

6

A Plan to Build On



Karl Nielsen

Chapter 6

A Plan to Build On

Plan Bay Area is a work in progress that will be updated every four years to reflect new initiatives and priorities.

It builds upon the work of previous initiatives, complements ongoing work and lays the groundwork for closer examination of certain critical issues that can further prepare the region to meet the future head-on. The plan highlights the relationship between transportation investments and land use decisions, and represents the region's best effort to position itself to make the most of what the future will bring.

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

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

A Vibrant Economy

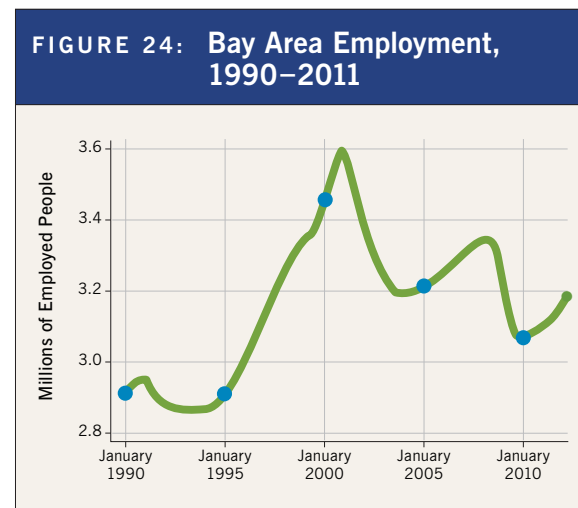
The Bay Area economy has seen massive swings in employment over the last 20 years. While job growth is once again on the rise, MTC and ABAG — through the Joint Policy Committee in partnership with the Bay Area Air Quality Management District (BAAQMD) and the San Francisco Bay Conservation and Development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

Improve Permitting Process

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

Improve the Bay Area's Economic Prosperity

MTC and ABAG are currently undertaking a three-year initiative funded by a \$5 million grant from the U.S. Department of Housing and Urban Development (HUD), in conjunction with the U.S.



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

Environmental Protection Agency and the U.S. Department of Transportation. The initiative — the Bay Area Regional Prosperity Plan — is intended to identify strategies to improve the region's economic prosperity by encouraging stronger, more sustainable communities, integrating housing and jobs planning, fostering local innovation in support of new jobs, and building a healthy regional economy for all. Over \$2 million in grants will be awarded to pilot projects to expand economic opportunities for low- and moderate-income workers and improve housing affordability near transit. The three-pronged planning effort includes the Economic Opportunity Strategy, a Housing the Workforce Initiative and an Equity Collaborative that together will implement this program. Recommended strategies from this effort will be considered by MTC and ABAG in implementing Plan Bay Area and as input to the update of the plan.

In addition to the Prosperity Plan, Bay Area economic development organizations are preparing strategies to strengthen the regional economy. MTC and ABAG will consider these two efforts and conduct additional research to identify job creation and career pathway strategies including local best practices on apprenticeship programs, and local hire and standard wage guidelines. This research

can be utilized in the implementation of the current Plan Bay Area, shared with local jurisdictions in the Bay Area and considered for the next update of Plan Bay Area.

For more information, visit: <http://onebayarea.org/regional-initiatives/Bay-Area-Prosperity-Plan.html>

Link Housing, Transportation and Economic Development

Understanding the role of housing and transportation investment in supporting the region's economy was a key theme that ABAG and MTC heard from the public, in polls and from business advocates throughout the development of Plan Bay Area. At the urging of Bay Area business and housing industry leaders, ABAG and MTC — along with BCDC and the BAAQMD — commissioned an economic impact white paper to consider how land use patterns and transportation investments affect the region's economy. The analysis looked at best practices around the country to integrate long-range planning with regional economic development, the tradeoffs between maintaining the existing system versus investing in new infrastructure to address growth, the impact of various pricing mechanisms to manage demand for transportation facilities, as well as hous-

ing policies and goods movement. Findings from this review will set the stage for more detailed economic analysis when Plan Bay Area is updated in 2017. Regional agencies will also develop land use guidelines for growing industries, as well as place-based strategies to support the growth of different types of PDAs and job centers, including small towns, mixed-use corridors and existing office parks.

More information is available in the Economic Impact Analysis for Future Regional Plans, listed in Appendix 1.

Goods Movement and Industrial Land, and Inter-Regional Coordination

The nine-county Bay Area is closely connected with its adjacent counties and metropolitan areas. Alameda, Solano, Contra Costa and Santa Clara counties are especially affected by decisions in neighboring counties outside of the nine-county Bay Area related to inter-regional commuting and land use patterns, housing needs and job access. ABAG and MTC recognize the need to encourage more coordinated planning and, in some cases, more coordinated state and local investment strategies to ensure that the Bay Area's inter-regional challenges



Tom Tracy

are adequately addressed. ABAG and MTC will work with local jurisdictions and the county congestion management agencies to advance coordinated planning and modeling efforts with neighboring metropolitan planning organizations such as SJCOG (San Joaquin), SACOG (Sacramento), and AMBAG (Monterey/Santa Cruz).

The movement of freight, and the protection of production and distribution businesses, have important environmental, economic and equity implications for the region. The region is home to the fifth-busiest maritime port in the nation, the Port of Oakland, which serves not only Bay Area residents and industries but also provides a critical link to national and international markets for North Bay and Central Valley agriculture.



Port of Oakland

MTC's *Regional Goods Movement Study*, last updated in 2009, found that manufacturing, freight transportation and wholesale trade account for nearly 40 percent of regional output, and that Bay Area businesses spend over \$6.6 billion on transportation services. Goods movement businesses also create over 10 percent of regional employment, including many high-paying blue- and green-collar jobs accessible to those without higher levels of education. However, continued land development pressure is placing many industrial and manufacturing land uses at risk, and the activities at these places could shift to other locations, as documented in MTC's 2008 *Goods Movement/Land Use Study*. MTC and ABAG will work with the business community and local jurisdictions and stakeholders to explore economic development best practices for goods movement and industrial businesses, and to identify funding to assess the role of goods movement businesses and industrial land in the regional economy.

Air quality considerations related to goods movement activities are an important part of the larger goods movement and industrial lands discussions. The Bay Area Air Quality Management District manages a number of programs related to goods movement, including initiatives to support cleaner trucks within the region, and specifically at the Port of Oakland.

MTC is currently working with Caltrans District 4 and county congestion management agencies to update the information from the 2004 and 2009 studies and to identify key goods movement issues for the region to address in the coming years. This work will help inform the region's input to the California Freight Mobility Plan and implementation of the newest federal transportation bill, MAP-21, which addresses the performance of the national freight network and supports investment in freight-related surface transportation projects.



David Baker + Partners, Architects

In addition to the regional analysis conducted for Plan Bay Area, MTC and ABAG will undertake sub-regional studies (e.g. Solano County, Tri-Valley) to analyze goods movement at a more local level, including truck flows on I-80, I-580 and I-880 corridors, and passenger (Capitol Corridor, ACE) and freight rail. These studies will be conducted in coordination with local jurisdictions, CMAs and the Bay Area Air Quality Management District, as appropriate.

Increase Housing Choices and Community Stability

To achieve the goals of Plan Bay Area — to retain and improve the region's quality of life, accommodate future growth and strengthen the economy by providing homes for a diverse workforce — the region must retain and increase the availability of affordable housing and support the vitality of our existing neighborhoods. Priority Development Areas (PDAs) provide a policy framework that can support investments and stability in disadvantaged communities, as well as encourage housing production in communities with access to employment and educational opportunities based on regional and local collaboration.

Affordable Housing

The loss of local redevelopment funding, combined with reduced funding at the state and federal level, has created a structural financing gap that reduces affordable housing production that would otherwise occur. Given housing production costs in the Bay Area and the complexity of building in locations near transit, additional resources are needed to preserve, rehabilitate and construct new affordable homes.

Plan Bay Area aligns funding from the new One-BayArea Grant (OBAG) program with PDAs and the development of housing including affordable housing in PDAs. The OBAG program requires that 50 to 70 percent of funding, depending on the county, be invested in PDAs. To be eligible for OBAG funding, all local jurisdictions must have certified housing elements, and congestion management agencies are required to develop PDA Investment and Growth Strategies that include a consideration of housing affordability and affordable housing policies. The plan links funding from an expanded Transit-Oriented Affordable Housing (TOAH) loan fund to PDAs, and identifies transit-oriented affordable housing as an eligible use for Cap and Trade revenues. This funding can effectively leverage local



Noah Berger

government, private and foundation resources. Production, acquisition and rehabilitation of affordable housing also will require local planning and entitlement processes that support this effort. Provision of incentives for local jurisdictions and coordination with congestion management agencies (CMAs) will be essential. MTC and ABAG will continue to use PDA Planning Grants to facilitate the entitlement of affordable housing in transit corridors. Through the Bay Area Regional Prosperity Plan, the regional agencies are working with a consortium of local jurisdictions and community-based organizations to identify strategies and pilot projects to build different types of housing and identify new alternative housing funds.

Potential for Displacement

The plan addresses the potential for displacement by increasing resources for the creation and preservation of affordable housing, and improving economic opportunities for current residents. The

task is to support investments in low-income neighborhoods that can expand the range of services and amenities, and provide economic opportunity to local workers.

Local and regional initiatives will need to recognize the unique qualities of individual neighborhoods and the need for locally defined policy interventions. ABAG and MTC will work with local and county agencies to provide a menu of neighborhood stabilization and anti-displacement policies where a jurisdiction deems necessary, as well as affordable housing policies for consideration relative to future funding opportunities. MTC and ABAG also will link OBAG funding to jurisdiction-level approval of affordable housing planning, production, acquisition and rehabilitation. Best practices from the HUD-funded Bay Area Regional Prosperity Plan, including capacity building, knowledge sharing, policy development and funding, will be an important source of input to inform future programs.

Cleaning Our Air

Healthy Infill Development

One of the main goals of both Plan Bay Area and the Bay Area Air Quality Management District's *2010 Clean Air Plan* is to reduce greenhouse gas emissions from cars and trucks by focusing future land development in existing urban areas that are easily accessible to transit, jobs, shopping and other services. Compact infill development can reduce vehicle use and vehicle miles traveled by 20 to 60 percent when compared to traditional suburban developments. (See Figure 25.) In addition, compact development preserves open space, forests and other carbon sinks that remove greenhouse gases from the atmosphere. It also encourages more walkable communities, which can help to reduce obesity and diabetes. Further, infill buildings are typically more energy-efficient, which reduces the amount of greenhouse gas emissions from power plants.

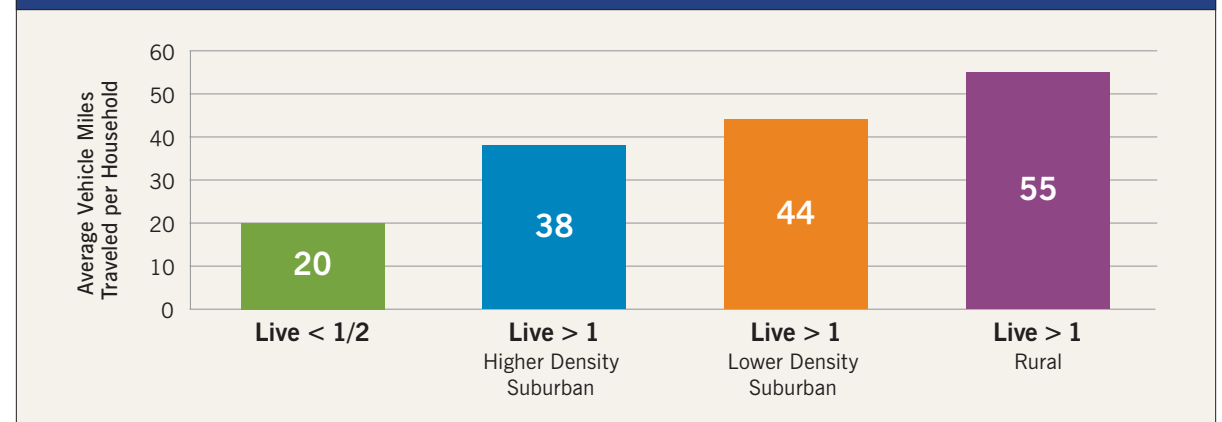
However, people who live or work near major freeways, ports, distribution centers, gas stations or other local sources of toxic air contaminants (TAC) and particulate matter (PM) may be disproportionately exposed to higher concentrations of these

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

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

Best practices for compact infill development can ensure that health-protective strategies are available to mitigate or lessen the potential health risks in areas that have high TAC and PM emission sources. The most effective strategy, or best practice, is to always provide as much distance as possible between sensitive land uses and major sources of TAC and PM emissions.

FIGURE 25: Average Daily Vehicle Miles Traveled, by Proximity to Rail or Ferry Stops*



*Distance in miles from rail or ferry stops

Evolving Transport

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



Google

Autonomous Vehicles

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



Noah Berger

Corporate Shuttles

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

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



Lyft

Ride-sharing Networks

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

Curbing Greenhouse Gases

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

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

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

Planning for Resilience

Climate Adaptation and Sea Level Rise

Given the significant number of residential, commercial and industrial structures situated on the San Francisco Bay's shorelines and low-lying areas — not to mention many miles of freeways, airports, port facilities and other transportation infrastructure adjacent to the Bay — our region is especially vulnerable to future sea level rise (see Map 13). In a 2009 report, the Bay Conservation and Development Commission identified 671 miles of existing and 337 miles of future road, rail, air and other infrastructure at risk of being affected by sea level rise. MTC is now partnering with BCDC, the California Department of Transportation (Caltrans), the National Oceanic Atmospheric Administration Coastal Services Center, ABAG and Bay Area communities to increase preparedness and resilience to sea level rise and storm events while protecting critical ecosystem and community services. The

The San Francisco Bay Area is especially vulnerable to future sea level rise.

project, known as Adapting to Rising Tides, is a collaborative planning effort that addresses two questions:

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

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

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

Earthquake Mitigation and Recovery

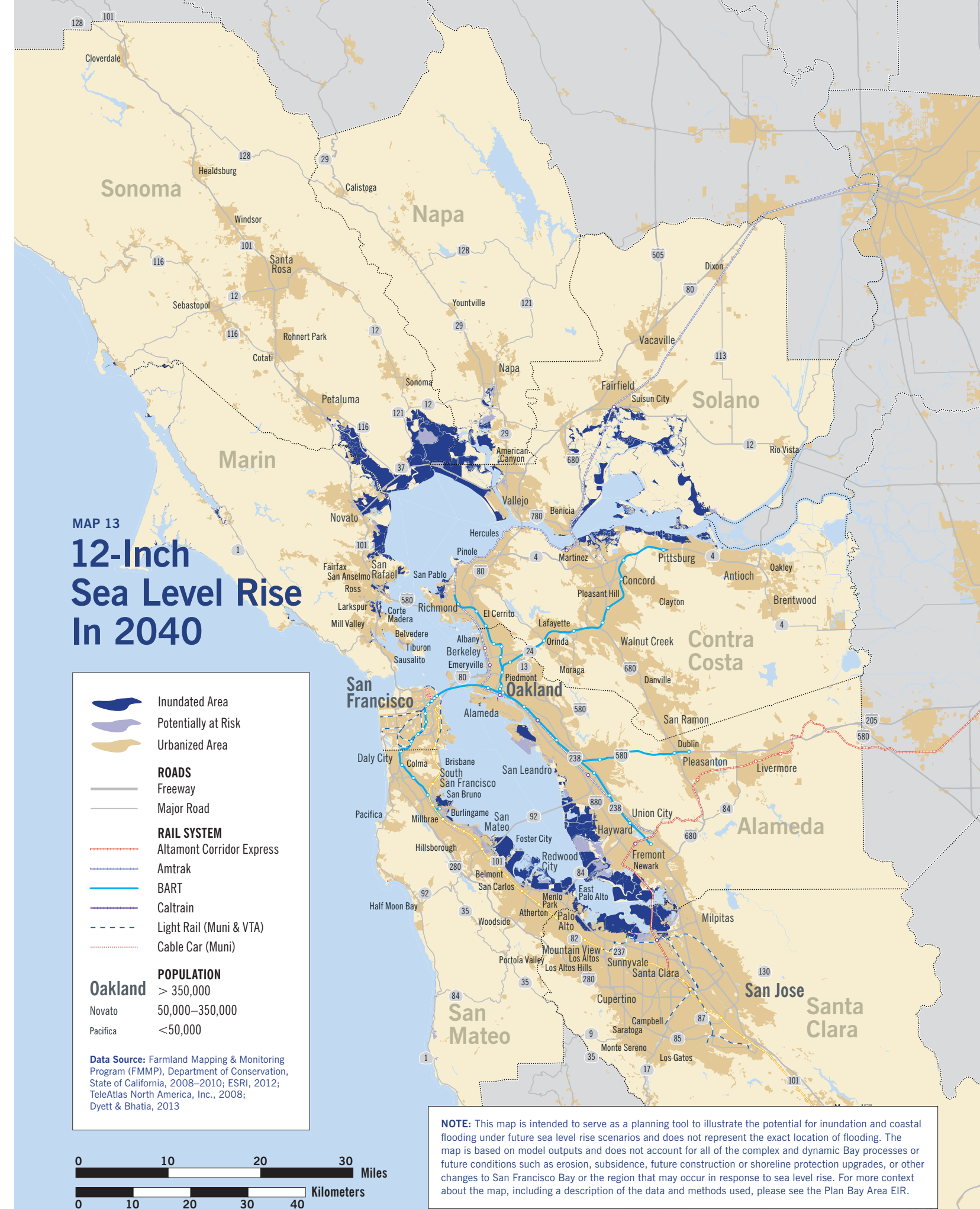
Plan Bay Area seeks to provide more housing options to accommodate our growing region. Yet we are also aware that some of the region's existing housing stock is vulnerable to damage in an earthquake. The United States Geological Survey

has estimated there is a 63 percent chance that the region will experience an earthquake of magnitude 6.7 or greater in the next 30 years. ABAG models predict that a major earthquake on the San Andreas or Hayward faults will leave 150,000 homes — 5 percent of the region's housing stock — uninhabitable. This scenario could displace 350,000 people for an extended period of time and disrupt our economy for many years. Much of the infrastructure along the Bay shorelines and low-lying areas that is vulnerable to sea level rise is also vulnerable to liquefaction damage in an earthquake. The Bay Area has already made great strides in improving our resilience to natural disasters. The Bay Area is a national model for earthquake planning and research, and many of our public agencies have made major investments to strengthen their infrastructure against seismic risks. BART has retrofitted its elevated tracks and stations; Caltrans has retrofitted or replaced all the toll bridges and freeway overpasses; water districts have retrofitted their major transmission lines crossing faults; local governments across the region have retrofitted or replaced vulnerable city halls, fire stations and critical facilities; regional hazard mitigation planning is ongoing; and investment in emergency response planning has been significant in recent years.



Damage from the 1989 Loma Prieta earthquake in San Francisco's Marina District

USGS



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

Regional Open Space and Agricultural Land Preservation

Plan Bay Area sets the stage for the integration of land use, open space and transportation planning by focusing growth and investment in Priority Development Areas, and by seeking to protect habitat, recreational and agricultural land in Priority Conservation Areas (PCAs). Regional efforts include a \$10 million pilot program to support transportation and conservation projects aimed at protecting PCAs (part of the OneBayArea Grant program). Open space preservation and agricultural vitality remain long-term challenges that will require a continued commitment to regional coordination.

Following adoption of Plan Bay Area, ABAG will update the PCA guidelines to further define the role of different kinds of PCAs to support habitat, agriculture, recreation and other ecological functions. Updates to individual PCAs will be made in consultation with local jurisdictions. ABAG and MTC will draw upon best practices and lessons learned

from the OBAG PCA Pilot Program as well as the resources of open space agencies, local jurisdictions, state and county farm bureaus, non-profit organizations, foundations, and state and federal agencies.

The California Coastal Trail (CCT) is a network of public trails for walkers, bikers, equestrians, wheelchair users and others along the 1,200-mile California coastline. Many of the CCT segments in the Bay Area overlap with the region's Priority Conservation Areas (PCAs) and will be considered in ABAG's update of the PCA guidelines.

A Platform for Advocacy

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

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

Plan Bay Area is but a beginning. ABAG and MTC look forward to working with policy-makers at all



Tom Meyers

levels of government to create a statutory and regulatory framework that preserves what we cherish about our region, while taking some prudent steps to make it more livable in the coming years.

Land Use

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

Support PDA Development With Locally Controlled Funding

Until last year, Bay Area jurisdictions could count on redevelopment programs for over \$1 billion per year in tax-increment financing to support affordable housing projects, critical infrastructure improvements, and economic development projects in designated areas of many cities and counties. This funding stream was lost in 2012 as a result of the elimination of redevelopment agencies

throughout the state. ABAG and MTC will work to strategically replace this revenue source with new, locally controlled funding tools. A top priority should be a newly authorized tax-increment financing authority that specifically supports housing construction and infrastructure improvements near existing and planned public transit service as called for in this plan.

Modernize the California Environmental Quality Act (CEQA)

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

MTC and ABAG will support efforts to update CEQA to encourage and expand infill development opportunities that can help reduce urban sprawl consistent with Plan Bay Area and California Senate Bill 375.

Stabilize Federal Funding Levels

As the region grows, so will its need for workforce housing, especially to meet Plan Bay Area's goal of housing employment growth within the region. Deep funding cuts for two of the most important affordable housing programs at the U.S. Department of Housing and Urban Development — the HOME Investment Partnership Program and the Community Development Block Grant (CDBG) program — have significantly affected the allocation of funds to Bay Area jurisdictions. CDBG budget allocations to the region fell 27 percent (from \$86 million to \$63 million) from 2010 to 2012, and Bay Area allocations from the HOME program dropped by 51 percent (\$38 million to \$18 million) from 2009 to 2012. In order to increase the supply of

CEQA's Impact on Infill

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

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

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

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

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

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

a variety of workforce housing options, key federal programs need to deliver increased financial certainty for local jurisdictions and developers.

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

“Defiscalize” Land Use Decision-Making

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

Transportation

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

Support Local Self-Help

Local taxes now generate about two-thirds of the state's total transportation funding. Yet passage of new local taxes is exceedingly difficult due to the two-thirds supermajority requirement. This undermines local initiatives, leaving California residents

more dependent upon Sacramento and Washington, D.C., for assistance. MTC and ABAG will strongly support efforts to lower the vote threshold for local and regional transportation tax measures from two-thirds to 55 percent. Lowering the voter approval threshold is a major step toward preserving and expanding our existing roadway and public transportation infrastructure and helping them run more efficiently.

The impact of lowering the vote threshold requirement for school bonds in California has been striking — more than half of those passed in 2012 would have failed under the two-thirds requirement. Had the 55 percent threshold been applicable to transportation since 2002, an additional 10 local transportation measures would have passed statewide (see Figure 26).

While eight of the Bay Area's counties have managed to pass transportation sales taxes under current law, success has repeatedly eluded Solano County, home to one of the region's worst bottlenecks at the Interstate 80/680 interchange. Most recently, the 2012 election dealt a serious blow to Alameda County's effort to extend and increase

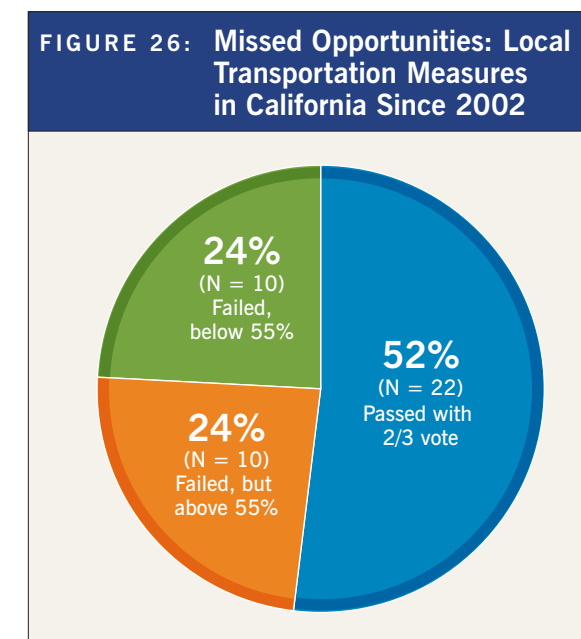


their transportation sales tax measure; with 66.53 percent of voters supporting the measure, it fell short of passage by a mere 0.14 percent. A 55 percent voting standard also could aid the passage of a regional gasoline tax that MTC is already authorized to place on the ballot.

Seek Reliable Federal Transportation Funding Levels and Flexibility

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

The next authorization should place a stronger emphasis on metropolitan areas, the economic engines of our nation. Metro areas with a population over 1 million include 65 percent of the



Source: Move LA

Local Transportation Revenues: Bay Area Experience

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

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



Noah Berger

nation's population, yet contribute 75 percent of the nation's wealth, as measured by gross domestic product. They also endure 97 percent of the nation's traffic congestion and carry 97 percent of public transit passenger miles. Yet, rather than investing a larger share of federal transportation funds in the areas where the vast majority of the population lives and works, MAP 21 actually shifts some funds away from such areas.

Grow State Transportation Funding

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

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

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