



ABAG



MEMORANDUM

TO: Regional Prosperity Plan Steering Committee

DATE: November 7, 2014

FR: Vikrant Sood, Program Manager

W.I.: 1611

RE: Recommendation for Awards – Analysis Tool to Quantify Impacts of High-Wage Job Growth on Housing Demand and Affordability (\$25,000)

Background

The Regional Prosperity Plan has identified jobs-housing mismatch as a major challenge for many low- and moderate-wage workers in the region. As a strengthening regional economy continues to add new jobs in the Bay Area, an already tight housing market is increasingly failing to meet the needs of a significant proportion of residents in the region, especially low-wage workers.

Projects funded through the Regional Prosperity Plan’s sub-grant programs have highlighted the risks as well as a growing trend towards displacement of low-income residents that are located close to high-growth areas, as they continue to compete with high-wage workers for a limited supply of market-rate housing (which is becoming increasingly unaffordable even to middle-wage workers). At the same time, primarily due to limited public resources, the production of new affordable housing units has not kept pace with growing needs of low-income residents.

Rapid growth in high-wage jobs and demand for more market-rate housing and office space is also pricing out existing employers from industrial- and commercial-zoned land¹. This undermines the viability of businesses that provide middle-wage jobs to low- and middle-skilled workers in the region, thus further exacerbating conditions for low-income residents².

High-wage jobs also create demand for additional services, thus adding new jobs to the local economy due to the “multiplier” effect. Many of these jobs are in low-wage service sectors. Low-wage workers in the newly created jobs then compete with other low-wage workers for a limited supply of affordable housing, and with higher-wage workers for increasingly unaffordable and often out of reach market rate housing.

Purpose of Sub-Grant

High-wage job growth in the Bay Area continues to exert pressures on housing affordability and availability, neighborhood stabilization in low-income communities, access to economic

¹ 2008 Metropolitan Transportation Commission’s Goods Movement Study

² Bay Area Regional Prosperity Plan Economic Prosperity Strategy, 2014

opportunity for low-wage workers, and competition for a limited supply of affordable housing. At the same time, public resources available to counter these trends are shrinking.

Estimating the broad impacts³ of growing higher-wage jobs is critical for making informed decisions regarding housing policy (and by extension land use and zoning, transportation investments, and economic development strategies) by local jurisdictions and regional agencies. Since these impacts are not confined to the jurisdiction where the jobs are added, this information could also inform policies in neighboring jurisdictions that are impacted with higher housing costs as well as regional agencies that may have to address longer commutes and higher greenhouse gas emissions.

A tool that quantifies impacts on housing within or across jurisdictions is currently unavailable. The Call for Proposals therefore solicited ideas for an innovative but technically sound analysis tool that could be **used by community groups, local jurisdictions as well as regional agencies** to quantify the broad impacts of high-wage job growth, either from one project or an area / specific plan, on housing demand and affordability (across the income spectrum). It is also anticipated that the tool would inform affordable housing demand and production / preservation data at a county, sub-region and regional level.

Selection Process

On Monday, September 8, 2014, MTC and ABAG, on behalf of the Regional Prosperity Plan Consortium, released a Call for Proposals (CFP) to solicit proposals from qualified applicants to develop the analysis tool to quantify impacts of high-wage job growth on housing demand and affordability. Information on the CFP was distributed using the following outreach methods:

- Announcement on the One Bay Area website at, <http://www.onebayarea.org/regional-initiatives/Bay-Area-Prosperity-Plan.html>.
- Announcement on the Basecamp Web Portal for the Regional Prosperity Plan at, <https://bayarea.basecamphq.com/projects/10428054-steering-committee/>.
- Announcement at each of the three working groups for the Prosperity Plan.

Community and non-profit organizations, education institutions as well as for-profit consulting firms were eligible to apply. The Joint Projects Team (JPT) was tasked with reviewing the proposals and recommending awards to the Steering Committee. The JPT is composed of MTC and ABAG staff as well as co-chairs for each of the three working groups. Co-chairs who were unable to participate in the selection process due to a conflict of interest recused themselves from the selection process, and in some cases nominated a proxy.

<i>Selection Panel Membership</i>	<i>Name and Organization</i>
Staff	Doug Johnson, MTC; Duane Bay, ABAG
Housing Working Group Co-Chairs	Pilar Lorenzana-Campo, Non-Profit Housing Association of Northern California; Peter Cohen, Council of Community

³ Impacts on housing demand and affordability from direct growth in high-wage jobs as well as from job growth in low-wage jobs due to the multiplier effect.

	Housing Organizations; Wayne Chen, City of San Jose
Equity Collaborative Co-Chairs	Bob Allen, Urban Habitat; Jennifer Martinez, Peninsula Interfaith Action / San Francisco Organizing Project
Economic Prosperity Working Group Co-Chairs	Kirsten Spaulding, San Mateo County Union Community Alliance; Michele Rodriguez, City of San Pablo; Egon Terplan, SPUR

The JPT received one (1) proposal from the University of California-Davis, which was reviewed on Wednesday, October 15, 2014.

Evaluation criteria included: Proposed analysis tool can deliver useful data and information (35 points); Proposed methodology and approach is realistic and feasible (35 points); Applicant has the capacity and expertise to fully develop the proposed concept into a technical manual that would allow replication by a community-based organization or local jurisdiction (15 points); and Applicant has the experience and demonstrated critical-thinking abilities in at least one of the following topic areas: Housing affordability and affordable housing; Housing and neighborhood stabilization; Economic development and growth trends; and/or Real estate market trends (15 points).

Recommendation

The JPT recommends awarding the sub-grant for \$25,000 to the University of California Davis to develop the analysis tool to quantify impacts of high-wage job growth on housing demand and affordability in Bay Area communities. The project must be completed by March 2015.