METROPOLITAN TRANSPORTATION COMMISSION
ASSOCIATION OF BAY AREA GOVERNMENTS

ATTACHMENT B

HORIZON

Agenda Item 3

FUTURES ROUND 2 STRATEGY DETAILS (June 2019)

Attachment A highlights a suite of strategies that will be advanced for further analysis in Futures Round 2. This attachment provides additional details on each strategy as we move into the second round of Futures, where we go beyond Plan Bay Area 2040 strategies to address the region's major challenges in an era of uncertainty.

In Clean and Green and in Back to the Future, 28 strategies will be added to those from Plan Bay Area 2040 (which were included in Futures Round 1); these Futures feature higher-growth and higher-resource conditions. Underlying all the strategies will be a combination of new revenues that would prioritize non-regressive revenue sources to ensure fiscal constraint across all four topic areas (economic development, housing, transportation, and resilience).

A subset of these strategies (16 in total) will also be explored in Rising Tides, Falling Fortunes – where economic conditions are significantly weaker. To help keep track of which strategies are left out of Rising Tides, Falling Fortunes, the ‡ symbol is used to represent strategies that are only being incorporated into Clean and Green and Back to the Future.

The remainder of this document includes:

- Strategy Descriptions
- Sketch-Level Budgets
- Select Strategy Maps

Strategy Descriptions

Economic Development: Improve Economic Mobility

In the first round of Futures analysis, all three Futures saw the middle class continue to shrink. A set of four economic development strategies are aimed at increasing the upward mobility opportunities and providing greater support for low-income households. Despite the Rising Tides, Falling Fortunes Future having the greatest economic challenges of the three, only two of the four strategies (as marked by the ‡ symbol) are included in that Future due to the high cost of the remaining strategies.

V-6 Provide Portable Benefits for Part-Time and Freelance Workers

Given that many freelance ("gig economy") workers do not have traditional employment benefits, this strategy emulates existing regulations inside and outside the region that require businesses to provide benefit options to freelance workers. No significant public revenues are recommended to support the program; rather, the regulation would require businesses impacted to set up the necessary benefits to support workers. To model some of the impacts of the policy, staff plan to apply an increased cost to businesses in sectors that have a greater share of freelance workers to reflect the cost in complying with this strategy. The economic model also has an employer benefit contribution input that can be adjusted higher to reflect the strategy.

V-5 Create Incubator Programs in Economically Challenged Communities
Incubator programs would promote the creation of businesses by low- and moderate-income people in communities with fewer job opportunities. New revenues would support technical assistance for establishing the foundation of new businesses, including access to workspaces, mentorship, and financing. Staff are exploring ways to use the economic and land use models to study the strategy, but off model research and calculations will likely be used to understand the benefits of the strategy.

D-2 ‡ Expand Childcare Support for Low-Income Families
Childcare costs in the Bay Area continue to increase, with the cost of childcare increasing from $1,000 per month in 2014 to $1,500 per month in 2018. To offset this financial burden and open career growth opportunities for low-income households, a 50 percent childcare subsidy will be studied for low-income households. To model the strategy, staff will include the cost of strategy in the form of new taxes (described in more detail toward the end of the attachment) and apply financial benefits to low-income households. Additionally, the labor force participation will increase to reflect the observed effect of childcare cost reductions resulting in higher rates of maternal employment.

V-1 ‡ Expand Construction Workforce Programs
There are many existing apprenticeship and certificate programs to expand the region's construction workforce – a critical need in higher-growth Futures. This strategy uses new revenue to expand these programs and provide a subsidy for new construction workers who work in the region for the first three years of their career, as they increase their base salary with additional experience. The strategy is sized to support the addition of 1,000 new construction workers annually. Staff will add these new jobs on an annual basis and expect to see a 30,000 increase in the construction sector labor by the year 2050. Staff are still exploring if this strategy will have any significant impact on construction labor costs in the region, but initial research does not show a significant change.

Economic Development: Shift the Location of Jobs
Many stakeholders are interested in understanding how strategies can be used to move more jobs closer to transit and into housing-rich communities. In Plan Bay Area 2040, a VMT-based commercial development fee was used to discourage new commercial construction outside of transit-rich areas and commercial development caps were placed in two Bay Area cities. The new approach builds off these two policies but goes further to study the effect of heightened strategies.

PBA-8 Apply VMT-Based Commercial Development Fee
The vehicle mile traveled (VMT) based commercial development fee remains in effect to shift new employment centers toward transit-rich locations, potentially with minor modifications to the fee levels. Plan Bay Area 2040 and Futures Round 1 analysis have shown this fee to be effective in directing new employment development near transit. The policy charges a fee on new commercial development in areas that have high employment related VMT and in areas that are not near transit.

V-7 Place Office Caps in Job-Rich Locations
Plan Bay Area 2040 and Futures Round 1 analysis included an office space cap in two Bay Area cities. The strategy was ineffective in moving jobs to low-job areas in the region given its limited geographic implementation. To study the effect of a more expansive strategy, staff have developed a modified strategy to be applied in cities with jobs-to-housing ratios greater than or equal to 2.0. Cities affected by this strategy include: Colma, Brisbane, Menlo

Park, South San Francisco, and Burlingame in San Mateo County; Palo Alto, Santa Clara, Mountain View, Milpitas, and Cupertino in Santa Clara County; and Emeryville in Alameda County. The goal of the strategy is to see where jobs would choose to relocate if limitations would put in place in job-rich areas. Staff acknowledge the critique that an office space cap may have the unintended consequence of relocating jobs out of the region rather than to other Bay Area jurisdictions. While the land use modeling will not capture this potential, additional off-model research will be prioritized to understand this unintended consequence.

Housing: Spur Housing Production

To improve the region's ability to meet its housing needs, the Priority Development Area (PDA) framework is being expanded to increase housing construction at all income levels around all major transit stops and in high-resource communities. Large catalyst sites, often aging malls or aging office parks, are also identified and offer additional locations for housing production in the region. Similar to how PDAs have been treated in past Plans, all of these growth geographies will be assigned higher densities, with transit-rich areas assigned higher densities than areas with more modest levels of transit service. Building upon the PDA strategy from Plan Bay Area 2040, all these growth areas will be eligible for development streamlining.

PBA-1 Assign Higher Densities to Priority Development Areas (PDAs)

This strategy will change slightly from Futures Round 1 analysis to reflect the recently adopted Regional Growth Framework Update, which established two PDA categories. The first PDA category, Transit Rich PDAs, includes area within a half mile of rail stations, ferry terminals, and frequent bus service (15-minute headways or less). The second, Connected Community PDAs, includes areas with basic bus service (30-minute headways). The PDA geographies are expanded by Strategies A-7 and D-9 which will include all PDA-eligible locations.

PBA-2 Streamline Development in all Growth Areas

A range of modeled incentive strategies – development subsidies, streamlining, reduced parking requirements – were included in Plan Bay Area 2040 to increase the feasibility of building in PDAs. Staff is proposing a revision for Futures Round 2 to eliminate market-rate development subsidies and to also expand the streamlining and reduced parking requirements to sites across the broader set of growth areas included below. The intent of this change is to be more consistent about incentives and streamlining across all geographies identified.

A-7 Allow Diverse Housing around all Major Transit Stops

This strategy allows a diverse range of housing within a half-mile (an approximately ten-minute walk) of all rail stations, ferry terminals, and bus stops with 15-minute peak period service – places eligible for designation as Transit-Rich PDAs. Specific density maximums will vary based on transit frequency and capacity. For many areas already designated PDAs, particularly those with recently adopted plans, this strategy will involve little to no change, while in others it will provide an opportunity to build a greater variety of housing at a higher intensity.

D-9 Allow Affordable Housing in Areas of High Opportunity

This strategy increases the variety and affordability of housing that can be built in High Resource Areas within a half-mile of bus stops with 30-minute peak period service. High Resource Areas are places defined by the California Department of Housing and Community Development (HCD) as providing the greatest opportunity for health and upward mobility.

Table: Office Cap Locations

(Strategy V-7)

Definition: Place office development caps in eleven cities with many more jobs than residents – most of which are located in above-average VMT per worker locations.

Coordinated with: VMT Commercial Development Fee (Strategy PBA-8), which charges a fee on commercial development outside of transit-rich areas.

Bay Area Cities with Jobs-Housing Ratio >= 2.0			
1	*San Mateo County*	**Colma**	**6.8**
2	*Santa Clara County*	**Palo Alto**	**3.5**
3	*Alameda County*	**Emeryville**	**3.2**
4	*San Mateo County*	**Brisbane**	**3.1**
5	*San Mateo County*	**Menlo Park**	**2.9**
6	*Santa Clara County*	**Santa Clara**	**2.5**
7	*Santa Clara County*	**Mountain View**	**2.4**
8	*San Mateo County*	**South San Francisco**	**2.2**
9	*Santa Clara County*	**Milpitas**	**2.1**
10	*Santa Clara County*	**Cupertino**	**2.0**
11	*San Mateo County*	**Burlingame**	**2.0**

Source: California DOF; LEHD WAC (2016)

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