City of Brisbane
Agenda Report

TO: Honorable Mayor and City Council

FROM: Community Development Director via City Manager

SUBJECT: **Comments on Draft Plan Bay Area 2040 *Proposed Preferred Land Use Scenario***

DATE: Meeting of September 15, 2016

City Council Goals:

To promote transportation opportunities that maximize safety, reliability, enhance circulation and create options, thereby reducing reliance on the use of the automobile. (Goal #5)
To develop plans and pursue opportunities to protect natural resources. (Goal#8)
To preserve the unique current character of Brisbane. (Goal #16)

Purpose:

For the City Council to provide feedback on the proposed preferred scenario for Draft Plan Bay Area 2040 (PBA2040), the updated regional Sustainable Communities Strategy (SCS) now being prepared by the Association of Bay Area Governments (ABAG) and the Metropolitan Transportation Commission (MTC).

Recommendation:

That the City Council: authorize the preparation of a letter for the Mayor's signature objecting to the proposed preferred scenario for Draft Plan Bay Area 2040 (PBA2040) for the reasons outlined in this staff report; and consider authorizing the Mayor or other City Council representative to testify at any future ABAG and/or MTC meetings regarding this matter.

Background:

Senate Bill 375 (SB 375), which took effect on January 1, 2009, requires the state to establish greenhouse gas (GHG) emission reduction targets for all of the state's regions, an important step in achieving emission reductions set forth in Assembly Bill 32, California's 2006 landmark climate change legislation. SB 375 further recognizes the linkages between transportation, land use, and air quality, and seeks to coordinate related

policies and investments to reduce transportation-related greenhouse gas (GHG) emissions.

SB 375 specifically requires the preparation of a SCS for each of the state's metropolitan areas, including the ABAG region. The SCS is a mandated regional land use/transportation strategy to achieve state-established regional greenhouse gas emission (GHG) reduction targets for vehicles (automobiles and light trucks). The SCS is further required to provide a 25-year land use strategy for the Bay Area that is realistic and identifies areas to accommodate all of the region's population, including all income groups. It is being developed for the 9-County Bay Area region through a partnership between local governments, regional agencies and congestion management agencies. The Association of Bay Area Governments (ABAG) and the Metropolitan Transportation Commission (MTC) are responsible for preparation of the SCS.

The SCS is required to be included as part of the Bay Area's 25-year Regional Transportation Plan (RTP). By federal law, the RTP must be internally consistent. Therefore, the over $200 billion dollars of transportation investment typically included in the RTP must align with and support the SCS land-use pattern. SB 375 also requires that an updated eight-year regional housing need allocation (RHNA) prepared by ABAG is consistent with the SCS.

State law requires the SCS to be updated periodically, and Plan Bay Area 2040 is an update to Plan Bay Area, the region's first SCS which was adopted in 2013. It should be noted that PBA 2040 will not serve as the basis for the Regional Housing Needs Allocation for the 2022 Housing Element cycle, as another SCS update is required prior to that date.

ABAG/MTC have established a deadline of October 14 for written comments on the draft Preferred Scenario, with the stated goal of adopting a Preferred Scenario at the ABAG/MTC Board Meeting of November17, 2016. Following selection of a preferred scenario, an environmental impact report will be prepared. MTC/ABAG anticipate adopting PBA 2040 in summer, 2017.

The PBA 2040 process has been underway since 2015. An overiew of the process was provided to the City Council in March 2015. At that time PBA 2040 was characterized as a relatively minor adjustment to PBA 2013, with similar household and employment growth projections for Brisbane. Subsequent to that overview, 3 preliminary scenarios were prepared by ABAG/MTC, and the household projections for Brisbane were increased drastically (ranging from 6,800- 18,200 new households), City staff expressed its objections to these projection as being excessive and unrealistic, and in meetings with MTC staff the City was advised that its concerns would be taken into consideration as the draft preliminary preferred scenario was developed.

Discussion:

An introduction to Draft Preferred Scenario summary is attached, along with two presentation slides which broadly illustrate how PBA 2040 geographically distributes

projected household and employment growth throughout the greater Bay Area. This projected growth pattern generally concentrates both employment and household growth in Priority Development Areas (PDAs), particularly within the 3 large cites (San Francisco, San Jose, Oakland) and Bayside corridors (both east and west bay), a geographic area which encompasses Brisbane.

Focusing specifically on Brisbane, the attached table shows projected employment and household figures for Brisbane and all jurisdictions within San Mateo County. The table indicates that the rate of projected household and employment growth in Brisbane far exceed growth rates for any other jurisdictions within the County.

Brisbane-specific information is shown below, along with similar information from the adopted 2013 PBA.

City of Brisbane	2010	2040 Projections (2013 PBA)	2040 Projections (PBA 2040)
Total Households	**1800**	**2,050**	**6,300**
Non-PDA	1,800	2,050	1,900
PDA	0	0	4,400
Employment	**5,200**	**8,180**	**17,600**
Non-PDA	5,200	7,180	6,700
PDA	-	1,100	10,900

Staff objects to the Brisbane household projections included in the preferred scenario for PBA 2040. The only PDA in Brisbane is the Bi-County PDA, which encompasses the Brisbane Baylands and Parkside areas. While the City is actively engaged in the planning process for Parkside which will add approximately 230 units, the only way for the ABAG/MTC projection to be achieved would be for the Brisbane Baylands project to include a substantial residential component.

ABAG/MTC has taken great lengths to reassure local municipalities that whatever land use scenario is included in Plan Bay Area does not govern, control, or override local land use regulations. It is less clear as to what practical ramifications or impacts (if any) might result if a local jurisdiction's land use plans are ultimately inconsistent with the adopted SCS.

Staff believes it is inappropriate for the preferred scenario to assume a substantial residential component on the Baylands. When the Baylands was included in the Bi-County PDA it was made clear that the City Of Brisbane's General Plan did not allow for housing. ABAG/MTC is also aware that the City is actively engaged in a thorough review process to consider the applicant's request to amend the General Plan and obtain approval of a specific plan with approximately 4,400 housing units on the Baylands. On September 29 the City Council will be commencing its review of the Baylands application and related Planning Commission recommendation, which incidentally did not incorporate a housing component.

Given that the City is actively engaged in the review and decisionmaking process for the Baylands, it is objectionable for the preferred scenario to include the household projections as shown. Including these projections at this time could be perceived either as an unwarranted assumption on the part of ABAG/MTC regarding what the final land use decision will be, or as an effort to influence the outcome of the City's independent planning process.

As was the case with PBA 2013, staff believes it is appropriate for the regional scenario to reflect the outcome of the City's planning process, not for this scenario to prejudge or assume what the City's decision will be. If the City's ongoing planning process is not concluded in time to be incorporated into PBA 2040, it is recommended that the PBA 2040 scenario reflect the City's currently adopted General Plan. Once the City's land use decision-making process is completed for the Baylands, the next iteration of Plan Bay Area can address the City's ultimate land use decision for the Baylands.

Fiscal Impact:

None at this time.

Measure of Success:

For PBA 2040 to respect the City's land use decisionmaking authority and process.

Attachments:
PBA 2040 Background Information
PBA 2040 Household and Employment Projections- Brisbane/San Mateo County

John Swiecki, Community Development Director

Clay Holstine, City Manager

Introduction to the Draft Preferred Scenario for Plan Bay Area 2040

Welcome to *Plan Bay Area 2040's Draft Preferred Scenario.* This vision for the nine-county San Francisco Bay Area builds on the groundbreaking *Plan Bay Area,* adopted by the Association of Bay Area Governments (ABAG) and the Metropolitan Transportation Commission (MTC) in 2013 after extensive analysis and outreach. Plan Bay Area 2040 continues to be guided by Senate Bill 375, requiring California's metropolitan areas to adopt an integrated long range regional transportation plan (RTP) and sustainable communities strategy (SCS) — a roadmap to reduce per-capita greenhouse gas emissions and house the region's population at all income levels.

Plan Bay Area 2040's *Draft Preferred Scenario* largely reflects the foundation established by its predecessor. The Plan creates a blueprint for providing sufficient housing for current residents and newcomers alike, at all income levels. It focuses development toward Priority Development Areas (PDAs) — neighborhoods that are close to public transit and identified by local jurisdictions as being appropriate for smart, compact development. Lastly, it confines growth to established communities, and protects the Bay Area's legacy of vast and varied open spaces.

What is the Draft Preferred Scenario?

The Draft Preferred Scenario represents a projected regional pattern of household and employment growth in 2040. Together with the corresponding transportation investment strategy, it forms the core of Plan Bay Area 2040. The Preferred Scenario and transportation investment strategy are evaluated against a set of regionally-adopted performance targets to measure how well the Plan addresses regional goals including climate protection, transportation system effectiveness, economic vitality, and equitable access. Only two targets are mandatory for the region to achieve under Senate Bill 375 – Climate Protection and Adequate Housing. The remaining 11 targets are voluntary, but provide a useful reference point for policymakers and the public to consider.

For many local jurisdictions, the distribution of 2040 employment and household forecasts may be viewed as the most important output of this effort. This draft information is included in Attachment A, organized by local jurisdiction, and split into PDA totals. These numbers stem from distributing ABAG's economic and demographic forecasts through use of an advanced regional land use model. The land use model, UrbanSim, went through an iterative set of adjustments in response to expert reviews, public input, and dialogue with local officials. ABAG regional planners developed a set of targets informed by local dialogue against which the model output could be evaluated.

Simply put, the most fundamental challenge faced by MTC and ABAG when developing these forecasts is to create a Plan that supports local plans while accommodating the region's total forecasted growth and meeting the state mandated sustainability goals. Thus, the Draft Preferred Scenario must assess potential opportunities for new housing and jobs while reflecting local aspirations and numerous local, regional, and state public policy decisions that affect growth and protect our natural areas.

The Draft Preferred Scenario does not mandate any changes to local zoning rules, general plans or processes for reviewing projects, nor is it an enforceable direct or indirect cap on development locations or targets in the region. As is the case across California, the Bay Area's cities, towns

and counties maintain control of all decisions to adopt plans and permit or deny development projects. Plan Bay Area 2040 also does not establish new state-mandated Regional Housing Needs Allocation (RHNA) numbers for each jurisdiction. RHNA operates on an eight-year cycle, with the next iteration not due until the 2021 RTP/SCS. Because RHNA numbers are not at stake this cycle, this update to the region's long-range plan has been characterized as **limited and focused**.

What's new and different?

The Bay Area economy has exploded over the past four years, attracting thousands of new people and jobs. Regional growth forecasts have been revised upward as a result. ABAG forecasts an additional 1.3 million jobs and 2.4 million people and therefore the need for approximately 820,000 housing units between 2010 and 2040. This represents an increase of 15 percent in the projected employment growth and a 25 percent increase in projected household growth, relative to the last Plan.

The economic surge has been both a blessing and a challenge, offering employment opportunities unseen since the Bay Area's dot-com boom, while also clogging freeways and public transit, and triggering an unprecedented housing squeeze, particularly for lower and moderate income workers, many of whom have been displaced or are at risk for displacement. Moving forward, some cities will welcome new residents and housing with open arms, seeing the opportunity to revitalize depressed areas, or to make better use of prime land around transit nodes. For other communities, accommodating future growth may be an acute challenge, practically and/or politically. The Draft Preferred Scenario recognizes the diversity of the region's communities, and that there is no "one size fits all" in terms of the type of future development desired by our residents.

To address the challenges of planning for an increasingly complex region, MTC and ABAG have continued to evolve technical methods for creating regional scenarios. UrbanSim incorporates current zoning for 2 million individual land parcels across the Bay Area, as well as available information about current regional and local economic and real estate market trends. UrbanSim is an ambitious project which compiles a large amount of data at a very detailed geographic resolution. The detailed level of UrbanSim output is used for the analysis of performance measures.

UrbanSim builds upon the methodology used by the Agencies in the prior Plan. The prior methodology combined a land use allocation process based on observed historic growth patterns with jurisdictional expectations described in local plans. This time, UrbanSim also incorporates zoning tools, the most recent PDA assessment, and household, business, and developer choice models. The agencies ran the model hundreds of times, testing the effects that different regional strategies could have on affecting the distribution of housing and employment growth. The output was measured against a set of growth targets put together by ABAG regional planners working with planners from local jurisdictions. Overall, the growth allocation results of the UrbanSim model align fairly closely with these growth targets at a summary level as well as for most localities, though, there are substantial differences for some individual localities. The extent of the differences between local plans and the UrbanSim output is a discussion for the agencies, regional stakeholders, and individual jurisdictions.

The *Draft Preferred Scenario* accommodates 100 percent of the needed housing units, and offers a rationale that these units can be built given future market conditions and existing or expected policies to support focused growth at the local, regional or state level.

How did we get here?

In May 2016, MTC and ABAG released three alternative land use and transportation scenarios illustrating the effects that different housing, land use, and transportation strategies would have on the adopted goals and performance targets. The three scenarios represented a progression of plausible regional futures, from more intense housing and employment growth in the urban core — called the "Big Cities Scenario"; to more evenly apportioned development among PDAs in medium-sized cities with access to rail services — labeled the "Connected Neighborhoods Scenario"; to a more dispersed development pattern, with more relative growth occurring outside of PDAs — known as the "Main Streets Scenario."

The release of the scenarios initiated a public process in May and June 2016 to garner input from the public, stakeholders, community groups, and local officials, via public open houses in each county, an online comment forum as well as an online interactive quiz (the "Build a Better Bay Area" website). By July, MTC and ABAG had received comments from more than 1,100 residents. During this time period, the agencies received direct feedback from the local jurisdictions on the scenarios.

Additionally, the results of a 2015 PDA Assessment have also directly informed our confidence in the Draft Preferred Scenario. This assessment examined 65 of the nearly 200 locally identified PDAs. The analysis evaluated the likelihood of housing actually being built in each PDA, by examining local planning and permitting processes; community support for development; market forces, including the attractiveness of the area to investors, developers and builders; the capacity of water and sewer systems and other infrastructure; and the availability of financing. The PDA Assessment was a reality check. It found that under existing conditions — meaning with current zoning laws, policies and market conditions — only about 70 percent of housing allocated to PDAs in *Plan Bay Area 2013* would get built with these results being boosted to nearly 90 percent with a range of fairly aggressive policy and investment strategies. The results of the *Draft Preferred Scenario* align with the results of the PDA Assessment, providing added confidence in the regional forecast's consideration of both market conditions and local policy.

Strategies included in the Preferred Scenario

Beyond built-in assumptions on local planning and market conditions, the Draft Preferred Scenario also works to incorporate a number of regional land use strategies, which can affect land use patterns by changing a community's capacity for new development or incentivizing a particular type or location of growth. This combination of strategies is necessary to create a *Draft Preferred Scenario* that can achieve or move toward the region's adopted targets.

The land use strategies incorporated in the Draft Preferred Scenario include the following:

- Current urban growth boundaries are kept in place.
- Inclusionary zoning was applied to all cities with PDAs, meaning that these jurisdictions are assumed to allow below-market-rate or subsidized multi-family housing developments.

- All for-profit housing developments are assumed to make at least 10 percent of the units available to low-income residents, in perpetuity (via deed restrictions).
- In some cases, PDAs were assigned higher densities in the future than are currently allowed.
- The cost of building in PDAs and/or Transit Priority Areas (TPAs) is assumed to be reduced by the easing of residential parking minimums and streamlining environmental clearance.
- Subsidies are assumed to stimulate housing and commercial developments within PDAs.

These measures are not prescriptive— again, there are many potential public policy options that could help the region attain its adopted targets. Rather, these strategies should be considered as illustrations of what it would take to keep the Bay Area an economically vibrant, diverse and sustainable region in the year 2040.

Moving Forward

Although the levels of new housing and jobs may appear daunting, the challenge becomes much more achievable when viewed through the long-range lens of a 25-year plan. For instance, a medium-sized city of 50,000 residents slated to absorb 1,000 more new housing units by 2040 than previously anticipated would in actuality need to only add 40 units a year to meet the target. That yearly figure could be reached by adding two 10-unit apartment buildings (or one 20-unit building) per year, and creating another 20 accessory dwelling units associated with single-family homes each year. In other words, in nearly all cases, jurisdictions should be able to absorb their housing allotments while fully retaining the character of their communities.

It is important to keep in mind that the process of refining the Bay Area's ideal development pattern is nearly continuous to stay synced with the four-year mandated update cycles— we will revisit all the assumptions in the adopted Preferred Scenario as we launch the next update to Plan Bay Area. We learn more with each cycle, and are able to take those lessons and apply them to the forecasting and modeling as well as our public outreach methods for the next cycle.

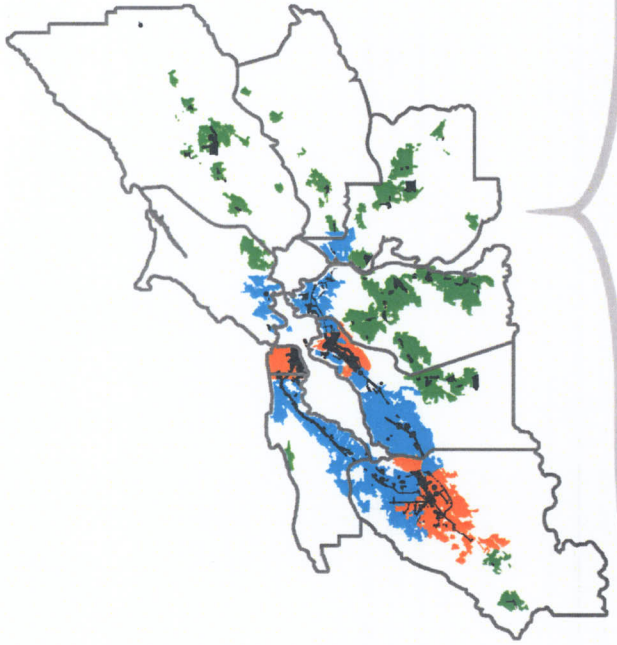
Such assurances aside, regional planners and policymakers understand that some adjustments may be necessary as we continue to refine the *Draft Preferred Scenario's* assumptions. To this end, a careful balancing act regarding future growth patterns is as much an art as a science, and we look forward to working with local planners and policymakers, stakeholders and members of the public in the coming weeks to advance our mutual understanding of the development climate and capacity in various jurisdictions, and to refine and improve this *Draft Preferred Scenario*.

Attachment A: Distribution of 2040 Household and Employment Forecasts

Similar to *Plan Bay Area*, the Draft Preferred focuses growth in the core of the region.

Plan BayArea 2040

Where will the region plan for the 820,000 new households?



Big 3 Cities — 43%

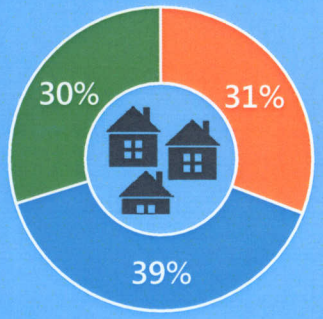
Bayside — 33%

Inland, Coastal, Delta — 24%

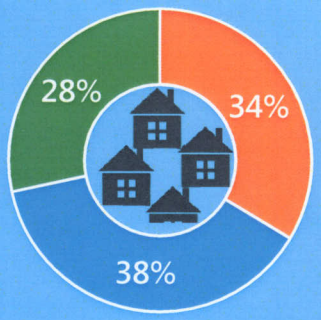
in PDA — 75%

outside PDA — 25%

2010: 2.6 million households



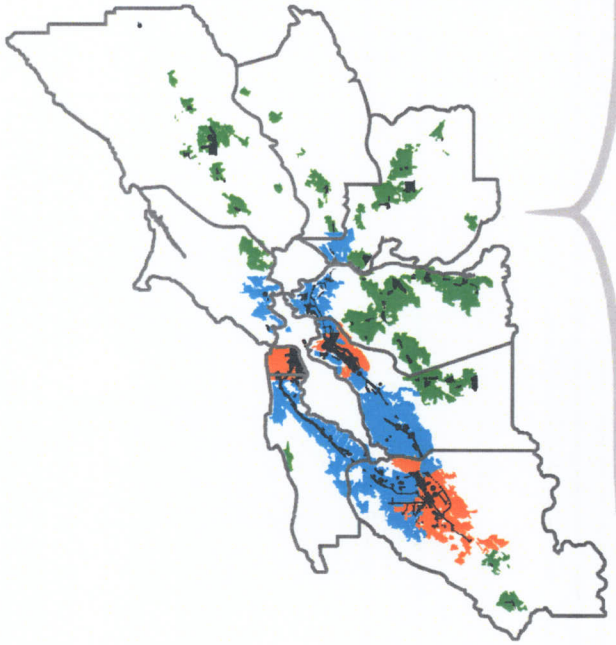
2040: 3.4 million households



Fewer strategies exist to encourage shifts in job locations – meaning that the West Bay and South Bay remain primary centers.

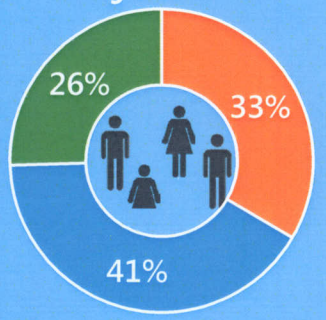
Plan BayArea 2040

Where will the region plan for the 1.3 million new jobs?

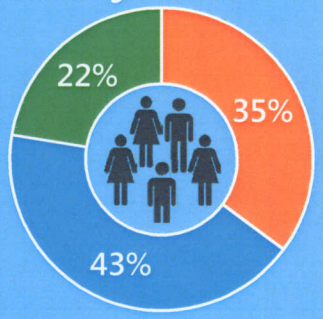


- Big 3 Cities: 40%
- Bayside: 46%
- Inland, Coastal, Delta: 14%
- in PDA: 52%
- outside PDA: 48%

2010: 3.4 million jobs



2040: 4.7 million jobs



County	Jurisdiction	Summary Level	Households 2010	Household Forecast 2040	Employment 2010	Employment Forecast 2040
San Mateo	Atherton	**Total**	**2,350**	**2,500**	**2,150**	**2,300**
	Belmont	**Total**	**8,800**	**9,600**	**7,900**	**10,000**
		PDA	2,500	2,850	3,500	4,450
	Brisbane	**Total**	**1,800**	**6,300**	**5,200**	**17,600**
		PDA	0	4,400	0	10,900
	Burlingame	**Total**	**12,250**	**13,800**	**28,000**	**38,300**
		PDA	6,950	8,300	11,500	15,700
	Colma	**Total**	**850**	**1,250**	**3,950**	**4,900**
		PDA	700	1,050	1,450	1,950
	Daly City	**Total**	**30,700**	**37,000**	**18,400**	**23,150**
		PDA	8,500	13,500	4,650	5,800
	East Palo Alto	**Total**	**6,950**	**9,950**	**5,100**	**7,000**
		PDA	800	2,200	950	1,750
	Foster City	**Total**	**11,900**	**14,250**	**15,800**	**21,800**
	Half Moon Bay	**Total**	**4,200**	**4,700**	**4,900**	**5,200**
	Hillsborough	**Total**	**3,750**	**3,950**	**2,100**	**2,300**
	Menlo Park	**Total**	**12,300**	**17,800**	**34,600**	**45,000**
		PDA	200	1,050	6,200	7,950
	Millbrae	**Total**	**7,950**	**11,000**	**5,900**	**12,900**
		PDA	600	3,350	2,800	9,100
	Pacifica	**Total**	**13,900**	**14,300**	**5,950**	**7,300**
	Portola Valley	**Total**	**1,700**	**1,750**	**2,700**	**3,000**
	Redwood City	**Total**	**27,800**	**36,000**	**59,200**	**85,000**
		PDA	600	6,700	20,700	27,600
	San Bruno	**Total**	**14,600**	**18,300**	**12,900**	**15,350**
		PDA	3,700	6,750	9,300	11,300
	San Carlos	**Total**	**13,200**	**13,700**	**16,300**	**21,700**
		PDA	50	100	1,200	1,650
	San Mateo	**Total**	**37,900**	**49,200**	**51,000**	**67,600**
		PDA	11,200	19,200	25,300	34,000
	South San Francisco	**Total**	**20,450**	**23,450**	**38,800**	**55,400**
		PDA	5,300	7,650	8,250	11,350
	Woodside	**Total**	**2,050**	**2,500**	**1,950**	**2,150**
	San Mateo County Unincorporated	**Total**	**21,400**	**24,500**	**20,600**	**27,500**
		PDA	2,400	2,950	3,200	4,100
	County Total	**Total**	**256,900**	**315,800**	**343,300**	**475,300**
		PDA	43,500	80,100	99,000	147,600