



TO: Regional Advisory Working Group

DATE: March 31, 2015

FR: Vikrant Sood, Program Manager

RE: Bay Area Regional Prosperity Plan Project

Background

The Prosperity Plan is a 3-year initiative funded by a \$5 million grant through the Sustainable Communities Partnership Program (SCPP) of the U.S. Department of Housing and Urban Development (HUD) to the Metropolitan Transportation Commission (MTC) and the Association of Bay Area Governments (ABAG). The SCPP was established to promote an integrated approach to planning for housing, transportation and economic and workforce development, to expand economic competitiveness and revitalization, social equity and inclusion, and access to opportunity.

MTC and ABAG are partnering with a broad range of stakeholders including local jurisdictions, economic development agencies, education institutions, community-based and non-profit organizations, foundations, business and labor groups, and other regional agencies to implement this project. The Prosperity Plan will support implementation of Plan Bay Area by identifying effective strategies for three key challenges:

- Expanding economic mobility and opportunities for low- and moderate-income workers;
- Supporting the production and preservation of affordable housing near transit;
- Ensuring neighborhood stabilization in communities at risk of displacement; and
- Building leadership capacity in disadvantaged communities to engage in regional decision-making processes.

The Prosperity Plan includes three inter-connected areas of work described below. Underpinning these efforts is an extensive outreach process that engages underrepresented groups in shaping and implementing the project.

- 1) **Economic Initiative:** The Economic Initiative has developed a Regional Economic Prosperity Strategy (Strategy) through a multi-stakeholder process that addresses economic mobility and opportunity for low- and moderate-income workers in the region. The Initiative has also funded 11 pilot projects through a \$1.1 million sub-grant program to test key elements of the Strategy. The Economic Initiative is being implemented by the Economic Prosperity Working Group, which is composed of representatives from local jurisdictions, economic development agencies, non-profit and community-based organizations, labor and business groups, and workforce education and training agencies, among others.

- 2) **Housing Initiative:** The Housing Initiative has funded 22 pilot projects to develop new tools and policy solutions to expand the production and preservation of affordable housing near transit, and stabilize neighborhoods in communities at risk of displacement through a \$1.2 million sub-grant program. The Housing Initiative is being implemented by the Housing Working Group, which is composed of representatives from local jurisdictions, non-profit and community-based organizations, city and county housing authorities, and tenant rights groups, among others.
- 3) **Equity Initiative:** The Equity Initiative has funded 14 pilot projects to develop leadership capacity in dis-advantaged communities through a \$650,000 sub-grant program. The Equity Initiative is being implemented by an Equity Collaborative, which is composed of representatives from non-profit and community-based organizations that represent under-represented and disadvantaged communities in the region.

Project Oversight Structure

The Joint Projects Team, composed of MTC and ABAG staff, as well as the co-chairs of the three working groups, is charged with overseeing program implementation, integrating all three work elements, and supporting staff with grant administration and compliance. The project Steering Committee, composed of MTC Commissioners, ABAG Board members, at-large representatives from a community-based organization, philanthropic institutions, and local jurisdictions, and co-chairs of the three working groups, is charged with grant-making, policy recommendations, and potential next steps for the project once funding from HUD ends in March 2015.

Project Update

Over the last 30 months, the Steering Committee has initiated all tasks in the HUD-approved scope of work and tasks. The Prosperity Plan project is expected to be completed by June 2015. Over the final three months of the project, the consortium of partners implementing this effort will identify key successes, lessons learned, major gaps in work, and potential action steps that could advance the overarching goals of the project. These project goals include:

- Promoting an inclusive and participatory process that engages all stakeholders;
- Building leadership capacity in local communities to engage in regional decision-making;
- Establishing new partnerships and deepening collaboration among various sectors; and
- Developing tools, resources and best practices to guide future work.

These successes, lessons, gaps and action steps will be organized in a final project report under the following seven issue areas that were developed for the Prosperity Plan:

- 1) Increase affordable housing near transit and/or jobs;
- 2) Preserve at-risk affordable housing and housing affordability near transit and/or jobs;
- 3) Stabilize neighborhoods in communities where lower-income residents are at risk of displacement;
- 4) Build capacity in lower-income communities to engage in local and regional processes;
- 5) Strengthen career pathways for low-wage workers to middle-wage;
- 6) Grow the economy with a focus on middle-wage jobs; and
- 7) Upgrade conditions for low-wage workers.

Project Challenges

In 2011, a consortium of partners came together to develop a grant application to HUD for the Prosperity Plan project. The consortium set ambitious goals for the project fully recognizing that there would be challenges to a consortium-led process that is aiming to address complex issues. These challenges include:

- Meaningfully involving and sustaining the engagement of key stakeholders in multiple sectors throughout the multi-year process;
- Structural nature of many of the issues being addressed by the project, where the region, local jurisdictions or community groups may have minimal say or control;
- Wide range of perspectives among stakeholders on potential solutions that could effectively address key issues;
- Uncertainty regarding the future of the process once the funding from HUD ends in June 2015; and
- Absence of a regional entity that can represent multiple sectors and convene stakeholders to coordinate efforts in the future.

Project Successes

Despite these challenges, the Project Steering Committee has implemented the ambitious work plan within the project budget and schedule. Initial successes include:

- Completion of the Economic Prosperity Strategy which was informed by a rigorous technical analysis as well as extensive outreach and engagement of multiple stakeholders from across the region;
- More than 50 pilot projects funded with more than \$3.5 million in subgrants to develop new models, tools and resources that can be replicated in other parts of the region;
- Cross-sector partnerships established through the working group and consortium process on collaborative projects and programs; and
- Engagement of a broader set of stakeholders and partners in the decision-making process for developing the work plan and implementing initiatives.

Next Steps

Staff will provide ongoing updates to the MTC Planning, ABAG Administration and ABAG Regional Planning Committees regarding key components of the final report, as they are developed by the Project Steering Committee up to May 2015. Some of the recommendations included in the final report may not be relevant to regional agencies and will therefore be disseminated as information to relevant organizations or stakeholders. Recommendations that may be relevant to the regional agencies will be presented to the respective regional agency boards and commissions for their consideration as potential inputs into a future update of Plan Bay Area after July 2015.

A list of planned outreach activities between April and July 2015 is included in Attachment A. These meetings are open to the public and RAWG members are encouraged and invited to attend all meetings and events.

Attachments

A. List of Planned Outreach Activities

Date: March 31, 2015

San Francisco Bay Area Regional Prosperity Plan

Planned Outreach Activities

<i>Activity</i>	<i>Dates</i>	<i>Locations</i>	<i>Potential Audience</i>	<i>Purpose</i>
4 Sub-Regional Workshops on Housing Strategy	Late-April and Early-May	Oakland, San Francisco, Santa Rosa and San Jose	Housing organizations; city staff; developers	Information-sharing; engage local jurisdictions; engage private sector
2-Day Regional Conference	April 13 and 14	Asian Cultural Center, Oakland CA	Consortium members; implementers; decision-makers; etc.	Information-sharing; call to action; build support; identify leaders
1st Open House on Recommendations and Action Steps	April 15 9:30am to 11:30am	MetroCenter Auditorium, Oakland CA	Consortium members; all stakeholders	Information-sharing; broad engagement
2nd and Final Working Session on Action Matrix	May 20 9:30am to 11:30am	Claremont Conference Room, MTC	Consortium members	Information-sharing
ABAG Executive Board Meeting	May 21 7:30pm	MetroCenter Auditorium, Oakland CA	n/a	Information-sharing
MTC Planning / ABAG Administration Committee	June 12 9:30am	MetroCenter Auditorium, Oakland CA	n/a	Information-sharing
2nd and Final Open House on Action Plan	June 17 9:30am to 11:30am	MetroCenter Auditorium, Oakland CA	Consortium members; all stakeholders	Information-sharing; broad engagement



San Francisco Bay Area **Regional Prosperity Plan**

Regional Advisory Working Group
Tuesday, April 7, 2015

A Unique Opportunity . . .

\$5 million grant from HUD

- Sustainable Communities Program of HUD, EPA and DoT
- Emphasis on partnerships and collaboration
- Planning for housing, transportation and economic development

Advance Plan Bay Area implementation

- Co-led by MTC and ABAG with a consortium of partners
- Addresses critical issues related to PBA implementation



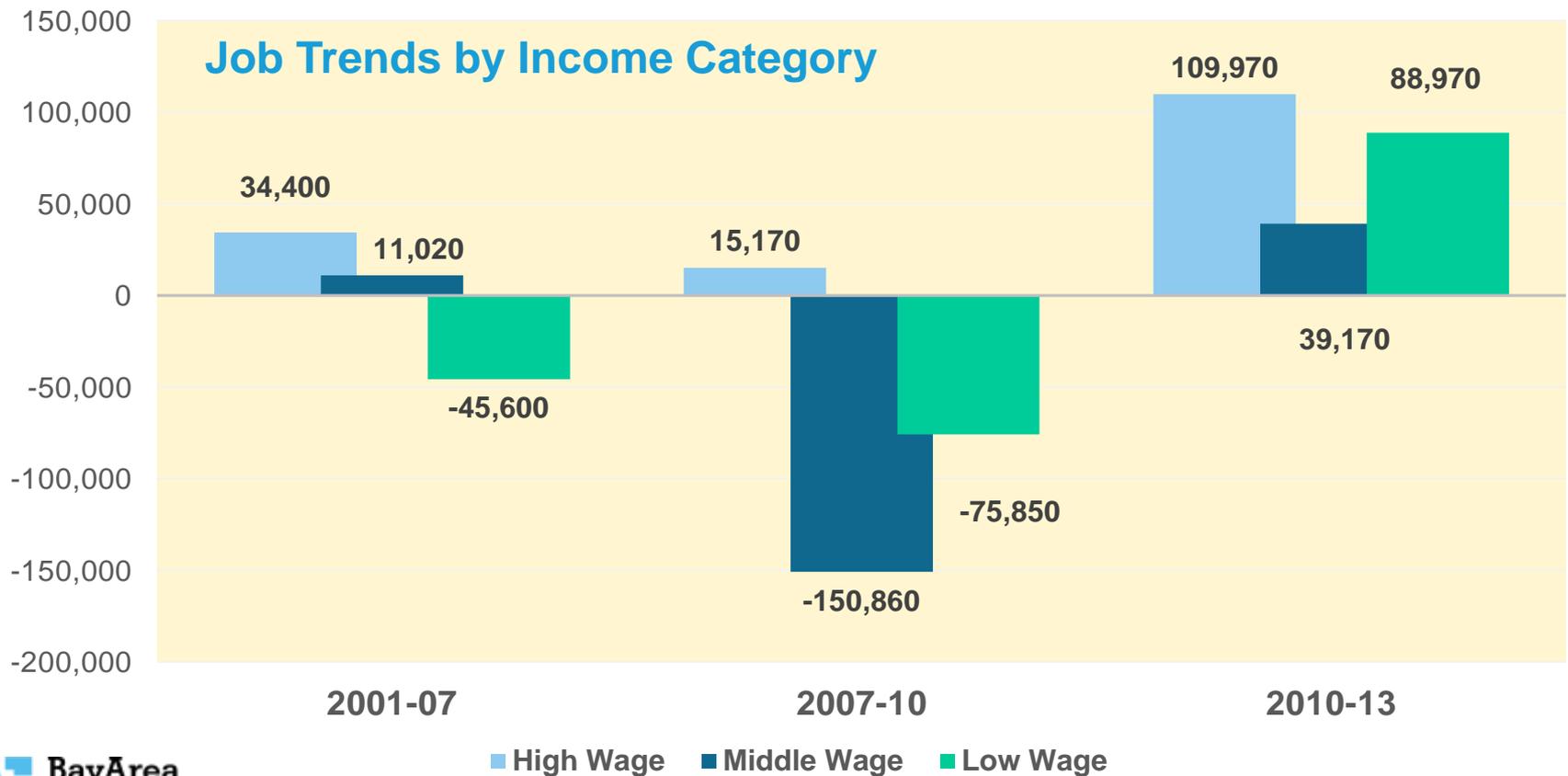
Critical Issues: Plan Bay Area Implementation

- **Expanding economic mobility** and opportunities for low- and moderate-income workers
- **Providing affordable housing** near transit and jobs
- **Stabilizing communities** in neighborhoods at risk of displacement



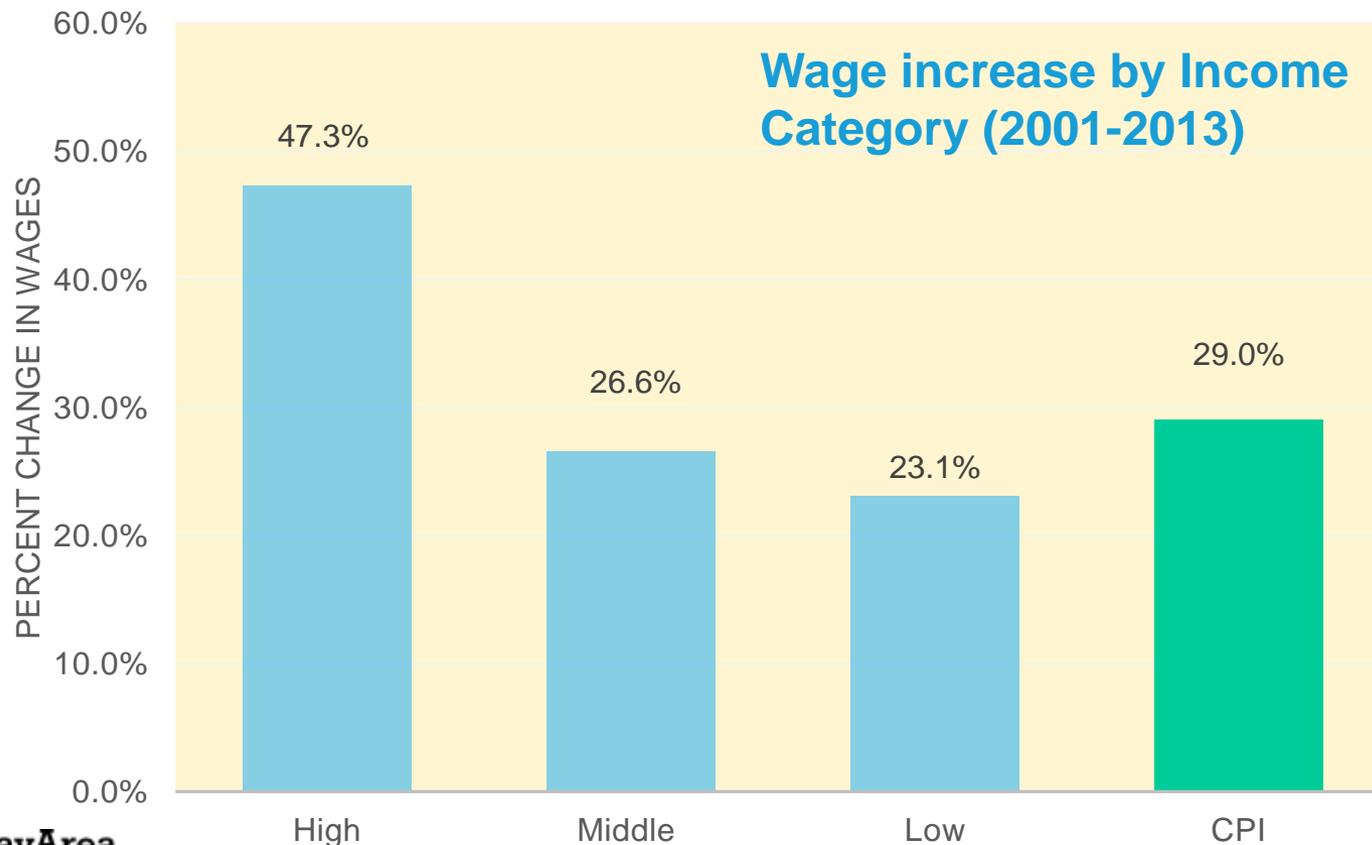
Key Challenges and Opportunities

- Loss of middle wage jobs is accelerating**
 Higher proportion of low-wage jobs added during the recovery



Key Challenges and Opportunities

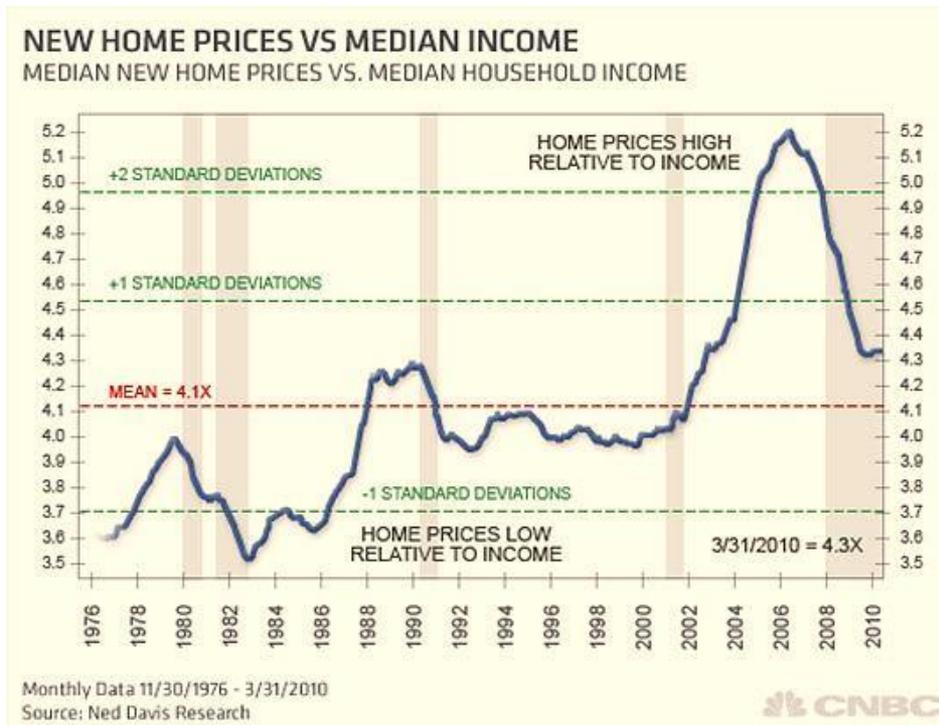
- **Wage increase for low-income workers lags inflation**
Wages have stagnated for lower-wage workers over decades



Source: Center for Continuing Study of the California Economy

Key Challenges and Opportunities

- **Housing costs have risen faster**
Burden on renters is worse than on owners



Tech workers squeezing out renters in San Francisco, Seattle

By Les Christie @CNNMoney February 7, 2014: 9:36 AM ET

Recommend 1.3k



Annual rent increases in major tech cities



*NOTE: (JANUARY 2014 MEDIAN RENT PER MONTH FOR A 2-BEDROOM)

SOURCE: TRULIA

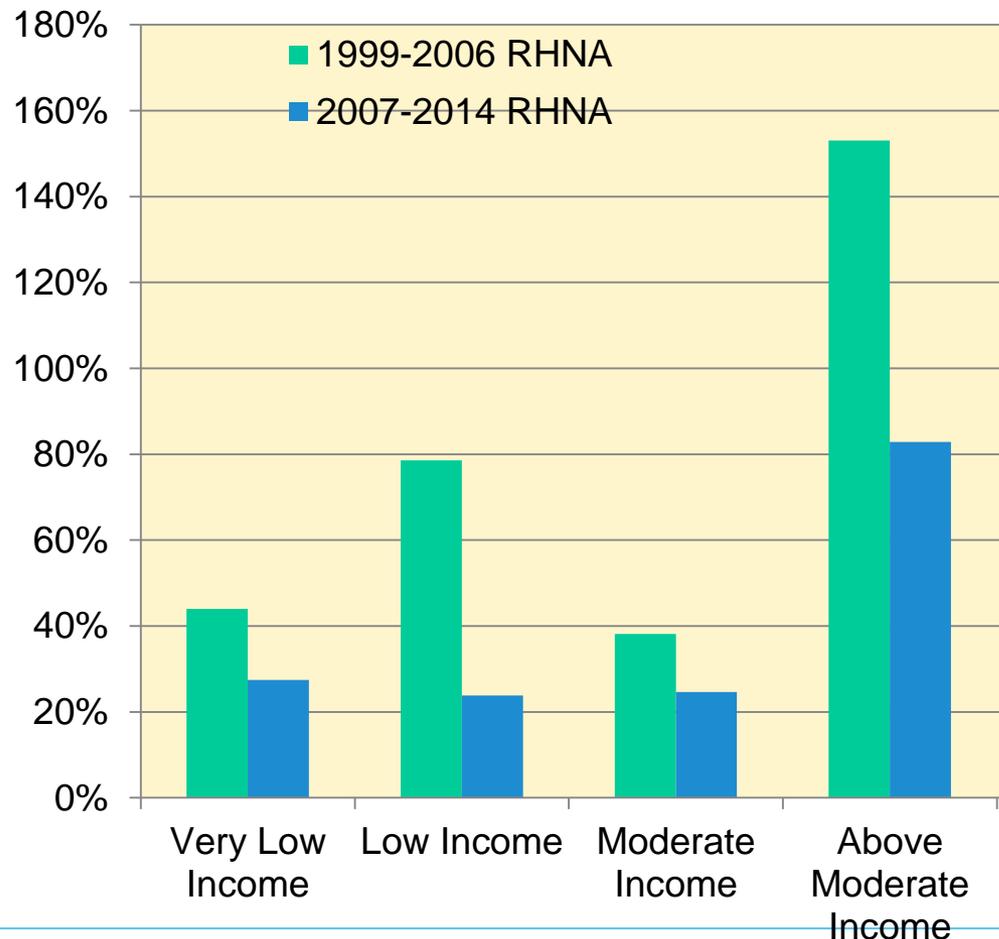
NEW YORK (CNNMoney)

Low- and middle-income residents of San Francisco, Oakland, Seattle and other metro areas, are getting pushed out of their homes as an influx of deep pocketed tech workers drive up rents.

Rental rates for the 10 metro areas most dominated by tech companies rose by an average of 5.7% year-over-year through January, nearly twice the average 3% increase seen in the nation's 90 other largest cities, according to Trulia. Certain cities have seen far bigger hikes: rents in San Francisco rose by 12.3%, to a median of \$3,350 a month in January.

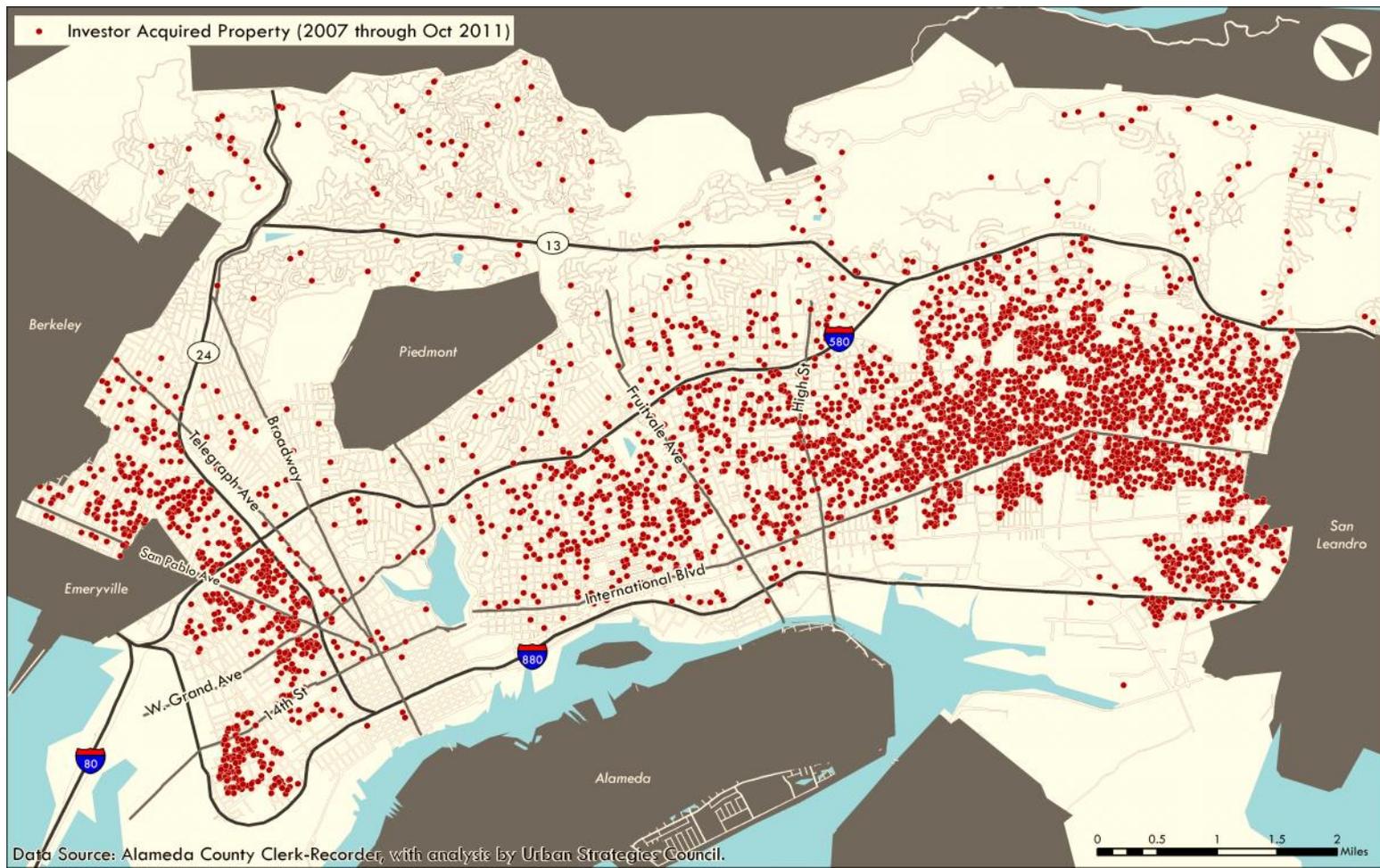
Key Challenges and Opportunities

- **Affordable housing production has stalled**
Impacts LMI workers more due to location of jobs and amenities



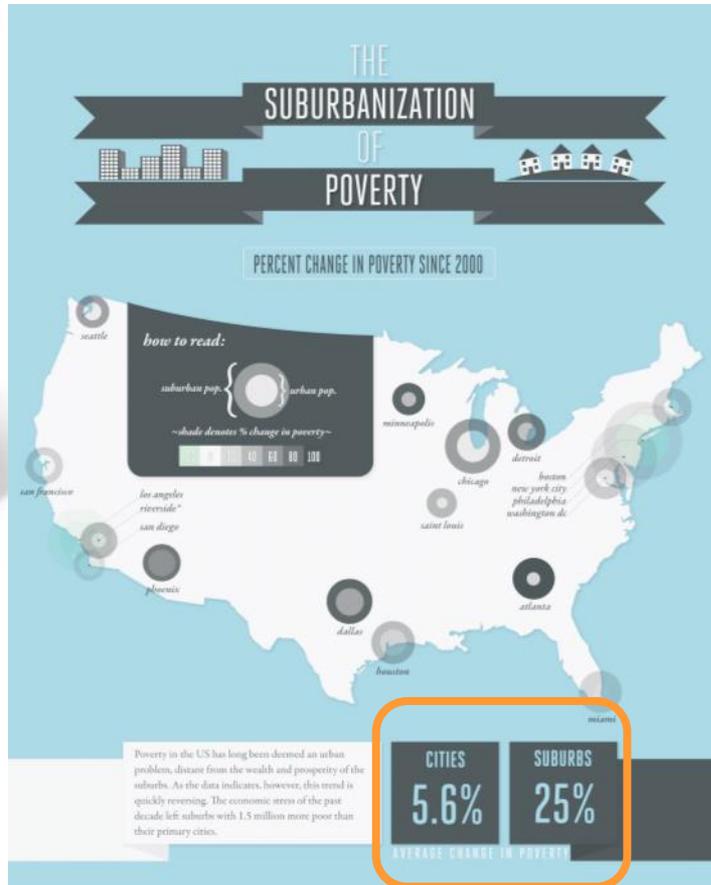
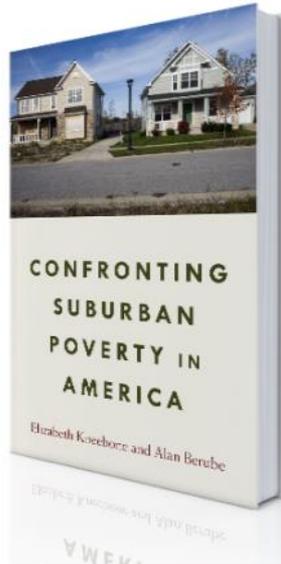
Key Challenges and Opportunities

- **Higher vulnerability and risk of displacement**
Gains in housing values in the East Bay have accrued to investors



Key Challenges and Opportunities

- Poverty is increasing most in the suburbs



Need for an Integrated Approach . . .

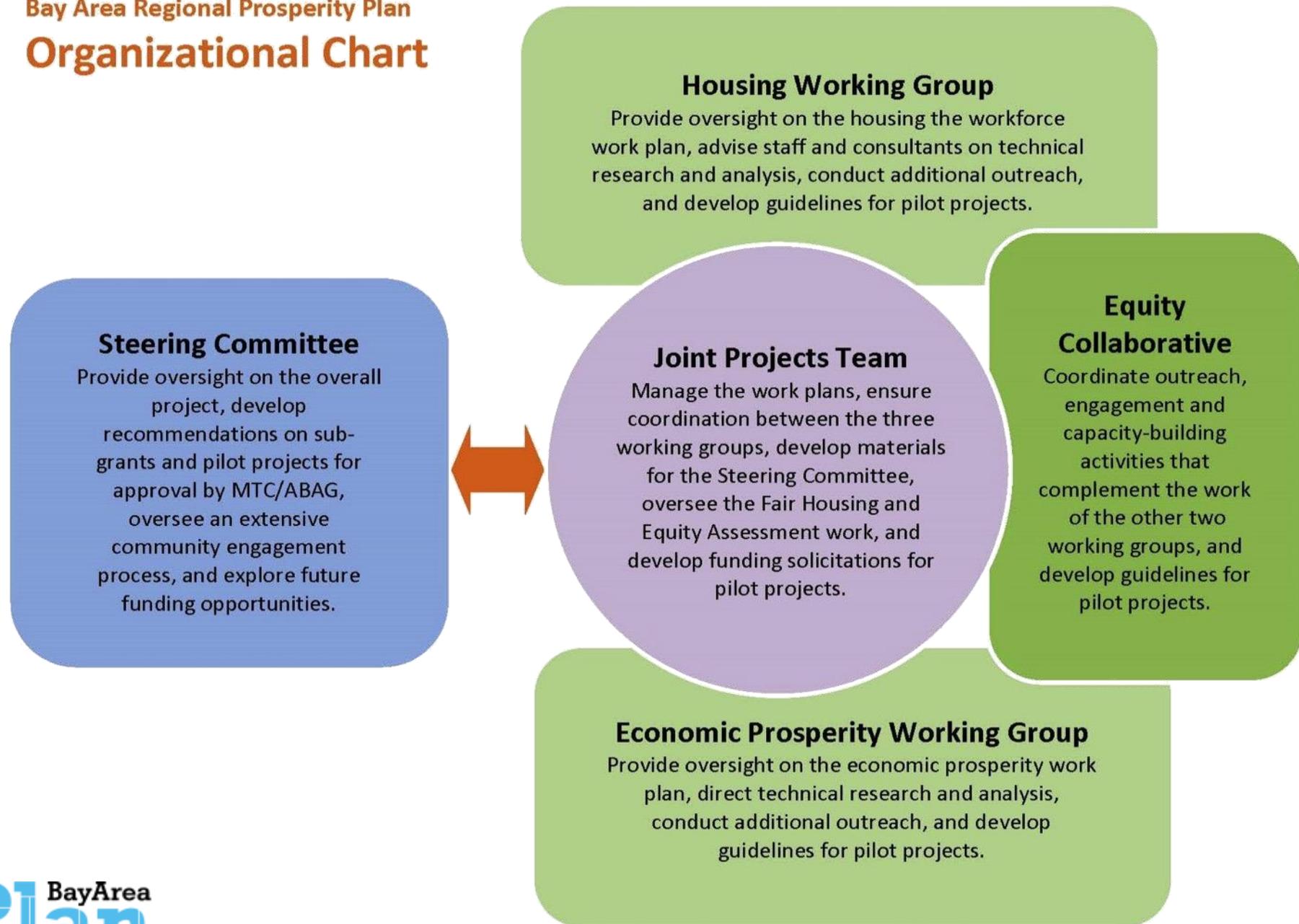


**Economic
Opportunity**

**Housing
Affordability**

**Neighborhood
Stabilization**

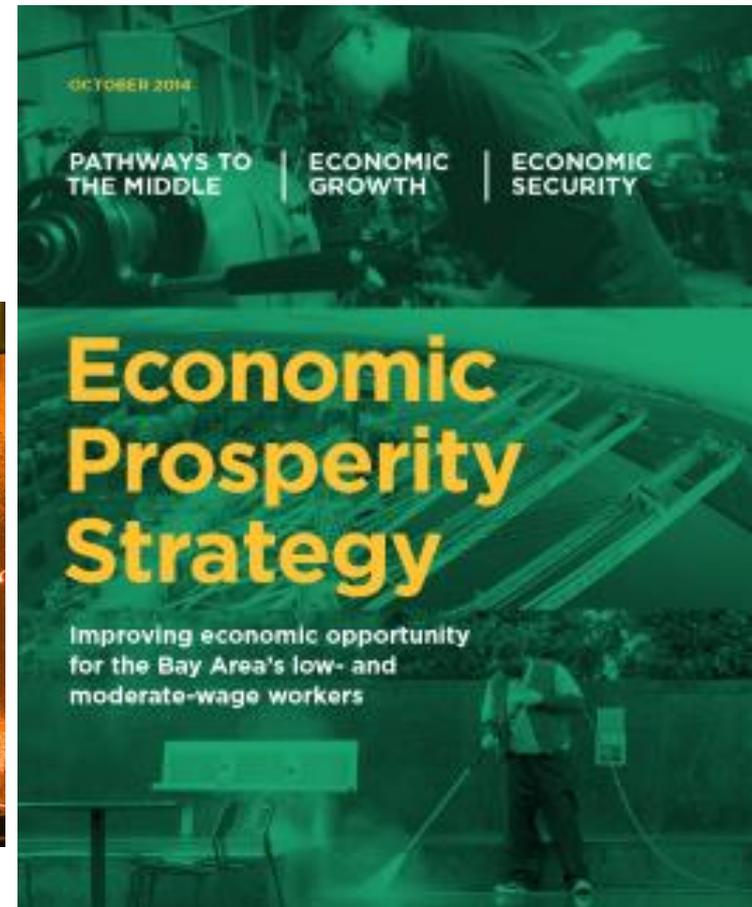
Bay Area Regional Prosperity Plan Organizational Chart



Economic Prosperity

Expanded mobility and opportunities for LMI workers

- Completed a Regional Economic Prosperity Strategy
- Funded 11 pilot projects with \$1.08 million in sub-grants



Select Pilot Projects

Northern Waterfront Economic Development Initiative East Contra Costa County

- Revitalize the waterfront to add quality jobs, reduce congestion, strengthen the regional economy
- Integrated approach to land use, transportation and economic development



Select Pilot Projects

Construction Careers Initiative

Santa Clara and San Mateo Counties

- Industry-administered pre-apprenticeship program
- Train and place LMI workers on career pathways in construction

Leveraged grant to secure \$500,000 from State to train 120 LMI workers in 2015



Workforce Housing

Affordable housing near transit and jobs

- Funded 22 pilot projects with \$1.2 million in sub-grants
 - **Increasing** affordable housing production
 - **Preserving** existing affordable units
 - **Stabilizing** neighborhoods at risk of displacement



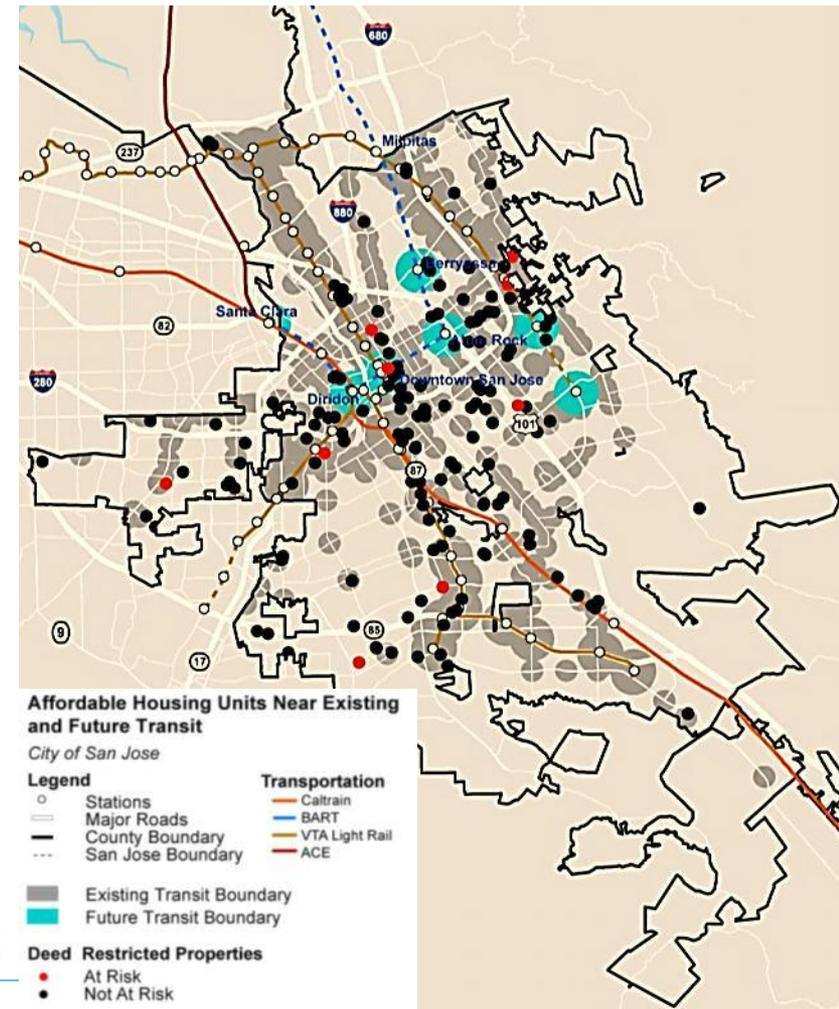
Select Pilot Projects

Preserving At-Risk Affordable Housing Near Transit Cities of San Jose, Oakland and Fremont

- >6,500 subsidized affordable rental units at risk in region
- Cost-effective approach (half the cost of building a new unit)

At-Risk Housing Units: City of San Jose

	<i>Units</i>	<i>Section 8 Units</i>
Very High Risk	245	193
High Risk	829	698
Moderate Risk	321	318
Total	1,395	1,209

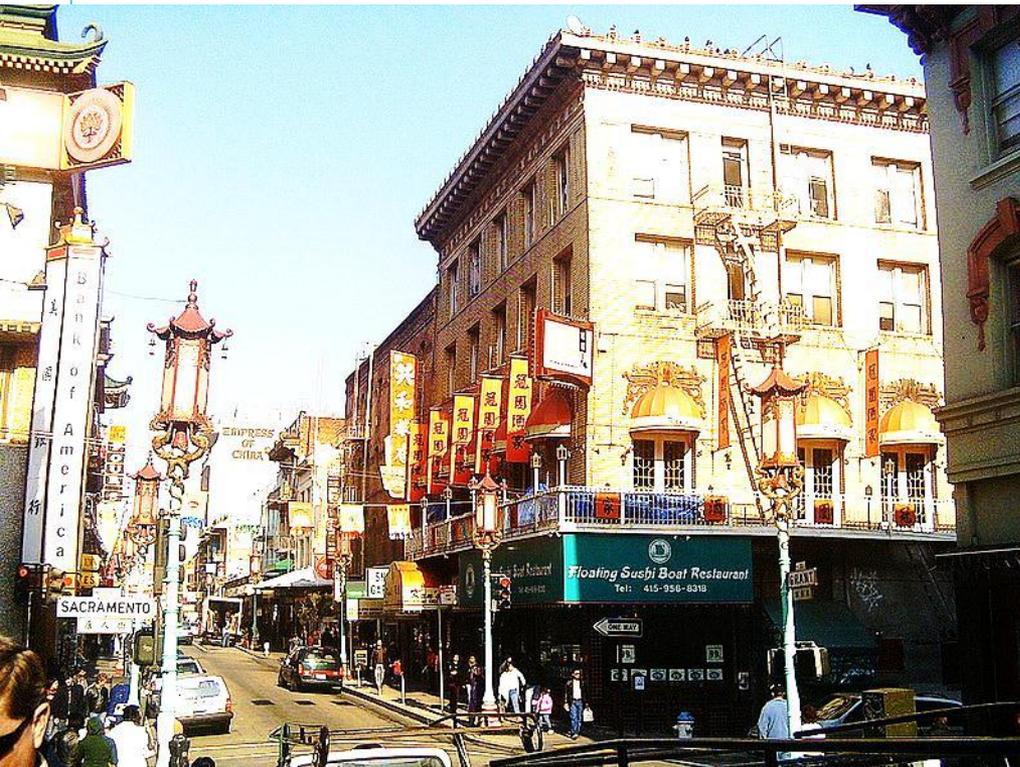


Source: Reconnecting America, California Housing Partnership Corporation, ESRI

Select Pilot Projects

Small-Sites Acquisition and Rehabilitation San Francisco Chinatown

- Focus on smaller apartment buildings within PDAs (5-25 units)
- Cost-effective and time-sensitive approach



Housing Program: Mayor Announces Funding for Affordable Rental Units

August 11, 2014

Mayor Edwin M. Lee announced funding availability for acquisition and rehabilitation financing for the multi-family rental buildings of 5-25 units through the new Small Sites Program. This funding will help stabilize buildings that are occupied by low to moderate income tenants throughout San Francisco that are particularly susceptible to evictions and rising rents. An initial \$3 million is being made available with additional funding expected to be released during the program's first year.



"Real estate speculation and rising rents have contributed to displacement of San Franciscans across our City," said Mayor Lee. "We need to stabilize our neighborhoods that are vulnerable to gentrification and expand the safety net for San Franciscans at risk of eviction and displacement. This program is a part of our comprehensive plan to protect and stabilize our housing stock. With the purchase of already occupied units, we can preserve their affordability over the long-term. The Small Sites Program offers a way to create certainty for our longtime San Francisco families and rent-controlled households, ensuring they have a safe, affordable place to live well into the future."

Leadership and Capacity-Building

Engagement of disadvantaged communities

- Funded 14 pilot projects with \$800,000 in sub-grants
 - **Leadership institutes** that train residents to advocate for their own needs and priorities
 - **Capacity-building** for community groups and residents in suburban areas



Resident leadership academy in San Francisco



Next Steps

- **Complete the pilot projects and other initiatives**
– *March-April 2015*
- **Document lessons and develop recommendations**
– *April-May 2015*
- **Conduct a final round of outreach and engagement**
– *April-June 2015*
- **Present relevant recommendations to MTC / ABAG**
– *June-July 2015*