loss of home values since the market peak in a peripheral location requiring long commutes, and the relative stability of home values in a more transit-friendly location nearer employment centers. To the considerable extent that non-PDA areas represent housing options that are not well connected to transportation services and employment, EPS anticipates that achievable home prices will remain substantially lower, posing feasibility challenges even for the less costly (per square foot) single-family product types typical of suburban areas.

Similarly, the interior Bay Area where *Plan Bay Area* concentrates most growth has shown increased interest in multifamily housing. According to the California Department of Finance (DOF), Santa Clara County—the Bay Area's most populous county and the expected location of roughly one-third of all new housing units allocated in *Plan Bay Area*—realized a 13.0 percent increase in multifamily housing units between 2000 and 2010, compared to a 7.8 percent increase in single-family units. Alameda County is allocated the second-most units in *Plan Bay Area*, and its multifamily housing stock also grew more quickly than its single-family stock. Just as importantly, DOF data indicate that the entire nine-county Bay Area added twice as many single-family homes as multifamily units from 2000 through 2006 (the "Housing Bubble" years). From 2007 through 2009, however, the ratio was much closer, at 1.25 new single-family homes for each new multifamily unit. These figures illustrate that higher-density housing has been prioritized by the market in expected growth areas and in periods of less "irrational exuberance" in the housing market—a trend that will be critical to the success of *Plan Bay Area,* but that also indicates a gradual shift in consumer preferences.

Even with price points and production data suggesting increased market preferences for interior locations and multifamily product types, many households—especially families with children—will continue to seek single-family homes. Development in non-PDA areas will be critical to meeting this ongoing demand for less urban housing options. But with households with children

representing only one-third of all households in the Bay Area in the 2010 Census, a substantial existing stock of single family homes (1.75 million in 2010 throughout the nine Bay Area Counties), evident consumer shifts toward higher-density product types in high-growth areas, and the continuing effects of the Great Recession (both in home supply and lending practices) demand for new single-family units in non-PDA areas is likely to be less instrumental to future regional growth than it has been in the past.

Infrastructure and Financing Constraints

Non-PDA areas in suburban or peripheral settings typically have less existing infrastructure to accommodate new growth, and new suburban subdivisions frequently have carried significant costs to install new roadways, utility extensions, parks, schools, etc. The Coyote Valley example cited above illustrates this point. Greenfield development typically requires housing developers and/or consumers to contribute to a variety of facilities and even municipal services. These costs, paired with comparatively low home values in some areas with greater planned "greenfield" capacity, represent a financing obstacle for new subdivision development. For example, new single family development in the northeast area of the City of Fairfield is required to pay between $65,000 and $80,000 per unit (depending on density) for backbone infrastructure and public facilities in addition to the costs for in-tract streets and local utilities.[8] These figures represent a significant proportion of the potential value of new homes in this location, thus posing a feasibility challenge.

For another example, the Hillcrest Station Area in Antioch—which is actually a PDA but is similar to many greenfield subdivision projects in terms of location and infrastructure needs—requires an estimated $140 million in infrastructure costs to support 2,500 housing units—an average of nearly $60,000 per unit in an area where townhome prices may be expected to be below $200,000 for the foreseeable future.[9] This infrastructure cost ratio represents a significant burden and feasibility challenge for new development.

Affordable housing is also more difficult to achieve in non-PDA areas. The federal Low Income Housing Tax Credit program is a major source of funding for low-, very low-, and extremely low-income housing. The program prioritizes development of rental housing (typically found in multifamily prototypes) and grants competitive preference to projects near urban services such as transit, healthcare facilities, schools, etc. Suburban greenfield development often does not provide these competitive advantages, thus constraining the ability for affordable projects in such areas to compete for these critical financial resources.

Summary Regarding Non-PDA Development Prospects

EPS recognizes that market, political, physical, regulatory, and infrastructure conditions will vary significantly among the non-PDA areas. Given the expectations that single-family homes will continue to be in demand and that residential land will continue to be available in non-PDAs, EPS

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[8] EPS is the City of Fairfield's economic consultant for the Fairfield Train Station Specific Plan.

[9] EPS was the City's economic consultant for Antioch's Hillcrest Station Area Specific Plan Financing Plan.

concludes that it is appropriate that non-PDA areas be assumed to continue to grow and be available as a source of residential property in *Plan Bay Area*. But given the *Plan Bay Area* land use patterns and transportation investments that serve the goal of reducing greenhouse gases, a forecast that allocates the majority of future housing (and regional funding) to PDAs is likely to be most appropriate.

5. POLICY ACTIONS TO IMPROVE DEVELOPMENT READINESS

This section surveys 1) resources and policy actions needed to improve development readiness of the PDAs through a combination of local land use policy changes, investments, and actions; 2) regional actions such as funding PDA-supportive infrastructure by MTC funding programs (e.g. OBAG) and the respective county Congestion Management Agencies (CMA), and 3) a range of supporting state and federal actions including key legislative and regulatory changes. The need for such actions is recognized in *Plan Bay Area,* as well as in the implementation framework established by MTC and ABAG to support the establishment of a *Priority Development Area Investment and Growth Strategy* by each CMA in partnership with local jurisdictions to improve development readiness and implementation of the PDAs. The actions identified below are intended to complement these ongoing efforts.

As detailed in this report, four general factors affect development readiness:

- Market conditions and prospects will influence the type and amount of additional policy actions needed. The PDAs located where there are currently favorable market conditions and prospects typically will require less effort (application of additional policy actions) than those with poor market prospects due to their outlying location or pervasive conditions that land use and transportation regulations and funding can only partially address.

- While most PDAs in the sample analysis have land use plans and regulations consistent with *Plan Bay Area,* there is a need for continued innovation in all PDAs – new policies and forms of development regulation that achieve desired public purposes in ways that simultaneously improve incentives for, and reduce the risks of, private investment.

- Most of the PDAs will require substantial new investment in infrastructure. In some instances, funding capacity from the local government or supportable amounts from housing developers is simply not adequate to pay for this infrastructure, thus regional, state or federal funding will be required to support desired PDA development. In all cases, care will need to be taken to assure that related financial burdens placed on the private sector through local development impact fees, inclusionary housing policies, special taxes, and other development-related charges do not render desired PDA development financially infeasible.

- Most of the PDAs are largely developed and also exhibit a fragmented pattern of small parcels in independent ownership. Parcel assembly and redevelopment will be needed to achieve development objectives in virtually all PDAs. This land assembly process is time consuming, risky, and expensive and will thus represent one of the largest obstacles to achieving *Plan Bay Area* and local planning objectives.

While substantial constraints are apparent in many PDAs, it is important to recognize, as discussed earlier in this report, that the process of land-use transformation of the Bay Area is already underway and being driven by demographic, market, and local planning policies. The Great Recession has stimulated these trends in a variety of ways (e.g. shifting demand to rental housing). Cities in the West and South Bay, benefitting more recently from favorable market conditions and ongoing planning efforts, have overcome some of the constraints discussed above

to initiate projects that contribute toward greater urban infill and intensification. But the overall process of such transformation, focusing the bulk of the region's future growth to existing urban areas, will unfold over the next three decades and beyond.

The resources and actions presented in this section derive from suggestions made during this analysis through interviews with local agency staff and private developers, the experience of the EPS team with planning and implementing urban development projects, and actions identified in *Plan Bay Area* which includes a range of implementing actions. As an overarching theme to the effort needed to implement *Plan Bay Area*, there is the need for a new level of coordination among all levels of government—federal, state, regional, and local.

Local Resources and Actions

Local governments have discretion over their local land use policy and regulation and have primary responsibility for building and maintaining major infrastructure serving PDAs (i.e., local roads, parks, sewers, etc.). Thus, they will have the primary responsibility for implementing *Plan Bay Area* by creating local land use policies and making public investments that attract the private investment necessary to ultimately draw both residents and businesses to the PDAs.

1. Adopting or expanding innovative land use regulations

The Development Readiness Assessment found, with a few notable exceptions, that the PDAs surveyed had recently completed specific plans and rezoning in their PDAs which are generally consistent with the *Plan Bay Area* housing and employment forecast. This is no surprise as local jurisdictions nominated their PDAs as areas of opportunity for future growth. The MTC and ABAG-sponsored PDA Planning Grant program, initiated in 2005 as the Station Area Planning Program in support of regional transit expansion, has been an effective incentive for this local planning activity. Over the past seven years MTC has funded 52 planning grants totaling over $18.6 million. The new plans adopted by local governments as the result of the planning grants have created development capacity for over 44,000 housing units and workspace for 60,000 new jobs. Regional funding of local planning efforts will continue as a part of *Plan Bay Area* implementation and will be especially important for PDAs without completed plans (Potential PDAs) or those that need updating.

One of the key policy objectives of planning and development regulations in the PDAs will be to allow diverse development options (land use types and densities) for marketing reasons (i.e. providing a range of housing opportunities and prices) and for financial reasons (matching the costs of development with market potentials).

A number of planning and regulatory innovations in recent years have improved the flexibility, predictability, and efficiency of land use regulations. Examples of these innovations include "use-by-right" zoning districts that promote certainty for developers by clearly establishing non-discretionary use rights, form-based zoning codes that focus on the physical form of buildings instead of specific uses or density, and "incentive-based zoning" that exchanges increases in allowed density for investments in public improvements and amenities. Local jurisdictions will need to review their current regulations to determine how such innovations may improve development readiness and related private investment.

In addition, zoning requirements related to parking should be considered as part of an overall parking management program. Those PDAs with more extensive transit service should consider opportunities to reduce parking requirements without adversely affecting local traffic congestion. If supported by market preferences, this strategy can also substantially reduce the costs of new housing construction, as each structured parking space can cost tens of thousands of dollars. Centralized community parking – rather than having parking within each individual project – has also proven acceptable in certain urban areas, and may be useful where parcels are constrained and parking layouts are inefficient.

2. *Establishing Program EIRs for all PDAs*

Under existing provisions of the California Environmental Quality Act (CEQA), a Program Environmental Impact Report (PEIR) allows for disclosure of potential environmental impacts and identifies mitigation measures, consistent with CEQA requirements, for an entire planning area (such as a PDA). As such, a PEIR can reduce the scope and depth of subsequent environmental review for projects developed pursuant to and consistent with the area plan. The Development Readiness Assessment found that a number of cities have completed such PEIRs as part of their specific planning efforts. A number of these plans have been supported by the MTC-funded PDA Planning Program, which includes funding for PEIRs. Reducing the cost and risks associated with project-related environmental review, while achieving the basic objectives of CEQA, is an important way local governments can improve certainty and feasibility of desired new development. This recommendation would be most effective if paired with State law that reduces the need for duplicative environmental reviews (see below).

3. *Supporting and participating in redevelopment of PDAs*

In most PDAs, the majority of the new development envisioned will be built within an existing urban framework, including on existing developed sites that will need to be assembled and redeveloped. This process is challenging and comparatively expensive, because the new development must yield sufficient revenue to cover not only the cost of the development but also the "opportunity cost" of retaining a use that typically is generating positive cash flow for the existing property owner. For example, a parcel may be worth $2 million for a new multifamily development (based on achievable building values less development costs and developer returns), but have an existing shopping center that is worth $4 million (based on capitalized net income from the shopping center). Unless the multifamily development receives some financial assistance to make up the difference, the site is likely to remain a shopping center rather than converting to more intensive use.

This problem is one of the key reasons the state authorized local governments to establish redevelopment agencies with broad powers to assemble land and incentivize development. The elimination of this authority in California as a means to address the state's fiscal problems was a major blow to local government capacity to financially incentivize desired development. Without reinstatement of this authority and resources, local governments will be severely disadvantaged in tackling the problems associated with redevelopment of existing urban areas.

Nonetheless, various actions can be taken even without reinstatement of redevelopment powers. Creating land use planning density incentives or bonuses (as mentioned above), sale or leasing of public lands (e.g. surface parking) for private uses (joint development), and

using Capital Improvement Programs or other public revenues to fund or subsidize infrastructure costs otherwise borne by the private sector are examples of ways cities or counties can incentivize redevelopment without express redevelopment authority.

4. ***Expanding cooperation with the private sector***

In addition to land use planning and regulatory reforms and reinstatement of redevelopment authority, other forms of public-private partnerships (P3s) can enhance PDA readiness by increasing private investment in public-serving infrastructure. One example would be the private development and operation of structures for long-term use by public agencies (e.g. parking facilities, government buildings and facilities). There are also "concession agreements," which provide for private construction, operation and maintenance of public facilities intended for use by the general public (transit service, toll roads, bridges, etc.). The applicability of P3 agreements will vary considerably among the PDAs.

5. ***Expanding public-public cooperation and partnerships***

In addition to "top-down" efforts to reform and coordinate the activities of the various levels of government, cooperation between existing public agencies in the PDAs can enhance development readiness in a variety of ways. In most PDAs more than one local agency is involved in providing infrastructure and public services. In addition to the city government, there are a range of local or regional special districts, the county government, and state agencies. Coordination and even formal agreements between public agencies toward specific objectives (providing needed infrastructure and services) can provide a range of benefits. Unfortunately, current practices and policies under the existing state fiscal structure – such as the allocations of property and sales tax – often place local agencies in competition with each other for diminished fiscal resources. While the state will need to consider ways to diminish this competition and conflict, there are ample opportunities and motivations for cooperation. As one example, regional parks and trail improvements provided by a county agency or a special district can enhance quality of life and development readiness of PDAs. The Iron Horse Trail in Contra Costa County is an example of this sort of cooperation. The alignment of the trail courses through a number of PDAs; further improvements (e.g. grade crossings) could enhance bicycle and pedestrian access.

6. ***Developing PDA-specific capital improvement programs***

Cities and counties include Capital Improvement Programs (CIPs) as a part of their normal budget process. These CIPs normally include a list of capital improvements planned for construction over the next five years. Given the specific needs of PDA infrastructure it would be helpful to create PDA-specific capital improvement programs. Many PDAs have already done this as a part of their specific planning efforts - establishing an infrastructure improvement program and related financing and phasing plans. These will improve the "shovel readiness" of major improvements and put the local agency in a better position to obtain federal, state and regional funding. The PDA Investment and Growth Strategies being prepared by the individual Congestion Management Agencies (CMAs) in the Bay Area will focus on this issue.

7. ***Establishing a comprehensive financing plan for each PDA***

Similar to area-specific CIPs, many cities have created financing plans for their PDAs as part of their Specific Plans. In other cases, where there has not been such a planning effort,

there is no overall plan for financing needed infrastructure other than that afforded by city-wide programs (development impact fees, etc.). In addition to organizing the CIP, a financing plan can identify and link funding sources, determine net funding needs, and institute special funding mechanisms as may be required such as local area development impact fees or Mello-Roos Community Facility Districts. The financing plan can also evaluate whether the financial burdens associated with infrastructure financing, affordable housing, and other development mitigation or community benefits fall within reasonable economic limits and thus do not deter desired development.

Regional Resources and Actions

ABAG and MTC have collaborated with local agencies during the past five years to create *Plan Bay Area* in response to the state mandate created by SB-375. *Plan Bay Area* will, through its implementation, provide a focus for regional resource allocations and related implementing actions.

1. *Pursuing Plan Bay Area Implementation and Advocacy*

MTC and ABAG will engage in a host of land use and transportation advocacy efforts through *Plan Bay Area*, including these:

- Advocating for locally controlled funding to support PDA development. Development potential in PDAs can be improved by reinstating some form of tax-increment financing, as well as other redevelopment agency authorities, such as site assembly.
- Modernizing the California Environmental Quality Act (CEQA) by providing consistent standards and reducing duplication of environmental review.
- Supporting long-term adjustment to commercial or residential tax rates to balance the financial incentives for new development.
- Stabilizing federal funding levels for the development of housing.
- Supporting transportation funding policies that encourage the development patterns included in *Plan Bay Area.*

2. *Continuing coordination with CMAs on transportation improvement funding priorities*

Plan Bay Area includes $340 million in federal transportation funding for planning and capital projects to be administered and distributed by the Congestion Management Agencies (CMAs) through the One Bay Area Grant (OBAG) Program, which emphasizes PDA investment. At the same time, the amount of funding allocated by the CMAs from their other resources, such as their respective sales tax measure funding or regional traffic impact fees, far exceeds the OBAG grants. Over time, as these countywide funding sources are updated or reauthorized, they could be better aligned with regional planning objectives as reflected in *Plan Bay Area*. The *PDA Investment and Growth Strategies* adopted by each of the CMAs can provide an organizational framework for this effort.

3. *Establishing a Regional "Best Practices" Library and Forum*

Bay Area cities have been at the forefront of planning and redevelopment of existing urban areas for many years. During the past decade a substantial portion of new housing has been built in infill and intensification sites within existing urban areas. As a part of these urban intensification and redevelopment efforts, the full range of development constraints has been overcome. Collectively, a body of experience has been gained by incorporating innovative planning and regulatory approaches, public-private partnerships and other financing mechanisms for meeting infrastructure and public facility requirements, and efficient and effective approaches to environmental review. While unique strategies will be required in each PDA given their unique circumstances, it would be helpful to assemble and make generally available this body of experience and related policies, programs, regulations, and implementing measures in a web-accessible data base. A forum feature could also be added where individual jurisdictions could request information or advice from their professional colleagues.

4. *Developing new approaches and resources for meeting affordable housing needs*

Plan Bay Area has established aggressive affordable housing targets throughout the Bay Area, reflecting a continuing need for housing for moderate, low and very low-income households. Analysis conducted by ABAG as part of *Plan Bay Area* preparation indicates that approximately 40 percent of Bay Area households are, and will remain through the horizon year of 2040, below moderate income.[10] For at least a decade, newly constructed housing in most Bay Area communities has cost more to build than could be supported by the incomes of low- and very-low income households, thus requiring subsidy from various sources (including developers through inclusionary housing requirements). These considerations suggest that of the roughly 660,000 new households in the regional forecast, some 260,000 households will not be able to afford newly constructed market-rate housing. While some fraction of these households can be accommodated in the existing housing stock, there will be the need to provide substantial affordable housing in the redeveloping PDAs. Even if only half of the new low and very low income households are accommodated in the PDAs and financial subsidies required per housing unit remain in the current range of $100,000 or more, total costs would likely exceed $15 billion regionwide.

Affordable housing requirements are currently expressed through implementation of the State Housing and Community Development mandated Regional Housing Needs Allocation (RHNA), a process that has been in place in recent decades throughout California linked to the mandated preparation and certification of a General Plan Housing Element. Because of the varied circumstances and policies of cities and counties and the manner in which the RHNA has been determined, there is substantial variation in city and county affordable housing policy and production.

Cities with strong affordable housing objectives have relied upon inclusionary zoning, in-lieu and/or impact fees, commercial linkage fees, and required redevelopment agency funding set-asides for housing. These local programs and resources have typically combined with cooperating non-profit housing developers that bring federal program resources, including

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[10] Table 2.5 of the May 16, 2012 Jobs-Housing Connection Strategy document shows 40 percent low/very low income households in 2010, and 43 percent in 2040.

the Low Income Housing Tax Credit program, to achieve housing production. Actual success of these programs at producing substantial affordable housing varies considerably from city to city. There are a range of problems that must be faced in achieving affordable housing objectives, including these:

- Controlling cost of affordable housing construction as, at the present time, it is common for affordable housing projects to actually cost more on a per unit cost basis than comparable market-rate housing.
- Keeping affordable housing costs borne by market rate developers within reasonable economic limits as inclusionary zoning and related fee programs must be internalized into private development economics. At some point, in combination with other public costs that must be internalized, these requirements will distort, deter, or eliminate potential for development otherwise desired and consistent with local plans and programs.
- Addressing the current widely varied local affordable housing programs and performance so that the burden of providing the housing is equitably distributed through the region. Examples may include allowing cities to collaboratively meet RHNA requirements (as currently practiced in Napa County), or instituting regional or sub-regional housing policies or impact fees (as seen in Sonoma County where multiple jurisdictions have adopted related linkage fee programs).

As referenced in *Plan Bay Area's Jobs Housing Connection Strategy,* ABAG could address these problems in a variety of ways, including these:

- Creating or promoting new housing funding resources including a regional housing trust fund or encouraging the state, as a part of needed fiscal reforms, to create new local funding capacity to support affordable housing programs.
- Encouraging more consistency and equity in housing policies and programs among its member cities and counties.

MTC could help to address these problems by increasing support for and investment in the region's Transit Oriented Affordable Housing (TOAH) Program. In 2011 MTC provided $10 million as a seed investment for the TOAH fund. This investment leveraged an additional $40 million in private capital from community development financial institutions, foundations, and private banks to create a $50 million revolving loan fund for affordable housing developers for projects near transit in PDAs throughout the region. In January 2013, the Commission renewed its investment in TOAH with an additional $12 million, anticipated to be leveraged by 3:1.

5. *Establishing new travel demand analysis frameworks that focus on multi-modal trip generation factors*

One of the most questionable aspects of environmental review under CEQA is the impact of a given project on traffic congestion, especially as it relates to projects occurring in an urban context as represented by the PDAs. Technical overstating of new vehicle trips results in an exaggerated needed for traffic "mitigation measures" including new or expanded roads. Traffic engineers tend to use Institute of Transportation Engineers (ITE) vehicle trip rates, derived from a statistically-based sample of vehicle trips measured from given land uses.

The problem with this sample is that it does not typically reflect the context of the project and how this context may affect travel demand and mode choice, such as walking and biking. Caltrans has recently completed an assessment of context sensitive trip generation that can serve as a technical basis for revising existing travel demand models operated by MTC, the CMAs, and local jurisdictions.

State Resources and Actions

The State of California through SB 375 created the statutory obligation for regional planning agencies to complete Sustainable Community Strategies in response to the state-wide goals set in AB 32 related to greenhouse gas emission reductions. This occurred at roughly the same time the state entered a fiscal crisis resulting from the Great Recession characterized by dramatic reductions in major state revenue sources without the corresponding ability to proportionately lower operating costs in the state budget. In response, the state has "realigned" revenues that would have otherwise flowed to local agencies (most notably those property taxes flowing to the state's redevelopment agencies), further weakening the fiscal resources available to local governments to promote desirable development consistent with focused growth.

To achieve the transportation and land use patterns included in *Plan Bay Area* so that the region can achieve its greenhouse gas emission reductions, there are a range of state legislative changes, resource allocation changes, and interagency coordination efforts that will be required.

1. *Reinstituting Redevelopment Authority*

As noted above, loss of redevelopment authority has been a significant blow to local governments' ability to promote and participate in the type of development that is envisioned in *Plan Bay Area*. The concurrence of the state's budget crisis and the formulation of the Sustainable Communities Strategies, which will require an increase in redevelopment, was unfortunate. Pending legislation would reinstate redevelopment powers in a manner that reduces potential for abuses common under the rescinded law, and would be among the primary tools in implementing SB-375 and reaping the related benefits in GHG emissions reductions.

2. *Update and Modernize CEQA*

Ongoing efforts to modernize and update CEQA should be linked to the state's statutory objectives reflected in AB-32 and SB-375 – specifically, reforms that reduce costs and risks of planned development in PDAs while maintaining a framework to mitigate environmental impacts of new development. While CEQA reform requires state legislative actions, MTC and ABAG should join other MPOs and stakeholders around the state in seeking these reforms specifically focusing on the following topics:

- Eliminate duplicative CEQA review in cases where a federal, state or local environmental or land use law has been enacted to achieve environmental protection objectives (e.g., air and water quality, greenhouse gas emission reductions, endangered species, wetlands protections, etc.).
- Eliminate duplicative CEQA review for projects that already comply with approved plans for which an Environmental Impact Report (EIR) has already been completed, such as a certified programmatic EIR on a Specific Plan for a PDA. State agencies, local

governments and other lead agencies would continue to retain full authority to reject or condition project approvals and impose additional mitigation measures consistent with their full authority under law other than CEQA.

- Refine and tighten the CEQA lawsuit process so that:

  a. Challenges focus on failure to comply with CEQA's procedural and substantive requirements and not on adopted environmental challenges. Emphasis should be placed on adequate notice, adequate disclosure, adequate mitigation of environmental effects not regulated by other environmental or planning law, and adequate consideration of alternatives to avoid unmitigated significant adverse impacts.

  b. Full disclosure laws apply to the identity of CEQA litigants. CEQA's public disclosure principles could be enhanced by requiring an annual report of project compliance with required mitigation measures made electronically available to the public as part of the existing Mitigation Monitoring and Reporting Plan process.

3. *Creating new state infrastructure funding program for local governments pursuing SB 375 objectives*

To support the implementation of SB 375, the state could provide new funding for infrastructure required to achieve or promote implementation of the Sustainable Communities Strategies. A bond measure (similar to the special-purpose competitive funding program created by Proposition 40) could be put before the voters. The resulting funding could be administered independently or through the currently unfunded State Infrastructure Bank and further directed as a part of the *PDA Investment and Growth Strategies* prepared by the CMAs.

4. *Pursuing Local Government Fiscal Reform*

The structure of property taxes in California is a major obstacle to creating a balanced regional growth pattern, primarily because new housing is frequently perceived as generating more municipal service costs than municipal revenues. The current approach to taxation creates incentives to attract development that maximizes sales tax revenues, but creates a disconnect between the location of jobs, housing and transportation. In many communities, this discourages housing development and small business growth. Local governments are in need of a revenue base that is more equitable, stable, and effective. Fiscal reform efforts should support a long-term adjustment to commercial or residential tax rates to balance the financial incentives for new development.

APPENDIX A:

PDA Readiness Criteria Worksheets

Figure 3
PDA Readiness Criteria Worksheet

PDA name: Central Fremont TASP PDA **Version: Amended**

#	Readiness Criteria Category	#	Sub-Criterion Name	Present (2012)	PDA Development Readiness Scoring 2020	2030	2040	Notes
A	PDA Housing Capacity Estimate	1	Estimate of current local land use policy new housing capacity	7,943				See "Capacity Assessment for Selected Priority Development Areas"
		2	*Plan Bay Area* new housing allocation				2,900	The increment of new housing allocated to the PDA in *Plan Bay Area*
		3	Capacity surplus or (shortfall)	5,043				Difference between estimated housing capacity (2012) and allocation
		4	Estimated increased capacity through likely changes to land use policy, including any initiative-based density restrictions (percentage change to existing capacity)		0%	0%	0%	There appears to be substantial residential development capacity in Central Fremont thus there is no need to alter use or density policies. In fact, raw capacity exceeds the *Plan Bay Area* allocation.
		5	**Estimated gross housing capacity at each period**		7,943	7,943	7,943	
		6	**Sum of Capacity Constraint Coefficients**		0.80	0.60	0.40	
		7	**EPS estimate of housing production given constraints**		1,589	3,177	4,766	
		8	**Percentage of PDA 2040 housing allocation accommodated**		54.8%	109.6%	164.3%	
			Summary	Fremont downtown has substantial physical and policy capacity to accommodate multifamily and mixed use development that exceeds the *Plan Bay Area* substantially. However, utilizing this capacity will require substantial infrastructure investments given current deficiencies and service demands of the new development including structured parking, schools, transit improvements (buses), and a range of roadway improvements.				

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Figure 3
PDA Readiness Criteria Worksheet

PDA name: Central Fremont TASP PDA **Version: Amended**

#	Readiness Criteria Category	#	Sub-Criterion Name	Present (2012)	PDA Development Readiness Scoring 2020	2030	2040	Notes
B	Planning and Entitlement Criteria	1	Displacement of existing stable residential neighborhoods		0.00	0.00	0.00	None of the existing residential units in Central Fremont are presumed to be redeveloped nor need to be redeveloped to achieve allocation
		2	Time required and difficulty in obtaining entitlement: institutional capacity and jurisdictional track record		0.00	0.00	0.00	The City of Fremont has good track record regarding expeditions entitlements processing
C	Community Support	1	Elected official support for proposed PDA use types and densities during past 3 years		0.00	0.00	0.00	The City of Fremont has been supportive of the *Plan Bay Area* process related to the allocations of housing units
		2	History of neighborhood opposition		0.00	0.00	0.00	There has been not neighborhood opposition to pending development proposals or the *Plan Bay Area* allocations

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Figure 3
PDA Readiness Criteria Worksheet

PDA name: Central Fremont TASP PDA **Version: Amended**

#	Readiness Criteria Category	#	Sub-Criterion Name	Present (2012)	PDA Development Readiness Scoring 2020	2030	2040	Notes
D	Market and Investment Attractiveness	1	History of real estate investment in PDA and surrounding city		0.00	0.00	0.00	While multifamily housing starts in Fremont have been limited in the past few years due to market conditions Central Fremont PDA is located in an area that shows strong future potential for multifamily uses BART extension to San Jose will alter market dynamics by creating transit access to Silicon Valley jobs
		2	Recent Local Development Activity (pipeline)		0.00	0.00	0.00	Approximately 50 percent of the *Plan Bay Area* allocation is met with pending project applications in the TASP
		3	General Market Conditions		0.30	0.20	0.10	While post-Recession housing market conditions have been weak, the southern Alameda County market conditions for multifamily housing has been improving driven by improving labor market conditions and the general attractiveness of the area; these conditions are expected to continue in future decades
		4	Financial Feasibility Constraint		0.00	0.00	0.00	Market prices appear strong enough to make multifamily housing projects feasible though current credit market conditions may impede certain projects in the short term
		5	Parcel size and configuration		0.00	0.00	0.00	Parcels included as opportunity sites in the CD+A capacity analysis are typically larger parcels currently in underutilized commercial or industrial uses that will be supplanted over time by residential and mixed use projects
		6	Existence of major investment disincentives		0.00	0.00	0.00	There are no significant investment disincentives in the Central Fremont PDA

Figure 3
PDA Readiness Criteria Worksheet

PDA name: Central Fremont TASP PDA **Version: Amended**

#	Readiness Criteria Category	#	Sub-Criterion Name	Present (2012)	PDA Development Readiness Scoring 2020	2030	2040	Notes
E	**Infrastructure Capacity, Needs, and Financing**	1	Existing infrastructure capacity		0.30	0.20	0.20	There is presently inadequate infrastructure to provide for the full *Plan Bay Area* Allocation, let alone the larger measured development capacity. Major deficiencies include the need for major transportation system improvements This deficiency will be resolved over time as incremental infrastructure improvements are made. Regional funding allocation (e.g. ACTA and OBAG) to offset cost of major infrastructure needed can reduce or eliminate this constraint.
		2	Is there an existing CIP funded or other infrastructure financing plan in place?		0.20	0.20	0.10	The City has a comprehensive Development Impact Fee program and imposes conditions on pending development applications Local development-based sources enhanced by additional development and renewed redevelopment powers
		3	PDA financing capacity		0.00	0.00	0.00	Financing capacity has been measured as part of the Downtown Community Plan; multifamily projects were shown to meet basic feasibility criteria Financing capacity does not address capacity to fund, in one manner or another, affordable housing inclusionary units

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would still be legal, as per SB 375, based on the input of the EEJ stakeholders, this alternative would not reference TPPs, thus making it impossible for project sponsors to streamline. The modeling analysis for this alternative therefore did not include any benefits from CEQA streamlining to encourage development.

- **Transportation Investments:** This alternative seeks to strengthen public transit by significantly boosting service frequencies in most suburban and urban areas, other than on Muni, BART or Caltrain, and providing free transit passes to youth throughout the region. This alternative includes a reduced scope highway network which excludes all uncommitted road projects, other than maintenance projects, from the Transportation Investment Strategy. As with Alternative 1, the No Project alternative, all of the MTC Network Express Lane projects are excluded as they are considered uncommitted (VTA's Express Lane Network is a fully committed project and included in every alternative). As such, this alternative does not include the Regional Express Lanes Network, with the exception of committed projects.
- **Transportation Policies:** Most notably, this alternative includes the implementation of a vehicle miles traveled (VMT) tax to fund the expanded investments in public transit. This tax, assumed at a rate of one cent per mile on annual vehicle miles traveled within the region, would provide a substantial revenue source, while also discouraging residents from driving; exemptions from the tax would be provided for low-income households. Furthermore, the San Francisco-Oakland Bay Bridge would have an increased peak-period toll of $8, consistent with Alternatives 3 and 4, providing additional revenue in the Transbay corridor.

ALTERNATIVES COMPARISONS

Table 3.1-1 provides an overview comparison of the land use policies, transportation investments, and transportation policies proposed in the five Plan Bay Area alternatives. The full list of which transportation projects are included in each alternative is provided in Appendix C.

TABLE 3.1-1: POLICY MEASURE COMPARISON

	Alt 1 No Project	*Alt 2 Proposed Plan*	*Alt 3 Transit Priority*	*Alt 4 Enhanced Net*	*Alt 5 Environment, Equity, and Jobs*
LAND USE POLICIES					
Zoning					
Existing General Plans	•				
PDA-Focused Growth		•		•	•
TPP-Focused Growth			•		•
Growth Boundaries					
Current Trends Continue	•				
Strict Boundaries		•	•	•	•
Fees and Subsidies					
No New Fees	•				
Subsidies for PDA Growth		•		•	

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TABLE 3.1-1: POLICY MEASURE COMPARISON

	Alt 1 No Project	*Alt 2 Proposed Plan*	*Alt 3 Transit Priority*	*Alt 4 Enhanced Net*	*Alt 5 Environment, Equity, and Jobs*
Subsidies for Urban Core			•		
Subsidies for PDA/TPP Opportunity Areas					•
Fee on High VMT Area			•		
Incentives					
None	•				
OneBayArea Grants		•	•	•	•
CEQA Streamlining		•	•	•	(see table note 1)
TPP Redevelopment		•	•		•
TRANSPORTATION INVESTMENTS					
Road Network					
Committed Projects Only	•				
Preferred		•		•	
Preferred w/ Reduced Express Lanes			•		
Preferred w/o Highway Expansion or Operational Projects					•
Transit Network					
Committed Projects Only	•				
Preferred		•		•	
Increased Funding for BART, AC Transit			•		
Additional Service for All Major Transit Operators other than Muni, BART or Caltrain					•
Climate Initiates					
Regional Electric Vehicle Public Charger Network		•	•	•	•
Vehicle Buy-Back & Plug-In or Electric Vehicles Purchase Incentives		•	•	•	•
Car Sharing	•	•	•	•	•
Vanpool Incentives		•	•	•	•
Clean Vehicles Feebate		•	•	•	•

TABLE 3.1-1: POLICY MEASURE COMPARISON

	Alt 1 No Project	*Alt 2 Proposed Plan*	*Alt 3 Transit Priority*	*Alt 4 Enhanced Net*	*Alt 5 Environment, Equity, and Jobs*
Program					
Smart Driving Strategy		•	•		•
Commuter Benefits Ordinance	•	•	•	•	•
TRANSPORTATION POLICIES					
Road Pricing					
None	•	•			
Higher Peak Toll on Bay Bridge			•	•	•
VMT Tax					•
Parking Policies					
Status Quo	•				
Reduced Minimums		•	•	•	•

1. Unlike Alternatives 3 and 4, Alternative 5 would discourage CEQA streamlining for TPP-eligible areas. While streamlining would still be legal, as per SB 375, based on the input of the EEJ stakeholders, the Plan would not reference TPPs, thus making it impossible for project sponsors to streamline.

Comparative Demographic Forecasts

All of the alternatives, except for Alternative 4, are designed to accommodate the same population and employment in the year 2040 based on forecasts developed by ABAG, with varying locational distributions of growth.

Unlike all other alternatives, Alternative 4 has different levels of household and employment growth in the region. Compared to the proposed Plan, it includes four percent more households and one percent more jobs. This higher growth total reflects the Senate Bill 375 requirement to house the region's entire population (i.e., provide a house for every household employed in the region).

Table 3.1-2 displays the differences in demographics between the various alternatives. As a result of the lower levels of transit infrastructure investment and more dispersed land use pattern under the No Project alternative, the share of households with zero cars is slightly lower than the proposed Plan (nine percent versus 11 percent). Otherwise, the other three alternatives have similar car ownership rates as compared to the proposed Plan.

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TABLE 3.1-2: BAY AREA DEMOGRAPHIC FORECASTS (2010-2040)

	2010	*2040 Plan (Alt 2)*	*2040 No Project (Alt 1)*	*% Difference from Proposed Plan*	*2040 Transit Priority Focus (Alt 3)*	*% Difference from Proposed Plan*	*2040 Enhanced Network of Communities (Alt 4)*	*% Difference from Proposed Plan*	*2040 Environment, Equity, and Jobs (Alt 5)*	*% Difference from Proposed Plan*
Total Population	7,091,000	9,196,000	9,196,000	0%	9,196,000	0%	9,535,000	+4%	9,196,000	0%
Total Employment	3,385,000	4,505,000	4,505,000	0%	4,505,000	0%	4,550,000	+1%	4,505,000	0%
Employed Residents	3,269,000	4,350,000	4,350,000	0%	4,350,000	0%	4,513,000	+4%	4,350,000	0%
Total Households	2,608,000	3,308,000	3,308,000	0%	3,308,000	0%	3,431,000	+4%	3,308,000	0%
% of Households with Zero Autos	9%	11%	9%	N/A	10%	N/A	11%	N/A	10%	N/A
% of Households with One Auto	33%	33%	33%	N/A	33%	N/A	33%	N/A	33%	N/A
% of Households with Multiple Autos	58%	56%	58%	N/A	57%	N/A	57%	N/A	57%	N/A
Average Vehicles per Household	1.78	1.75	1.81	+3%	1.76	+1%	1.77	+1%	1.77	+1%

Sources: Association of Bay Area Governments, 2012; Metropolitan Transportation Commission Travel Forecasts, 2012

Chester E. Martine, Jr., Public Comment on Draft Plan Bay Area and Environmental Impact Report Plan Bay Area Draft, page 197

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TABLE 3.1-6: TOTAL JOBS AND JOB GROWTH BY SHARE IN PDAS

Alternative	Total Jobs	Total Jobs in PDAs	% Jobs in PDAs	New Regional Job Growth	New Job Growth in PDAs	% of New Job Growth in PDAs
Year 2010 Baseline	3,385,000	1,525,415	45%	n/a	n/a	n/a
1 - No Project 2040	4,505,000	1,749,774	39%	1,120,000	224,359	20%
2 –Proposed Plan 2040	4,505,000	2,227,918	49%	1,120,000	702,503	63%
3 - Transit Priority 2040	4,505,000	1,891,757	42%	1,120,000	366,342	33%
4 – Connected 2040	4,550,000	1,971,957	43%	1,165,000	446,542	38%
5 – EEJ 2040	4,505,000	1,889,874	42%	1,120,000	364,459	33%

Source: MTC, 2013.

Urbanized Footprint

As of 2010, the Bay Area had 786,000 acres of urbanized land, representing 17.75% of the region's land area of 4.4 million acres. The five alternatives are all projected to increase the region's urbanized footprint to varying degrees, though differences between the proposed Plan, Alternative 3, Alternative 4, and Alternative 5 are marginal. The No Project alternative is expected to convert the greatest number of acres to urbanized land as compared to the other alternatives.

- The No Project alternative would add a total of 20,702 new acres of urbanized land, which is more than twice the amount of any of the other alternatives, and would result in an urbanized footprint of 18.22% of the region's total area.
- The proposed Plan (Alternative 2) has the lowest projected increase, adding a total of 7,547 urbanized acres. This would result in an urbanized footprint of 17.92% of the region's total land area.
- Alternative 3 would add 8,113 new acres of urbanized land, increasing the urbanized footprint to 17.94% of the region's total area.
- Alternative 4 would have an impact similar to that of the proposed Plan. It would result in 7,586 new acres of urbanized land. The urbanized footprint resulting from Alternative 4 would cover 17.93% of the regions total area.
- Alternative 5 would result in an increase of 9,596 acres, increasing the urbanized footprint to 17.97% of the region's total area.

Transportation System Capacity Increases

Table 3.1-7 presents the differences in the supply of the transportation system among the alternatives. While all of the alternatives have a heavy emphasis on maintaining and operating the existing transportation system, several alternatives identify new funding sources to boost the region's state of good repair and/or increase public transit operations beyond what is included in the proposed Plan.

- **Alternative 1 – No Project:** As the No Project alternative only includes committed projects, it does not include some of the region's most significant capacity-increasing projects, such as the Regional Express Lanes Network, BART to San Jose, and Caltrain Electrification/Frequency

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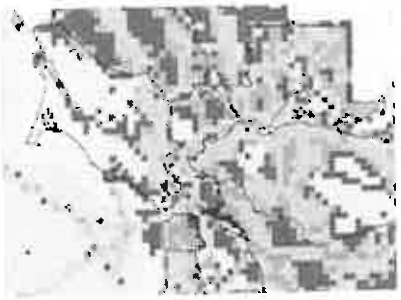
Bay Area 2010 Clean Air Plan



Final Program Environmental Impact Report

August 18, 2010

State Clearinghouse No. 2009082059

Association of Bay Area Governments

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METROPOLITAN TRANSPORTATION COMMISSION

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PREFACE

This document constitutes the Final Program Environmental Impact Report (EIR) for the 2010 Clean Air Plan. The Draft EIR was released for a 45-day public review and comment period from March 11, 2010 to April 26, 2010. Five comment letters were received from the public. The comment letters and responses are in Appendix C of this document. Modifications to the Draft EIR have been made, due to revisions to the draft 2010 Clean Air Plan EIR, such that it is now a Final EIR. Additions to the text of the EIR are denoted using underline. Text that has been deleted is shown using ~~strike through~~.

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

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CHAPTER 3 – ENVIRONMENTAL SETTING, IMPACTS AND MITIGATION MEASURES

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TABLE 2-1 BAAQMD 2010 Clean Air Plan Control Measures

Number	Name	Description
SSM 16	Revise Regulation 2, Rule 2: New Source Review	Amend Reg. 2, Rule 2 to address the District's anticipated non-attainment status of the 24-hour PM2.5 National Ambient Air Quality Standard.
SSM 17	Revise Regulation 2, Rule 5: New Source Review for Air Toxics	Implement more health-protective District permitting requirements in Regulation 2, Rule 5, New Source Review of Toxic Air Contaminants based on revisions to OEHHA risk factors and methodologies. For Priority CARE Communities, track the toxicity-weighted emissions from all sources in the identified communities.
SSM 18	Revise Air Toxics "Hot Spots" Program	Revise the District's Air Toxics Hot Spots program to incorporate more stringent risk reduction requirements from existing sources.
Transportation Control Measures		
TCM A-1	Improve Local and Areawide Bus Service	Improve transit by providing new Express Bus or Bus Rapid Transit on major travel corridors, funding the replacement of older and dirtier buses, and implementing Transit Priority Measures on key transit routes.
TCM A-2	Improve Local and Regional Rail Service	Improve rail service by sustaining and expanding local and regional rail services and by providing funds to maintain rail-cars, stations, and other rail capital assets.
TCM B-1	Implement Freeway Performance Initiative	Improve the performance and efficiency of freeway and arterial systems through operational improvements, including implementing the Freeway Performance Initiative, the Arterial Management Program and the Bay Area Freeway Service Patrol.
TCM B-2	Improve Transit Efficiency and Use	Improve transit efficiency and use through continued operation of 511 Transit, and full implementation of TransLink® fare payment system and the Transit Hub Signage Program.
TCM B-3	Bay Area Express Lane Network	Introduce roadway pricing on Bay Area highways through the implementation of an express lane network, also known as a High Occupancy Toll (HOT) lane network.
TCM B-4	Goods Movement Improvements and Emission Reduction Strategies	Improve goods movement and reduce emissions from diesel equipment through implementation of the Bay Area's Trade Corridors Improvement Fund (TCIF) projects and various funding programs to replace or retrofit diesel equipment.

TABLE 2-1 BAAQMD 2010 Clean Air Plan Control Measures

Number	Name	Description
TCM C-1	Support Voluntary Employer-Based Trip Reduction Program	Support voluntary employer trip-reduction programs through the implementation of the 511 Regional Rideshare Program and Congestion Management Agency rideshare programs, the Spare the Air Program, encouraging cities to adopt transit benefit ordinances, and supporting Bay Area shuttle service providers.
TCM C-2	Implement Safe Routes to Schools and Safe Routes to Transit	Facilitate safe routes to schools and transit by providing funds and working with transportation agencies, local governments, schools, and communities to implement safe access for pedestrians and cyclists.
TCM C-3	Promote Rideshare Services and Incentives	Promote rideshare services and incentives through the implementation of the 511 Regional Rideshare Program and Congestion Management Agency rideshare programs including marketing rideshare services, operating rideshare information call center and website, and providing vanpool support services.
TCM C-4	Conduct Public Outreach and Education	Educate the public about the air quality, environmental, and social benefits of carpooling, vanpooling, taking public transit, biking, walking, and telecommuting, through the Spare the Air campaign and Transportation Climate Action Campaign.
TCM C-5	Promote Smart Driving/Speed Moderation	Educate the public about the air quality and climate protection benefits of reducing high-speed driving and observing posted speed limits.
TCM D-1	Improve Bicycle Access and Facilities	Expand bicycle facilities serving transit hubs employment sites, educational and cultural facilities, residential areas, shopping districts, and other activity centers.
TCM D-2	Improve Pedestrian Access and Facilities	Provide funding for projects to improve pedestrian access to transit hubs, employment sites, educational and cultural facilities, residential areas, shopping districts, and other activity centers.
TCM D-3	Support Local Land Use Strategies	Promote land use patterns, policies, and infrastructure investments that support mixed-use, transit-oriented development that reduce motor vehicle dependence and facilitate walking, bicycling and transit use.
TCM E-1	Value Pricing Strategies	Test and implement value pricing (congestion pricing) on Bay Area toll bridges to manage travel demand during congested periods. Measure may also include value pricing in the City of San Francisco.

TCM B-2 – Improve Transit Efficiency and Use: This measure will improve transit efficiency and make transit more convenient for riders, through continued operation of 511 Transit, and full implementation of TransLink® fare payment system and the Transit Hub Signage Program.

TCM B-3 - Bay Area Express Lane Network: TCM B-3 will seek to correctly price travel demand on Bay Area highways by developing and implementing a seamless, regionally-managed Express Lane Network throughout the Bay Area and improving regional transit service. This system will offer free-flowing conditions for carpools, buses and toll payers by adjusting tolls based upon the level of congestion.

TCM B-4 - Goods Movement Improvements and Emission Reduction Strategies: Goods movement is a critical component of the Bay Area's economic and transportation system, and a significant contributor to air quality issues. Exposure to diesel pollution from goods movement greatly impacts the health of residents near ports, rail yards, distribution centers, and roads with high truck volumes. Investing in the Bay Area's trade corridors and continuing to offer incentives for diesel engine owners to reduce emissions will address existing air quality issues as well as help the region to prepare for continued growth in this important sector of our economy.

TCM C-1 – Support Voluntary Employer-Based Trip Reduction Program: This measure will support voluntary efforts by Bay Area employers to encourage their employees to use alternative commute modes, such as transit, ridesharing, bicycling, walking, telecommuting, etc.

TCM C-2 – Implement Safe Routes to Schools and Safe Routes to Transit: This measure will facilitate safe routes to schools and transit by providing funds and working with transportation agencies, local governments, schools, and communities to implement safe access for pedestrians and cyclists. Likely projects will include implementation of bicycle facilities, such as lanes, routes, paths, and parking, and improvements to pedestrian facilities, such as sidewalks/paths, benches, reduced street width, reduced intersection turning radii, crosswalks with activated signals, curb extensions/bulbs, buffers between sidewalks and traffic lanes and streets trees.

TCM C-3 – Promote Rideshare Services and Incentives: This measure will promote rideshare services and incentives through the implementation of the 511 Regional Rideshare Program, as well as local rideshare programs implemented by Congestion Management Agencies. These activities will include marketing rideshare services, operating rideshare information call center and website, and providing vanpool support services. This measure also encourages the expansion of car-sharing programs.

TCM C-4 - Conduct Public Outreach & Education: This measure will encourage Bay Area residents to make choices that benefit air quality by educating the public about the health effects of air pollution and the air quality benefits of choosing transportation modes that reduce motor vehicle use, such as carpooling, vanpooling, taking public

transit, biking, walking, and telecommuting. BAAQMD will implement this measure through the Spare the Air (STA) Every Day campaign and the Spare the Air episodic program ("STA Alerts"). In addition, MTC and BAAQMD in partnership will implement the outreach component of the Transportation Climate Action Campaign. Implementation actions include marketing and incentive programs to alert the public to the connection between air pollution and motor vehicle usage, and promoting the benefits of reducing single-occupant motor vehicle use every day, and in particular on poor air quality days when BAAQMD issues a STA Alert.

TCM C-5 – Promote Smart Driving/Speed Moderation: Pollutant emissions rates vary based on the speed a vehicle is traveling. The emission/speed relationship varies for each pollutant, but emission rates generally are lowest in the 30-45 mile per hour mph range. Vehicles traveling on Bay Area freeways at speeds above 65 mph emit significantly more ROG, NOx and GHGs than cars and trucks traveling at speeds between 35 and 55 mph. This measure focuses on public education to encourage drivers to observe posted speed limits and adopt other fuel efficient driving practices, supplemented by more rigorous enforcement of speed limits, especially to reduce high-speed driving on freeways.

TCM D-1 – Improve Bicycle Access and Facilities: TCM D-1 will expand bicycle facilities serving employment sites, educational and cultural facilities, residential areas, shopping districts, and other activity centers. Typical improvements include bike lanes, routes, paths, and bicycle parking facilities. This TCM also includes improving bicycle access to transit and supporting the annual Bike to Work event.

TCM D-2 – Improve Pedestrian Access and Facilities: TCM D-2 will improve pedestrian facilities and encourage walking by funding projects that improve pedestrian access to transit, employment and major activity centers. Improvements may include sidewalks/paths, benches, reduced street width, reduced intersection turning radii, crosswalks with activated signals, curb extensions/bulbs, buffers between sidewalks and traffic lanes, and street trees.

TCM D-3 – Support Local Land Use Strategies: TCM D-3 will support and promote land use patterns, policies, and infrastructure investments that support higher density mixed-use, residential and employment development near transit in order to facilitate walking, bicycling and transit use.

TCM E-1 - Value Pricing Strategies: TCM E-1 will pursue implementation of value pricing strategies such as tolling on trans-bay bridges and cordon pricing recommendations from San Francisco County's Mobility, Access, and Pricing Study.

TCM E-2 - Parking Pricing and Management Strategies: Parking policies and practices have a profound impact on vehicle travel and mode choice, as well as land use patterns and the quality of the built environment. Parking policies are also an important tool in implementing focused growth strategies. This control measure outlines how the Air District, in cooperation with its regional agency partners, will 1) take actions at the regional level to implement parking policies that will benefit air quality, and 2) encourage

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