

October 14, 2016

Metropolitan Transportation Commission &
Association of Bay Area Governments
375 Beale Street
San Francisco, CA 94105

Re: SPUR comments on Plan Bay Area 2040 Draft Preferred Scenario

Dear MTC Chair Cortese, ABAG President Pierce, MTC Commissioners, ABAG Executive Board Members, and Staff:

The San Francisco Bay Area Planning and Urban Research Association (SPUR) is pleased to share our comments on the draft preferred scenario for Plan Bay Area 2040. SPUR is an urban planning civic group with offices in the Bay Area's three central cities (San Jose, San Francisco and Oakland).

The following letter includes several overarching comments about the draft scenario as well as specific comments related to several of the core pillars of the plan: housing, jobs and transportation.

1. **The draft preferred scenario offers a sobering picture of our future that should serve as a wake-up call to the region, its diverse communities, and the State of California that our current approach to regional and local planning is not succeeding.**

The plan in particular highlights several of the growing crises the region faces:

- Inadequate housing production amidst strong demand and the disproportionate impact of high housing costs on lower-income households and workers,
- Growing displacement pressures in an increasing number of cities regionwide,
- Job growth patterns often away from transit, which puts increasing burden on the roads and highway systems,
- Limited land use tools at the regional scale against the backdrop of local actions and policies that do not always reflect regional priorities, and
- Insufficient funds for maintaining and upgrading infrastructure to a state of good repair (let alone expand as necessary) amidst declining federal and state spending.

These realities result in a draft preferred scenario that fails on most of the region's key performance targets. Of particular concern are the equitable access targets related to the share of housing plus transportation costs for low-income households and displacement. In addition, we are not able to meet our targets for increasing access to congested job centers, reducing driving and transit delay.

We call on MTC and ABAG to explore and propose major changes in our current approach to planning. The outcomes of the preferred scenario demonstrate that we have to do things differently to achieve a better outcome. In particular, we suggest the following ideas:

- Use the staff consolidation of ABAG and MTC as an opportunity to restructure not only regional planning but also how regional government engages and partners with local governments.¹
 - Explore the possibilities for true statewide growth management legislation, such as what exists in Washington and Oregon where local plans must be consistent with the regional plan. Statewide growth management legislation may be necessary to adequately respond to the state’s newly adopted GHG targets (SB 32), the ongoing housing affordability crises in coastal California as well as the economic struggles of the Central Valley and the need for the state’s investment in high-speed rail to be implemented without an ongoing operating subsidy.
 - Provide support for changes to state housing policy, such as seeking a permanent source for affordable housing funding and changing the fiscal incentive for housing by providing an increase in the share of property tax kept locally for jurisdictions that produce affordable housing.
- 2. While the draft preferred scenario aims to be both limited and market-based, the final adopted plan should identify the specific actions necessary to achieve the region’s targets.**

We recognize that this update to Plan Bay Area attempts to balance two inherent tradeoffs in regional planning:

- Whether or not to produce a focused and limited update or a comprehensive restructuring of the first Plan Bay Area given changed regional circumstances (such as significant job growth); and
- Whether or not to be realistic and market-based about where growth will happen or aspirational and visionary and where growth should go.

While we agree that the scenario should be realistic, we also argue that it must also be visionary and paint a picture of where we want to go. The whole purpose of planning generally (and SB 375 specifically) is to change the future, not to simply accept the current trends. Just because the region does not control all the tools to achieve the plan’s targets on its own does not mean the plan cannot articulate what it would take to get there.

As a result, **we call on MTC and ABAG to add an implementation chapter at the end of the Plan – or to commit to working on a separate detailed analysis which could be included as an alternative scenario in the EIR– that would identify the specific actions necessary to achieve the plan’s targets and goals.**

Such an analysis would answer questions such as:

- How much overall housing would the region have to produce to reduce the housing plus transportation (H+T) costs of low-income households from 54% to 44% (instead of increasing to 67%)?
- What amount and type of housing production (in which locations and with which policies) would be necessary to not increase the share of households at risk of displacement?
- What types of transit investments, pricing policies and job location patterns would be necessary to increase the share of jobs accessible in congested conditions by 20% or increase the non-auto mode share by 10%?

This analysis could begin by identifying all the interventions and policies we currently have and can reasonably foresee in the near-term. Then it would identify the additional investments, legislative changes and other policy and planning interventions that would be necessary to meet the targets.

¹ SPUR made several suggestions about how to do this in an August 2016 blog post. Available at: <http://www.spur.org/news/2016-08-26/rethinking-regional-planning-window-opportunity-2016>.

3. The Plan should provide additional support to jurisdictions that are willing to take a large share of new housing growth and consider making sure that all cities that are well-served with transit take on their fair share of housing.

Housing is identified in the preferred scenario as the dominant regional planning issue and the draft scenario includes a higher housing control total compared with four years ago. We support the higher target (though it may still not be high enough) as well as the emphasis on housing in this plan.

In some cities, the housing targets in the draft scenario are higher than what cities historically produced. These higher targets are appropriate for many cities, particularly the region's three central cities. But when these cities take on the additional housing growth they **will need additional support to actually achieve these housing targets**, including regional funding for affordable housing. For example, the draft scenario calls for San Jose to add nearly 4,800 units annually from 2010 to 2040, San Francisco to add nearly 4,300 units, and Oakland to add nearly 2,600 units per year over the plan's time horizon. Among the three central cities, San Jose has come closest to those levels (averaging about 3,100 net new housing units annually between 1980 to 2014).

Yet as noted above, even if these cities achieve higher housing targets, it will be insufficient to limit significant housing price increases in the Bay Area. As a result, it is appropriate to **make sure that all communities with regional transit and major opportunity sites do their fair share to plan for new housing**. The only way to truly meet the region's housing goals is if all communities see housing production as part of their shared regional responsibility. And **there should be consequences for putting up local barriers to housing production, particularly affordable housing**. MTC has recently been conditioning funding on performance. Moving forward the region should consider having stronger carrots and sticks associated with RHNA, such as withholding some funding from jurisdictions whose actions related to housing are counter to the plan's goals.

Finally, the level of funding for affordable housing remains sorely inadequate. MTC should further explore establishing a regional housing trust fund and/or a regional jobs-housing linkage fee, though for the linkage fee it would be important to exempt cities that have already adopted a linkage fee that is greater than or equal to the proposed regional fee.

4. The Plan should focus more on issues of regional employment, particularly strategies to locate jobs near high-quality transit and to maintain a diversity of industries and occupations.

During the adoption of the first Plan Bay Area over four years ago, many argued that the plan's job targets were far too high and the region would never achieve them over thirty years. Just a few years later, the Bay Area has already added over half of the jobs assumed in the current plan (i.e. approximately 600,000 jobs added in five years from 2010 through 2015, just short of half of the entire growth target for 2010-2040 job target). We believe that **the 2040 jobs target of under 4.7 million jobs remains too low** and is one of the reasons the job distribution in the current scenario has created some consternation among individual jurisdictions. In particular, if over half of the jobs have already been produced – and if we assume square feet per worker will decline – the region does not need to add much additional work space. This means that future job distribution patterns are less susceptible to policy interventions because many new jobs will locate in existing workspaces. In future plans, the public should be much more involved in the discussion about the control totals (for jobs and housing). **We should also assess alternative futures with different control totals for jobs and housing** to see if they perform better.

The draft preferred scenario also argues that there are few tools at the regional scale to shape land use, particularly employment patterns. This reality is **not an excuse to ignore the leadership role of regional government in articulating a preferred land use pattern for jobs**. In particular, the draft scenario has no discussion of the importance of concentrating significant employment around the region's transit infrastructure. Many years of data and research suggest that the effectiveness and use of our regional transit system will be determined in large part due to the proximity of jobs to high quality regional transit.

The region is making billions of dollars in investments in transit in San Jose. The success of that transit is contingent in part on locating employment adjacent to station areas, particularly downtown San Jose. Yet the San Jose job target declined as did Oakland's. We support encouraging employment growth in the communities that have high quality transit and also support housing production in line with regional goals.

But more can be done. SPUR suggests the plan incorporate the following strategies to shape the location, density and diversity of employment:²

- Leadership matters. MTC and ABAG staff and board should begin to **articulate the importance of locating jobs around transit** and how such a land use patterns helps the region with its environmental, equity and economic development goals. The regional agencies and other regional organizations should also engage anchor employers (e.g. universities or community college buildings, government offices, health care facilities) to locate new or expanded facilities around key transit stations.
- MTC and ABAG should **revise the PDA program and criteria to incorporate jobs as well as housing around transit**. For example, the PDA program could identify key regional transit station areas and set goals for minimum floor area ratios (FAR) within the parts of PDAs around regional transit. It could also test various policy levers (such as additional fees or new subsidies) that might further result concentration of jobs around transit.
- While SPUR supports including a \$50 VMT fee within the draft preferred scenario, we believe that some of this potential **VMT fee could go be used to support commercial development** in low VMT places around transit where there is not a strong market to produce new commercial development (such as downtown Oakland).
- **Consider an Indirect Source Review rule through the Air District** that would similarly shift funds from areas with high indirect emissions to areas with low emissions.
- We also **support exploring a Priority Production Area** as a way to encourage good planning for industrial lands and uses. It should be noted that while we support this potential tool as a way to maintain employment and wage diversity, the structure of a "PPA" should not be used as an excuse to not permit housing and infill development.

5. The Plan should better align transportation investments with the region's growth needs and more aggressively consider new sources of revenue, particularly from pricing.

Many of the proposed transportation investments are appropriate and necessary. The plan also correctly focuses the vast majority of funding on critical maintenance needs. But the plan does not include enough funding to meet our needs and in some ways the funded transportation projects are not well-aligned with where growth is projected.

² Some of these recommendations and other strategies were included in SPUR's 2012 report, *The Urban Future of Work*. Available at: http://www.spur.org/sites/default/files/publications_pdfs/SPUR_The_Urban_Future_of_Work_SPREADS.pdf

Looking forward, we offer the following specific transportation recommendations:

- **Assertively implement pricing tools** that have been clearly identified in the state transportation plan to reduce GHG and achieve needed mode shift.³ These tools should include both vehicle fees and road pricing. We are losing time to do this and congestion will just get worse.
- MTC should **consider an early investment in state of good repair funding (SOGR) for places in the region that are accepting lots of jobs or housing** and are in places that are low VMT with high transit ridership. MTC should also make clear the distribution of funding for SOGR for all local transit operators.
- MTC should not rely only on sponsored projects to develop a regional transportation plan/vision. Instead MTC should **design transportation projects/services/programs that help support the region's land use vision, and evaluate those for cost/benefit alongside projects that have been sponsored**. This includes major next generation projects such as second rail crossing or rail investments in other areas with significant growth. The exact approach to this must be fleshed out further. But if we do not take such an approach, our mix of transportation investments will keep mismatching with growth.
- In the implementation of the plan, MTC should **offer tactical assistance and expertise to cities and places with major projects and growth (not just planning grants)**. To do so, MTC must build up expertise on rail planning, stations and station area planning. This is especially critical as high-speed rail approaches (and the Bay Area is currently slated to have five high-speed rail stations).

In summary, while the draft scenario presents a daunting task ahead, the region has already taken some important steps towards conditioning some regional funds, focusing the vast bulk of total plan funding on maintenance, and has begun to make housing a major focus for regional policy and planning. We urge the staff and board members to also remember the critical need for jobs to be proximate to transit. Finally, the final adopted plan should also include serious discussion about climate change and sea level rise. There is now an opportunity to improve on the draft scenario before finalization.

Thank you for the opportunity to comment on the draft preferred scenario. We look forward to working with the boards and staff of MTC and ABAG, members of the region's local governments, and civic and community leaders to implement these and other important ideas.

Regards,



Egon Terplan
SPUR Regional Planning Director

³ See: <http://www.dot.ca.gov/hq/tpp/californiatrnsportationplan2040/Final%20CTP/FINALCTP2040-Report-WebReady.pdf>