



Association of Bay Area Governments
Bay Area Air Quality Management District
Bay Conservation and Development Commission
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JOINT POLICY COMMITTEE — REGIONAL PLANNING PROGRAM

Date: August 28, 2008
To: MTC Advisory Council
From: Regional Planning Program Director
Subject: **AGENDA ITEM 8** - Focused Growth and Climate Change

The Advisory Council has requested an update on the Bay Area's efforts to encourage focused (née smart) growth, particularly as these relate to climate change.

There are two attachments to this memo. The first attachment is a summary of FOCUS, the regional agencies' principal focused-growth initiative. The second attachment is a summary of overall progress on the Regional Agencies Climate Protection Program which was approved by the Joint Policy Committee a little over a year ago.

What follows is a short description of how one of the central FOCUS concepts, the Priority Development Area (PDA) relates to climate change. We also identify the key policy and implementation challenges that need to be addressed and suggest some possible choices to guide future transportation investment policy.

Focused Growth

To increase transportation efficiency and protect the environment, the Bay Area's regional agencies have been encouraging compact growth, focused in complete neighborhoods near high-quality transit and within existing developed communities. The *Smart Growth Strategy / Regional Livability Project* calls for one-half of the Bay Area's growth to occur in a network of transit-connected neighborhoods. Preliminary analysis relative to the region's provisional climate-change target suggests that even more concentrated in-fill development may be required. ABAG is currently testing this proposition through its new program to produce performance-based forecasts, *Projections 2009*.

Priority Development Areas (PDAs)

PDAs are a voluntary, incentive-based approach for implementing focused growth. They help bridge the gap between regional objectives and local land-use authority. With only a vague and heavily conditioned promise for future incentives, fifty local government entities have volunteered to facilitate PDAs within their jurisdictions. The current inventory of adopted PDAs (planned and potential) includes over one-hundred individual areas across the region. Together they consume only about 3 percent of the region's land area, but based on estimates provided by local governments they could accommodate just about one-half of the Bay Area's growth to the year 2035, all in locations which will be accessible to high quality transit.

Transportation and Climate Benefits

People living in focused, compact neighborhoods of the type contemplated for PDAs produce 20 to 40 percent fewer vehicle miles traveled (VMT) per capita compared to those living in business-as-usual “sprawl” development. This translates directly into a proportionate reduction in per-capita CO₂ from personal travel. PDAs help reduce VMT and CO₂ in a variety of ways: increasing transit mode split and load factors, promoting more bike and walk trips, and shortening automobile trips. In addition to transportation benefits, PDAs offer other advantages in a climate-change environment: the form and location of PDA homes makes them easier to heat and cool, and they require less water.

Key Challenge: Fiscal Imbalances

While offering significant regional benefits, PDAs may require substantial costs for their host local governments. In-fill is generally more difficult and expensive than greenfield development, and service deficiencies for existing residents frequently have to be remedied before new growth can even be contemplated. The structure of local-government finance may make it difficult or impossible to recover many of the public costs associated with community transformation. Those costs can be substantial: capital budgets submitted with the first round of PDA applications total tens of billions of dollars. Cities and counties will require direct financial assistance to make focused growth real.

Key Challenge: Urgency

Compared to the rest of California, the Bay Area is growing fairly slowly. Therefore, the redistribution of growth is a long-term solution to the region’s transportation and climate issues. However, if we are to be effective even in the long-term, we need to start making substantial progress now. Cumulative change will not begin until we take the first visible steps. Local governments have volunteered PDAs because they are acutely aware of local and regional needs relating to transportation, housing choice, and climate change. The climate imperative is particularly compelling at this moment. However, if there is not a concerted response to the present intersection of local and regional priorities, interest will wane and growth will find its own path of least resistance. This could have deleterious and expensive consequences for the entirety of the Bay Area.

Potential Policy Choices for Discussion

1. Investment Status

Recognize financial support for focused growth and Priority Development Areas as a *bono fide* regional transportation investment, fully competitive for project and program funds with transportation capital infrastructure and transportation system operation.

2. Discretionary Funding Criterion

Include direct support to PDA development as a weighted criterion in the allocation of all regional discretionary funds for which local governments are recipients; including, but not limited to, TLC/HIP, bicycle and pedestrian programs, and local streets and roads maintenance.

3. New and Incremental Funding

Give PDA support prime and paramount consideration in the allocation of all new increments of existing unconditional funding and in the use of new revenue sources.