

Business Coalition is Being Heard on SCS at MTC, ABAG

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The Sustainable Communities Strategy being crafted by regional regulators to align Bay Area land-use and transportation plans with the region's state-mandated climate protection targets was in need of a reality check.

But two important developments in recent weeks signal the concerns of the region's broad business community are being heard.

On July 19, the Metropolitan Transportation Commission and Association of Bay Area Governments, the agencies responsible for the Sustainable Communities Strategy, or SCS, voted to adopt a Business Coalition-backed alternative to be studied along with the proposed SCS during California Environmental Quality Act (CEQA) review of the proposal.

Then, on August 17, MTC announced that it would hire a private sector real estate consultant to independently assess the economic feasibility of the proposed SCS—specifically, its principle policy prescription that 80 percent of all future residential construction should be confined to Priority Development Areas, or PDAs. The PDAs, numbering about 200 across the region, are infill and other urbanized sites that have been deemed by local governments as potentially suitable for transit-oriented development. Combined, they account for approximately four percent of the region's buildable land.

An independent assessment of the practicality and feasibility of directing 80 percent of all future investment into these areas has been a priority of the Business Coalition and was first requested back in May.

“(A) thorough assessment of each PDA is essential to ensuring that the final SCS is not only ambitious, but achievable,” the Coalition wrote in a May 16 letter to MTC Chairwoman Adrienne Tissier and ABAG Executive Board Chairman Mark Luce.

Together, the agreement to do the study and accept for CEQA review a Coalition-backed alternative to the proposed SCS are big steps in the right direction for a plan will have a profound impact on Bay Area residential and commercial growth for decades to come.

SB 375

In assessing the proposed Sustainable Community Strategies and alternatives under CEQA, MTC and ABAG are supposed to be guided by SB 375, state legislation requiring alignment between regional land-use and transportation planning and climate protection targets assigned to each region by the California Air Resources Board (CARB).

For the Bay Area, the target set by CARB is a per-capital reduction of transportation-related greenhouse gas (GHG) emissions from 2005 levels of seven percent by the year 2020 and 15 percent by 2035.

Current residential development and transportation plans for the region, which already favor transit-oriented projects, have the Bay Area on pace to surpass the 2020 target by reducing vehicle-based GHG emissions by nine percent by 2020. However, the plans come up short by 2035, achieving a 10 percent reduction.

Specifically, SB 375 requires regions throughout the state to adopt an SCS that hits or exceeds both targets, “if there is a feasible way to do so.” It also requires the SCS to identify sufficient areas to accommodate each region’s entire housing need over the planning period.

Comparing alternatives

Under the proposed SCS adopted by MTC and ABAG and headed into CEQA review this month, the agencies intend to meet the GHG emission reduction targets largely by the steering of new housing for 2 million new Bay Area residents into the PDAs, many of which have not been rezoned by local authorities to allow for the densities and heights that would be required.

Two other alternatives slated to receive CEQA review share this approach but layer in an array of regional fees and taxes to discourage driving and development of single-family homes in suburban communities.

Under the Coalition-backed SCS, called “Enhanced Network of Communities,” MTC and ABAG would be based on the region’s current and aggressive “smart growth” land use and transportation plans, which already move the Bay Area close to its state-mandated GHG emission reduction targets.

While the proposed SCS calls for 528,000 units to be constructed exclusively within the PDAs, the Enhanced Network of Communities strategy calls for starting with a smaller but still ambitious figure of 195,000 homes in those locations, with the flexibility to change the mix in response to the findings of the PDA assessment.

Like the proposed SCS, the Coalition-backed plan foresees the need for substantial subsidies to make infill development pencil out for land owners and builders.

It also calls for MTC and ABAG to condition allocation of implementation money to local governments on removal of regulatory constraints to job and housing growth in the PDAs.

Distinguishing characteristics

Another distinguishing characteristic of the Business Coalition’s Enhanced Network of

Communities strategy is that it is the only one of the plans accepted for CEQA review that aims to provide enough new housing for the region's entire projected workforce by 2035.

In comparison, the proposed SCS and the other alternatives are projected to maintain or increase current levels of in-commuting to the region by Bay Area workers who cannot find adequate housing of the type they prefer and at a price they can afford.

It's a key difference, which Coalition members, including BIA Bay Area, Bay Area Council, Bay Planning Coalition, North Bay Leadership Council, Contra Costa Council, East Bay Economic Development Association, Jobs and Housing Coalition, San Mateo Economic Development Corporation, Silicon Valley Leadership Group, Solano Economic Development Corporation, along with the Non-profit Housing Association of Northern California, say goes to the heart of SB 375 and its chief objective of reducing automobile GHG emissions.

"We believe SB 375 requires the final SCS to be based on a projected housing figure that is sufficient to eliminate projected in-commuting by the end of the planning period," said Paul Campos, BIA Bay Area general counsel. "Indeed, that is the fundamental purpose of the statute."

Moreover, the additional housing is a job generator, Campos points out. In addition to moving the region closer to GHG emission reduction targets through the elimination of in-commuting, the Business Coalition's Enhanced Network of Communities strategy provides a projected added employment boost of 45,000 more jobs over the planning period.

PDA Feasibility Assessment

Gauging the relative practicality of the proposed SCS and competing alternatives, of course, is the point of the independent PDA assessment that MTC agreed to carry out earlier this month.

And everybody has a stake in the region getting it right. Under SB 375, the SCS is supposed to inform the expenditure of \$277 billion in Bay Area transportation revenue. It also is supposed to streamline approvals of qualifying residential projects to save time and costs and expand affordability.

The Request for Proposal for the study was issued August 17 by MTC and provides a short window for responses.

According to the RFP, the objective is "an assessment of residential development readiness and feasibility in Priority Development Areas (PDA) throughout the region."

Specifically, the chosen consulting firm would work with staff from MTC, ABAG and local jurisdictions to evaluate a sample of PDAs and determine what needs to be done to prepare them for construction of new housing in line with a final SCS.

Ultimately, variables and issues that need to be explored and considered are current zoning and local political appetite for making changes; land and development costs; and consumer preference and affordability.

The deadline for interested consulting firms to respond to the RFP is September 7.

It is important work, and the findings need to “play a meaningful role in shaping the adopted SCS,” the Business Coalition stated in its May 19 letter requesting the study.

Next Steps

Meanwhile, MTC and ABAG will be pressing ahead with preparation of a Draft Environmental Impact Report (EIR) on the proposed SCS and the alternatives, including the Coalition’s Enhanced Network of Communities.

The document is scheduled for release December 14—with a period of public comment, including public hearings, to follow and run through January 2013.

Preparation of a Final EIR is expected to be finished in March with MTC and the ABAG executive board intending to vote to certify the document and adopt a final SCS in April.