Association of Bay Area Governments
Bay Area Air Quality Management District
Metropolitan Transportation Commission

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Joint Policy Committee / Regional Planning Program

Date: October 21, 2005

To: Henry Gardner, Executive Director, ABAG
Steve Heminger, Executive Director, MTC

From: Ted Droettboom, Regional Planning Program Director

Subject: Report to the Legislature on the Feasibility of Consolidating ABAG and MTC Functions

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This memorandum transmits the above referenced report for consideration by the ABAG Executive Board and the Metropolitan Transit Commission.

Section 66536.1(a) of the Government Code requires that:

> The joint policy committee shall prepare a report analyzing the feasibility of consolidating functions separately performed by ABAG and MTC. The report shall be reviewed and approved by MTC and the ABAG executive board and submitted to the Legislature by January 1, 2006.

At its meeting on October 21, 2005, the ABAG/BAAQMD/MTC Joint Policy Committee approved the following recommendations:

A. THAT the Joint Policy Committee approve the attached Report to the Legislature on the Feasibility of Consolidating ABAG and MTC Functions; and

B. THAT the Joint Policy Committee recommend this report to the Executive Board of the Association of Bay Area Governments and to the Metropolitan Transportation Commission for approval and transmittal to the Legislature.

Ted Droettboom

Ted Droettboom
Regional Planning Program Director

Association of Bay Area Governments
Bay Area Air Quality Management District
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Report to the Legislature on the Feasibility of Consolidating ABAG and MTC Functions

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This report responds to that requirement.

A Legacy of Working Together

The Association of Bay Area Governments (ABAG) and the Metropolitan Transportation Commission (MTC) have a history of inter-agency cooperation.

- From the late sixties through the early eighties, the era of federally-funded general regional planning, ABAG and MTC worked closely together on a number of regional planning tasks, including the A-95 and CEQA review of regionally significant plans and projects.

- In 1984, the two agencies, together with the Bay Area Rapid Transit District (BART), constructed the Joseph P. Bort MetroCenter in Oakland. The MetroCenter houses the offices of both agencies and provides shared regional meeting facilities. The two agencies operate the building jointly as an office condominium.

- ABAG and MTC, with the Bay Area Air Quality Management District (BAAQMD), are the federally designated co-lead agencies for the preparation of air quality plans for the Bay Area and have successfully written plans together since the seventies.

- ABAG's research department produces the population and economic forecasts used to drive MTC's transportation model and to provide land-use context for the Regional Transportation Plan (RTP). MTC transportation model results feed back to the ABAG forecasts and help refine the numbers.

- MTC and ABAG jointly operate a research library at the MetroCenter.

- ABAG and MTC share many information-technology protocols and resources and ABAG provides hosting services for MTC websites.

- ABAG, MTC, BAAQMD, the Bay Conservation and Development Commission (BCDC), and the Regional Water Quality Control Board, together with the multi-sector Bay Area Alliance for Sustainable Communities, sponsored the *Smart Growth Strategy / Regional Livability Footprint Project.* Completed in 2002, the *Project* was the first smart-growth visioning exercise for a major metropolitan area in California and involved thousands of Bay Area residents in constructing and evaluating alternative scenarios for the region's future. The result was a shared regional Vision, the principles of which were adopted as policy by ABAG, BAAQMD, BCDC and MTC.

Improving the Connections

Nevertheless, there is a shared acknowledgement that coordination among the two agencies, particularly in the area of regional planning policy, has not been everything it could be. For that reason the two agencies explored a merger. That exploration did not conclude with a consolidation of the agencies, but it did lead to the creation of a Joint Policy Committee (JPC), composed of MTC Commissioners and ABAG Executive Board Members, to together review and comment on major planning documents and to work together on implementation and updating the shared regional Vision. Legislation subsequently added representatives of the BAAQMD Board to the JPC.

Noting the requirements of new State legislation (Government Code Section 66536.1(a)), the JPC directed the Executive Directors of its member agencies to review opportunities for working together in a more consolidated manner. This review acknowledged from the start that significantly different compensation and labor-relations regimes made organizational consolidation prohibitively difficult—at least at this time. Therefore, the review looked at *functional* consolidation, implemented through inter-agency agreements, rather than *organizational* consolidation achieved by moving staff and other resources from one agency to another.

The review has concluded that functional consolidation can occur in two broad areas: first, and most significantly, in the area of integrative regional planning; second, in a number of support and ancillary areas: emergency management, administration, information, communication, training, procurement and technology.

Attachment 1, *A Consolidated Work Program For Implementing And Refining The Bay Area's Smart-Growth Vision*, sets out the principles of an integrative regional planning work program which brings together ABAG, MTC and the Air District around a set of shared regional planning tasks. This program was approved by the Joint Policy Committee in September 2005 and provides a common direction for pursuing and sharpening the regional vision over the next several years.

Attachment 2, *Working Together*, identifies a number of areas where the Executive Directors of ABAG and MTC have agreed to work toward the pooling of resources and the removal of perceived barriers to inter-agency cooperation. Some of these are subtle but nonetheless important.

Together, the two attachments are indicative of a renewed eagerness to solve problems and address opportunities together.

Respectfully submitted,

Scott Haggerty President Association of Bay Area Governments	Jon Rubin Chair Metropolitan Transportation Commission

ATTACHMENT 1

A CONSOLIDATED WORK PROGRAM FOR IMPLEMENTING AND REFINING THE BAY AREA'S SMART-GROWTH VISION

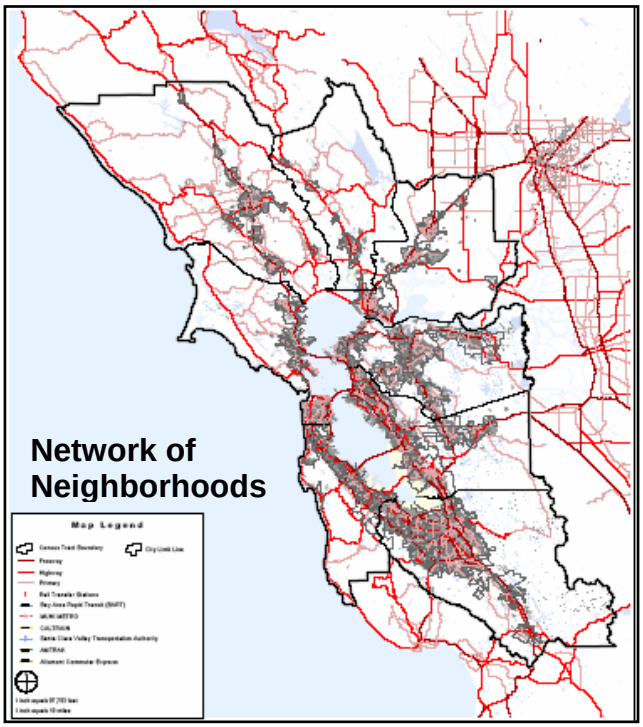
At its meeting of January 28, 2005, the Joint Policy Committee (JPC) tasked the Executive Director of the Association of Bay Area Governments (ABAG), the Executive Director of the Metropolitan Transportation Commission (MTC), and the Executive Officer of the Bay Area Air Quality Management District (BAAQMD) with organizing inter-agency resources to pursue integrative regional planning. This work program is proposed as the initial ends and means of that organization. It sets forth a rationale and a set of tasks for pursuing and sharpening the regional vision over the next few years.

MANDATE TO ACT

A number of recent initiatives provide the conceptual foundation, the analytic basis, and the public/political impetus to move forward on the implementation and continued refinement of an integrative strategy for the Bay Area's growth and development. This work program builds upon the collective mandate and strategic directions embodied in these initiatives.

Smart Growth Strategy / Regional Livability Footprint Project: Shaping the Future of the Nine-County Bay Area

Completed in October 2002 by five regional agencies[1] with the multi-sector collaboration of the Bay Area Alliance for Sustainable Communities, this pioneer regional planning effort involved the participation of thousands of Bay Area residents and produced the first smart-growth vision for a major metropolitan area in California. The vision aims to concentrate future growth near transit in a compact "network of neighborhoods," mostly existing communities, surrounding the Bay.



Smart Growth Preamble and Policies

Adopted in 2003 by four of the five Bay Area regional agencies[2], this concise statement (Appendix A) constitutes the official expression of the Bay Area's smart-growth strategy and is a summary statement of the principles underlying the region's vision.

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[1] The Association of Bay Area Governments (ABAG), the Bay Area Air Quality Management District (BAAQMD), the Bay Conservation and Development Commission (BCDC), the Metropolitan Transportation Commission (MTC), and the San Francisco Bay Regional Water Quality Control Board

[2] The San Francisco Bay Regional Water Quality Board has not adopted the Preamble and Policies.

Projections 2003/2005: Forecasts for the San Francisco Bay Area to the Year 2030

Adopted by the ABAG Executive Board, *Projections* are the official population, household, jobs, labor force, and income forecasts of the Association of Bay Area Governments (ABAG). These forecasts are used by the Metropolitan Transportation Commission (MTC) and the Bay Area Air Quality Management District (BAAQMD) to provide the demographic and economic assumptions for their official plans. Beginning with the 2003 series and continuing with the 2005 series, the forecasts assume that growth will be reshaped by public policy to conform more closely to the region's smart-growth vision, as described by the *Smart Growth Strategy / Regional Livability Footprint Project*. Without changes in local land-use policy consistent with the vision, the forecasts will not be achieved.

Compact for a Sustainable Bay Area

Published in November 2003 by the multi-sector Bay Area Alliance for Sustainable Communities and affirmed by a variety of organizations[3], including ABAG, BAAQMD and MTC, the *Compact* collectively commits the signatories to a plan of ten actions:

1. Enable a diversified, sustainable and competitive economy;
2. Provide housing affordable to all income levels;
3. Target transportation investment;
4. Preserve and restore the region's natural assets;
5. Improve resource and energy efficiency, reduce pollution and waste;
6. Focus investment to preserve and revitalize neighborhoods;
7. Provide quality education and lifelong learning;
8. Promote healthy and safe communities;
9. Support state and local government fiscal reforms;
10. Stimulate civic engagement.

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[3] Organizations belonging to the Bay Area Alliance and affirming the *Compact for a Sustainable Bay Area* include the Alameda-Contra Costa Transit District, Architects, Designers and Planners for Social Responsibility, the Association of Bay Area Governments, the Bank of America, the Bay Area Air Quality Management District, the Bay Area Council, the Bay Area Economic Forum, the Bay Conservation and Development Commission, the Bay Planning Coalition, Building Opportunities for Self Sufficiency, the Contra Costa Council, the Contra Costa Economic Partnership, Earth House, the East Bay Asian Local Development Corporation, the Economic Development Alliance for Business, Environmental Defense, the Greenbelt Alliance, the Greenlining Institute, the Homebuilders Association of Northern California, the Interfaith Coalition for Green Planning, the League of Women Voters of the Bay Area, Legal Aid of Marin, the Metropolitan Transportation Commission, the National Economic Development and Law Center, the Natural Resources Defense Council, the Nature Conservancy, the Non-Profit Housing Association of Northern California, the Pacific Gas and Electric Company, PolicyLink, the Regional Alliance for Transit, the Richmond Improvement Association, the San Francisco Bay Regional Water Quality Control Board, the San Jose Silicon Valley Chamber of Commerce, the Sierra Club, the Silicon Valley Manufacturing Group, Urban Ecology, Urban Habitat, the Urban Strategies Council, Youth in Focus. Sixty-six of the region's 101 cities and all nine counties also took actions supporting the work of the Bay Area Alliance and the process of developing the *Compact*.

Final Report of the ABAG/MTC Task Force

The Task Force, formed to review the relationship between the Association of Bay Area Governments (ABAG) and the Metropolitan Transportation Commission (MTC), recommended in a December 2003 report that a Joint Policy Committee (JPC) be established to advance integrated regional planning by implementing and updating the regional vision and by coordinating significant planning activities of the two agencies.

Senate Bill 849

This legislation, chaptered in September 2004, codifies the Joint Policy Committee in state law and requires that the Bay Area Air Quality Management District (BAAQMD) join ABAG and MTC on the JPC. The legislation also requires that the JPC review and coordinate major planning initiatives from all three agencies, including: the regional transportation plan (RTP), the regional housing needs allocation (RHNA), and the ozone strategy.

Assembly Bill 2158

Also enacted in September of 2004, this bill encourages the consolidation of the information base and timelines for the regional housing needs allocation (RHNA) and the regional transportation plan (RTP).

Transportation / Land Use Platform

Part of *Transportation 2030*, the regional transportation plan (RTP) adopted in early 2005, the Transportation / Land Use Platform expresses the Metropolitan Transportation's Commission's policy commitment to smart-growth principles and implementation of the smart-growth vision.

Resolution 3434 Transit-Oriented Development Policy

This policy, approved by the Metropolitan Transportation Commission in July 2005, establishes planned housing-unit thresholds[4] that corridors slated for transit expansions or extensions will have to meet in order to qualify for regional discretionary funding. The policy also provides a funding program for station-area specific plans to assist corridors in meeting their thresholds.

State of California Regional Blueprint Planning Program

The May Revision to the Governor's proposed 2005-2006 budget contains a provision "to increase federal authority by $5 million to provide grants to metropolitan planning organizations (MPOs) to produce regional 'blueprint' planning documents. MPOs, in cooperation with the Councils of Government, may voluntarily apply for grants to develop plans that will guide future development and land use decisions to promote economic development, while protecting the environment, promoting healthy cities, and reducing unnecessary travel demand." This is consistent with other state initiatives, from both the administration and the legislature[5], to support regional planning with the objective of achieving more compact, transit-efficient development.

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[4] Thresholds vary by transit technology.

[5] Bills directed at infill, transit-oriented development, smart growth, and specific plans have been introduced by Senators Perata, Torlakson, Kehoe and Lowenthal and by Assembly Members Hancock, Torrico and Mullen, among others.

ROLES AND INTERESTS

This work program relies on a partnership among regional agencies, between regional agencies and local governments, and between governments and other sectors. It is based on key assumptions about the roles and interests of the partners as follows:

- Responsibility for land-use planning will continue to remain with counties and cities. Therefore, local governments will principally determine where and at what densities development occurs. The Association of Bay Area Governments (ABAG) is organized for the collective benefit of its local government members.

- ABAG is also charged by the State with allocating housing needs (quantitative housing unit targets by income group) for inclusion in the housing elements of local general plans.

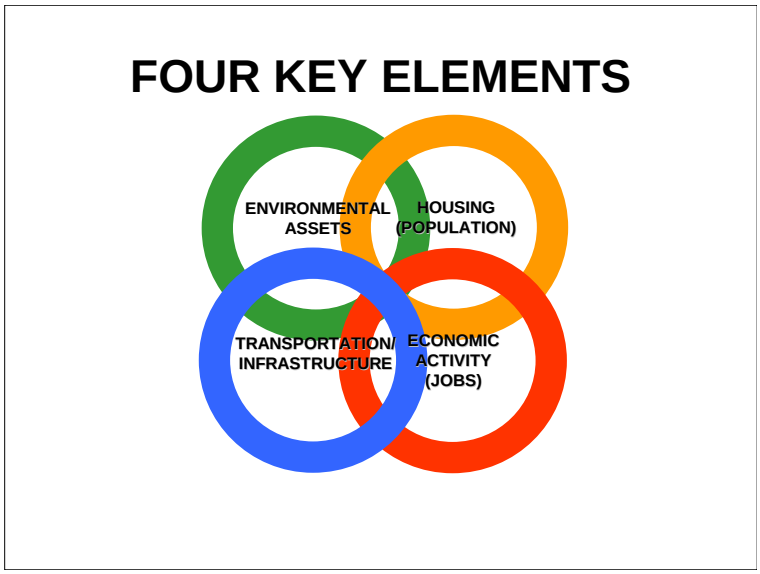
- The location and density of population and employment are the paramount determinants of transportation demand and transit usage. Concomitantly, the location of transportation infrastructure can exert a major influence on the intensity of development interest. The Metropolitan Transportation Commission (MTC) allocates state and federal transportation funds in the region and is charged with using these funds in the most efficient manner possible. MTC also collects and administers a substantial portion of local transportation funds. To maximize the return on very expensive transportation investments, MTC has a legitimate interest in the location and density of development.

- The Bay Area Air Quality Management District (BAAQMD) has an interest in moderating the emission of chemical pollutants and the combustion of fuels. Motor vehicles are the principal source of air pollution in the region, and motive fuel combustion is a major source of the greenhouse gasses that contribute to global warming. The proximity of complementary land uses to one another and to public transit affects motor vehicle use and cumulative emissions.

- While governments can set the stage for growth and development, it is principally private investment that builds the homes, offices, factories and stores where we live, work and shop. Positive change requires the participation of the private sector, and the private sector has an interest in protecting the regional economy from a number of threats: unaffordable housing, intolerable traffic congestion, degradation of the environment.

- The Bay Area has a rich tradition of active and effective volunteerism: protecting water, open space, and other environmental assets; advocating the interests of the disadvantaged and the disabled; pursuing individual and community health; ensuring that the costs and benefits of growth and development are equitably shared; watch-dogging public decisions. The voluntary sector has important things to say about the future of the region, its participation will enrich the process and our considerations, and it requires seats at the table.

STRATEGIC FOCUS



There are four interconnected elements that together encompass nearly all the concerns typically addressed in a regional physical planning program. As illustrated in the diagram to the right, these are (1) environmental assets (natural features and resources), (2) housing (the dwellings required by a regional population), (3) economic activity (which creates jobs at employment locations), and (4) transportation and infrastructure (the network of public facilities that ties together jobs and housing and serves the region's development). The regional smart-growth vision, upon which this work program is built, addresses all four of these elements and, more importantly, their interconnections. It clearly recognizes, for example, that the relative locations and densities of housing and economic activity profoundly influence our need for transportation infrastructure and drive our consumption of natural assets, including air quality and open space.

Without diminishing the long-term importance of the other three elements, this initial work program focuses on ***housing*** as the critical element of greatest strategic importance at this moment in time. This focus is supported by a number of observations:

- There has been an unprecedented escalation of housing prices in the Bay Area over the last several years, making homeownership prohibitively expensive to all but a small percentage of new households[6] and exerting a concomitant, though less pronounced, upward pressure on rents.

- The unaffordability of housing threatens the health and competitiveness of the regional economy by making it difficult to recruit and retain skilled employees and necessitating higher salaries than those prevailing in other regions.

- Housing costs have a disproportionate impact on the most vulnerable segments of our society, for whom decent shelter is becoming an increasingly unattainable commodity.

- New housing development is the prime consumer of one of the region's principal environmental assets: virgin and agricultural land.

[6] This includes new migrants to the region; the dissolution and reconfiguration of existing households; and children growing up, leaving home and forming their own households and families.

- Many worry that high-value housing will outbid traditional uses for current centrally-located manufacturing, storage, and distribution lands. This will make goods movement more difficult and more expensive, contribute to increased pollution from truck exhausts, and further threaten the economic competitiveness of the region.

- MTC has determined that locating housing and hence population closer to existing points of transit access will have a greater positive impact on transit ridership than new investment in transit infrastructure. In a time of constrained fiscal capacity, getting greater bang for our public transportation buck is more important than ever. Residential proximity will also reduce vehicle miles traveled (VMT) and have a positive impact on air quality.

- With high vacancy rates in existing industrial and commercial space, there is not as much regional urgency or leverage attached to the location and density of future economic activity as there is to housing.

- There is a strong and growing public and political imperative to effectively address what is widely perceived to be a "housing crisis."

As all four key regional planning elements are inextricably interconnected, a focus on housing will not exclude, and indeed ***will require***, parallel considerations of environment, economic-activity and transportation elements. Complementary work objectives and tasks address these elements—at this time primarily as they relate to housing. In future work programs, as the relative saliency of regional issues shifts, other elements may take primacy and replace housing as the principal focus of our work efforts.

The necessity to vary the concentration of our work over time is reflective of the reality that regional planning is a continuous learning process, one which implements our strategy while simultaneously testing and refining it and making it more responsive to changing circumstances. In fact, this consolidated work program recognizes that housing implementation will require the consideration of many associated factors which were not explicitly addressed in the pioneering 2002 vision that established our present strategy. As these factors are now brought into the picture, they will refine and enrich the strategy, making it a more robust tool for understanding and managing the Bay Area's growth. The integrative regional strategy will be periodically re-documented to reflect increments to our knowledge and resolve.

CORE WORK OBJECTIVES: ALLOCATE AND PRODUCE NEW HOUSING UNITS

The Association of Bay Area Governments (ABAG) is required by state law to allocate a regional estimate of housing unit need among the counties and cities of the Bay Area. The allocated estimates, sub-divided into income categories (very-low, low, moderate, and above-moderate) are then to be incorporated into the housing elements of local general plans.

ABAG last completed a regional housing needs allocation (RHNA) in June of 2001. That allocation, intended to guide the 2001-2006 housing-element cycle, distributed need with regard to seven criteria:

- Market demand for housing;
- Employment opportunities;
- Availability of suitable sites and public facilities;
- Commuting patterns;
- Type and tenure of housing need;
- Loss of units contained in assisted housing developments that changed to non-low-income use.

The fourth application of the RHNA process, and the related housing-element updates for the Bay Area, were scheduled to begin at the start of 2005. However, ABAG submitted a request to the state's Housing and Community Development Department (HCD) for an extension to synchronize with the process for updating the Regional Transportation Plan. The HCD staff response to this request has been positive. ABAG believes the extension will also allow time to improve the overall process.

One obvious improvement flows from the completion of the region's smart-growth vision and its incorporation in official regional policies and policy-based forecasts (*Projections 2003 and Projections 2005*). Unlike 2001, the region now has a widely accepted and officially adopted normative basis for directing regional housing growth, and it is the same basis already underlying the regional transportation plan and regional ozone strategy. Further, the vision shares common objectives with new state legislation governing the RHNA process: to promote infill development and socio-economic equity, protect agricultural and environmental resources, and encourage efficient development patterns

With the vision in mind and with *Projections 2005* established as the official quantitative expression of the vision, the primary basis for allocating new housing unit need is clearer and less ambiguous than it ever has been before. Unmistakably superior to all the 2001 criteria is the new regional objective of directing population and housing growth to a compact network of neighborhoods, hugging the Bay, largely in existing communities, and oriented to the regional transit system. Maximizing the achievement of this regional smart-growth vision should now be the paramount purpose of the housing allocation process. Other criteria are appropriately conceptualized as constraints on this goal maximization.

However, while allocating future housing units to the network of neighborhoods is necessary, it is not sufficient. The work cannot stop with allocation, or with the incorporation of that allocation in local housing elements. The work also needs to assist in getting housing actually built. A paper distribution of theoretical units is not good enough. Only real housing production will help ameliorate the region's housing crisis and assist in achieving the other objectives—particularly transportation efficiency and environmental protection—associated with the location and density of population and household growth. Therefore, the program must include a parallel thrust to address impediments to and incentives for appropriate housing production.

CORE TASKS

Stream 1
Housing Allocation: establish shared housing objectives.

#	Task Description

1.1	**Test, modify and confirm the gross distribution of households within the regional livability footprint.**[7]
	• Review *Projections 2005* against new considerations of:
	  o Resolution 3434 TOD corridor thresholds;
	  o Air quality concerns relative to sensitive receptors;
	  o Regional freight movement concerns relative to the provision of goods distribution facilities and land uses;
	  o New state data on infill potential.[8]
	• Within the basic confines of the network-of-neighborhoods footprint and its gross population distribution objectives[9], and with the consultation of affected local governments, relocate projected growth areas and modify density assumptions.

1.2	**Develop *draft* twenty-year and five-year housing targets by jurisdiction and sub-region.**
	• Constrain and partition the gross distribution of households with regard to:
	  o Achieving a fair share of low- and very low-income units within and across jurisdictions;
	  o Maintaining a reasonable relationship between jobs and housing, so as to reduce the need for long commutes;
	  o Avoiding new concentrations and reducing existing concentrations of low-income housing;
	  o Responding to market demand by tenure and type;
	  o Replacing lost low-income units.
	• Publish draft targets by jurisdiction and by sub-region and within each by infill and greenfield development.

1.3	**Negotiate *final* twenty-year and five-year housing targets among jurisdictions within sub-regions.**
	• With regional facilitation, allow jurisdictions to trade all or portions of their targets with other jurisdictions for appropriate consideration, provided
	  o That trades result in distributions that are in the compact, infill, transit-oriented direction of the vision, and
	  o That social-equity objectives are not significantly compromised.

[7] Network of Neighborhoods scenario as contained in the final report of the *Smart Growth Strategy / Regional Livability Footprint Project*, October 2002
[8] Work completed by Landis *et al* under contract to the California Business, Transportation and Housing Agency.
[9] As initially established by *Smart Growth Strategy / Regional Livability Project* and as interpreted in *Projections 2005*

#	Task Description
	• Publish a consolidated plan of final targets as an initial refinement of the vision. • Modify *Projections* to reflect new targets.

Stream 2
Housing Production: provide enabling groundwork and facilitate construction.

#	Task Description
2.1	**Establish priority areas for local specific-planning assistance within the network-of- neighborhoods footprint. Priority criteria to include:** • Opportunity to achieve substantial increases in housing stock; • Proximity to existing or planned transit nodes and corridors; • Proximity to employment centers; • Infill potential; • Opportunity to complete communities; • Opportunity to address social equity and housing affordability concerns; • Presence of difficult development or marketability issues that are realistically susceptible to solution through identified investigative and planning work (e.g., brownfields). • Probability of proceeding quickly to development, once planning is completed
2.2	**Within priority areas, solicit applications, evaluate, select, and provide funding for local governments to prepare specific plans and master environmental impact reports.** Funding to be provided from two sources: 1. MTC Transportation for Livable Community planning grants for station areas in Resolution 3434 corridors only; 2. State of California specific plan fund.[10]
2.3	**Assist corridor planning.** • Facilitate and monitor corridor working groups as they allocate and plan to achieve thresholds established by MTC Resolution 3434 TOD policy. • Convene and enable multi-jurisdictional coordination of development and infrastructure planning on three major existing multi-modal corridors, facilitating achievement of a critical mass of quality transit-oriented development along those corridors.[11]
2.4	**Convene a multi-sector task force on housing production.** • Vet and refine multi-sector work, responsibilities and organization with existing advisory groups and multi-sector planning organizations (e.g., ABAG Regional Planning Committee, MTC Advisory Council, Alliance for Sustainable

[10] Legislation currently being drafted and vetted by Perata *et al*

[11] Funded by existing Caltrans and Haas Foundation grants for San Pablo, East 14th/International Boulevard, and El Camino Real corridors.

#	Task Description

	Communities).
	• With existing organizations and groups, identify responsible local government, private sector and voluntary sector interests with a stake in housing development and community change and devise an appropriate mechanism to bring these interests together to negotiate multi-sector solutions to housing production issues.
	• Employ facilitated, interest-based negotiation and collaborative planning techniques to agree on and recommend consensus solutions, in which all sectors bear some responsibility, to deal with:
	  o Impediments to housing construction (e.g., CEQA, NIMBY, fiscal capacity, risk management, etc.);
	  o Incentives for production (e.g., infrastructure priorities, permit streamlining). [12]
	  o Funding, financing and long-term security of affordable stock.

2.5	**Initiate a program of regional planning "extension agents"** (skilled professionals) to: • Provide technical assistance to local governments in achieving housing and mixed-use development consistent with regional smart-growth objectives and local development criteria; • Facilitate communication, networking, and mutual aid among localities and between localities and the state government on housing planning and production issues; • Broker and package incentives from multiple sources to facilitate regionally supportive development;[13] • Encourage and monitor the local achievement of regional objectives.[14]

COMPLEMENTARY WORK OBJECTIVES: ENSURING CONSISTENCY AND SUPPORT, MONITORING ACHIEVEMENT AND EFFECTIVENESS

Allocating units and achieving housing production in complete, transit-oriented communities, consistent with the region's smart-growth vision are unarguably the paramount objectives of the region's consolidated planning program for the foreseeable future. However, these core objectives need to be accompanied and supported by parallel short-term objectives for each of the three other key elements. There is also a special mandate to ensure consistency with the vision at the region's edge, a need to seek state and federal support, and a requirement to continually assess how well we are doing. These complementary work objectives support the core objectives and add contextual perspective.

[12] Appendix C provides an initial menu of existing and potential incentives that could assist the achievement of smart development, incorporating housing and mixed uses in well-planned communities.
[13] See Appendix C for an initial inventory of the types of incentives which might be packaged.
[14] Appendix B provides additional detail on the "extension agent" idea.

Identify and protect open-space priorities (Environmental Assets)

Even if the Bay Area is phenomenally successful in directing new housing growth to a compact network of existing networks, there will continue to be greeenfield development at the edges to accommodate market demand and household preference, particularly for young families. We need a better mechanism to direct where this greenfield development will occur. In the current vision, open space is a residual; it is what is left over after development. This is not good enough. Some currently unprotected open space is more valuable than others, and it needs to be explicitly identified and protected if possible.

Plan and allocate supportive regional and state public investments (Transportation and Infrastructure)

As it can take advantage of existing capacity, infill housing development generally requires less transportation and infrastructure investment than greenfield development. However, some selective investment may be required to serve incremental demand, to fill-in the occasional service gap, to replace outdated and unserviceable capital, and to incentivize infill choices. An explicit infill investment program may be required.

Maintain a watching brief on commercial and industrial development (Economic Activity)

Industries with a high presence in the Bay Area have been particularly hard hit by recent economic downturns. As a result, there is a surplus of developed industrial and commercial space in the region. Vacancy rates are high, and there is not much new building occurring to accommodate economic activity. In the longer term, the location and density of economic development will be as important as the character of housing development in achieving the regional vision. In the shorter term, there will be little opportunity to influence the location and form of new economic activity, as most of it will likely be attracted to existing space.

While the economy slowly recovers, it is prudent to monitor the utilization and conversion of existing commercial and industrial buildings and the emergence of new economic activities. The conversion of some commercial and industrial development to housing uses is inevitable and, in many cases, highly desirable. However, we need to be sensitive to overall land supply and adjacency issues to ensure that economic competitiveness and goods-movement efficiencies are not compromised by inappropriate conversions. As new economic activities emerge and cannot be accommodated in existing locations, we need to be vigilant for opportunities to redress severe jobs to housing imbalances and support the development of complete communities, where housing and jobs coexist in proximity to one another.

Continue inter-regional planning

Housing growth, currently not accommodated within the Bay Area is spilling over into neighboring regions. Families are traveling farther and farther from the region's centers into adjoining counties to find homes they can afford. Left unabated, this inter-regional expansion will contribute greatly to vehicle miles traveled, highway congestion, work and family time wasted in unproductive commutes, and pollution levels. In its current form, it will also be incredibly difficult and expensive to serve with public transit. Even with aggressive infill within

the Bay Area, this peripheral growth is expected to continue. We need, therefore, to continue an assertive program of planning at the edges in order to manage the undesirable travel patterns which will otherwise result.

Seek Supportive Legislation

The advancement of core and complementary work objectives will be facilitated by an appropriate legal context and by supportive financial resources. The State exercises considerable control in both areas. The region will benefit from working with the executive and legislative branches to craft regional and local planning mechanisms which help achieve the vision and financial arrangements which provide needed incentives.[15] Some Federal assistance may also be required.

Monitor and evaluate

We believe that implementation of the smart-growth vision will make a substantial difference to the quality of life in the Bay Area. However, we will not know how well we are doing relative the vision and whether the vision is achieving what it set out to do unless we measure and evaluate against explicit objectives. Tracking and assessment of our progress is integral to this regional planning program and is a required for federal transportation funding and to maintain compliance with federal air quality regulations.

COMPLEMENTARY TASKS

Stream 3

Open-space priorities: identify and protect.

#	Task Description

3.1	**Identify existing protected and unprotected open space.**
	• Map
	  o Parks;
	  o Open-space and agricultural conservancies;
	  o Areas outside fixed urban limit lines / urban growth boundaries.
	• Compare to network of neighborhoods, compact development footprint.
	• Highlight residual and ambiguous open space between compact footprint and protected space.

3.2	**Identify environmental-sensitivity, resource-value criteria and indicators.** Bring together stakeholders from environmental, resource conservation and use, agricultural, recreational landowner and developer interests to agree on common set.
3.3	**Overlay criteria indicators on residual and ambiguous open space to identify areas away from which growth should be directed and for which protection may be required.**

[15] Appendix C inventories some incentive ideas which could benefit from State support.

#	Task Description
	Negotiate priorities with broadly representative stakeholder group.
3.4	**With stakeholder group, agree on plan and mechanisms for open-space protection.**

Stream 4
Transportation and infrastructure: plan and allocate supportive public investments.

#	Task Description

4.1	**Construct a supportive transportation program.**
	• Explicitly identify and prioritize regional transportation investments that:
	  o support the agreed pattern of five- and twenty-year housing targets;
	  o may act to facilitate and expedite desired housing construction in priority locations.[16]
	• Package supportive investments for possible inclusion as an identifiable program in the next regional transportation plan (RTP).

4.2	**Recommend priorities for state infrastructure[17] investment** that will: • support the agreed pattern of five- and twenty-year housing targets; • incentivize housing production.

Stream 5
Economic activity: ensure that community development and redevelopment respects regional economic objectives.

#	Task Description
5.1	**With economic and local-government stakeholders, identify an explicit set of regional economic development objectives** that should be considered • in the allocation and production of housing, • the identification of priority regional development areas, and • the drafting of local development and redevelopment plans.
5.2	**Develop and implement a process to ensure that the above-identified objectives are considered in the regional and local planning processes undertaken pursuant to the regional strategy.** Process to be vetted with stakeholders.

[16] Policy-based *Projections 2005* provide the demographic and economic assumptions for the regional transportation model and therefore have an implicit and indirect impact on priorities. The intention here is to be more explicit, direct, directive, and transparent.

[17] Principally non-transportation, as transportation should be included in MTC RTP. This work may help the State implement AB 857 (Wiggins), which was chaptered in 2002.

#	Task Description
5.3	**Monitor the utilization and development of commercial and industrial floor space.**
5.4	**In association with *Projections*, publish a biennial report of commercial and industrial floor space utilization and development,** identifying issues from the perspective of • regional economic development objectives, and • regional transportation/land-use objectives.

Stream 6
Inter-regional planning: enter into joint planning and negotiations with surrounding regions.

#	Task Description
6.1	**Identify Bay Area interests in and objectives for inter-regional planning:** • What is the trend at the boundaries? • How would we like to redirect this trend? • What actions are required from this region and from surrounding regions?
6.2	**Reconvene regional partnerships, negotiate a joint work program.** Enter negotiations with a clear statement of Bay Area interests and objectives.
6.3	**Undertake joint work program.** Details to be determined by negotiations.

Stream 7
Legislative program: seek supportive laws and financial resouces

#	Task Description
7.1	**Identify annual legislation objectives consistent with regional planning priorities.**
7.2	**Pursue objectives in Sacramento and Washington through** • Drafting and sponsoring of new legislation; • Seeking helpful amendments in legislation from other sources; • Supporting legislation consistent with our objectives.

Stream 8
Monitoring and Evaluation:

#	Task Description
8.1	**Confirm consolidated list of key indicators of smart-growth success**.

#	Task Description
	• To be developed with multi-sector advisory group; • To build upon existing ABAG, MTC, and BAAQMD monitoring programs and upon the Sustainability Indicators constructed by the Bay Area Alliance.
8.2	**Agree on and undertake consolidated program to collect and analyze key indicators.** Responsibilities to be partitioned among regional agencies and non-governmental partners.
8.3	**Publish biennial state of the region report.**

APPLICATION

This consolidated work program shall serve as the master expression of intent for a spectrum of coordinated activities undertaken, individually and together, by each of the three member agencies of the JPC. It shall also provide context and grounding for a number of individual funding applications which will be sought to undertake subsets of the tasks identified herein. The execution of this program in its entirely shall depend on obtaining resources presently not available in the member agencies.

Appendix A

SMART-GROWTH PREAMBLE AND POLICIES

Preamble

Current land-use patterns in the San Francisco Bay Area are putting intense pressure on the economic, environmental and social wellbeing of the Bay Area and of surrounding regions. The projected addition of over one million new residents and one million new jobs in the coming decades will further challenge our ability to sustain the high quality of life we enjoy today.

To help meet this challenge, the five regional agencies of the Bay Region—the Association of Bay Area Governments, Bay Area Air Quality Management District, Bay Conservation and Development Commission, Metropolitan Transportation Commission and the Regional Water Quality Control Board—along with the economy, environment and social equity caucuses of the Bay Area Alliance for Sustainable Communities, developed a set of Smart Growth policies.

The policies reflect the values articulated by workshop participants of the Smart Growth Strategy/Regional Livability Footprint Project and address Bay Area conditions. The policies are consistent with widely accepted notions of smart growth. They are meant to encourage meaningful participation from local governments, stakeholders and residents.

The policies provide a framework for decision-making on development patterns, housing, transportation, environment, infrastructure, governmental fiscal health and social equity that can lead us toward development of vibrant neighborhoods, preservation of open space, clean air and water, and enhanced mobility choices, while enhancing the Bay Area's relationship with surrounding regions.

Policies

Jobs/Housing Balance and Match
Improve the jobs/housing linkages through the development of housing in proximity to jobs, and both in proximity to public transportation. Increase the supply of affordable housing and support efforts to match job income and housing affordability levels.

Housing and Displacement
Improve existing housing and develop sufficient new housing to provide for the housing needs of the Bay Area community. Support efforts to improve housing affordability and limit the displacement of existing residents and businesses.

Social Justice and Equity
Improve conditions in disadvantaged neighborhoods, ensure environmental justice, and increase access to jobs, housing, and public services for all residents in the region.

Environmental, Natural Resource, Open Space and Agricultural Preservation
Protect and enhance open space, agricultural lands, other valued lands, watersheds and ecosystems throughout the region. Promote development patterns that protect and improve air quality. Protect and enhance the San Francisco Bay and Estuary.

Mobility, Livability and Transit Support
Enhance community livability by promoting infill, transit oriented and walkable communities, and compact development as appropriate. Develop multi-family housing, mixed-use development, and alternative transportation to improve opportunities for all members of the community.

Local and Regional Transportation Efficiencies
Promote opportunities for transit use and alternative modes of transportation including improved rail, bus, high occupancy (HOV) systems, and ferry services as well as enhanced walking and biking. Increase connectivity between and strengthen alternative modes of transportation, including improved rail, bus, ride share and ferry services as well as walking and biking. Promote investments that adequately maintain the existing transportation system and improve the efficiency of transportation infrastructure.

Infrastructure Investments
Improve and maintain existing infrastructure and support future investments that promote smart growth, including water and land recycling, brownfield clean-up and re-use, multi-use and school facilities, smart building codes, retention of historic character and resources, and educational improvements.

Local Government Fiscal Health
Improve the fiscal health of local government by promoting stable and secure revenue sources, reduced service provision costs through smart growth targeted infrastructure improvement, and state and regional sponsored fiscal incentives. Support cooperative efforts among local jurisdictions to address housing and commercial development, infrastructure costs, and provision of services.

Cooperation on Smart Growth Policies
Encourage local governments, stakeholders and other constituents in the Bay Area to cooperate in supporting actions consistent with the adopted Smart Growth policies. Forge cooperative relationships with governments and stakeholders in surrounding regions to support actions that will lead to inter-regional Smart Growth benefits.

Appendix B

DELIVERING REGIONAL PLANNING SERVICES THROUGH EXTENSION AGENTS

The regional planning "extension agent" idea comes from the rich body of literature that deals with the introduction of change and innovation. A frequent hero in that literature is the agricultural extension agent. Extension agents, usually connected to state land-grant colleges (agricultural universities), are charged with disseminating the latest in plant and animal husbandry to farmers in the field. Before the spread of the agri-business giants, extension agents were credited with the introduction of a wide spectrum of cultivation and harvesting innovations (e.g., blight-resistant hybrids) that dramatically increased agricultural production in the United States. This was most frequently done by going out and working with influential farmers one by one, consulting closely to achieve success and through the process planting seeds of information and setting examples which could be emulated by neighbors. In the literature, the process is referred to as the "diffusion" of information and innovation.

There are also variants of the extension-agent model employed by other successful organizations. In the days of big mainframe computers, for example, the IBM account executive established relationships with his/her clients that sold equipment and software for sure but also helped solve problems and introduced leading edge ideas into the client organizations. The International City and County Management Association has a "rangerider" program that sends veterans around to counsel practicing city managers and county administrators and help them work through issues in their organizations, in the process facilitating the cause of professional city and county administration. The Conference Board periodically sends out representatives to meet individually with its members, making a direct connection to the resources it provides and strengthening its place in corporate America.

To disseminate regional planning ideas and information, the regional would begin selecting and training at least some part of their planning team to regularly and routinely play an extension agent role, working directly with cities and counties in addition to helping to produce regional analyses and policies. That role might include some or all of these activities:

- Following up on the release of a regional policy report or on the completion of a regional planning workshop or seminar to answer questions, receive feedback and help recipients work through the processes of diffusion, adoption, and implementation within their individual organizations;

- Collecting information, both formal data and informal assessments, about what is happening in individual communities relative to the region's strategic objectives and playing this back in ways that help both localities and the region monitor and adjust their progress;

- Making connections to specific on-target information resources and tools that can help localities work through their compact-growth challenges, to relevant state and federal regulations, to potential grants and other funding sources, and to other localities

(regionally and nationally) that are working through similar problems (i.e., facilitating networking);

- Organizing workshops and task groups among localities to tackle issues which they share in common;

- Participating in local planning teams and local problem-solving task forces where both local and regional issues are addressed, providing another source of technical expertise and intellect to supplement that resident in the locality;

- Identifying regionally significant projects at a stage early enough to provide helpful regional comment and to influence the projects in an effective, non-confrontational manner;

- Playing Jiminy Cricket, showing up every once in a while to inquire about progress on compact growth projects, to remind local participants of their important regional role and to gently nag (mostly just by their presence and interest);

- Generally building an environment of helpfulness, trust, respect and knowledgeable authority that helps pursue the regional agenda through local actions.

Appendix C

EXISTING AND POTENTIAL SMART-GROWTH INCENTIVES

1. An Incentive Framework

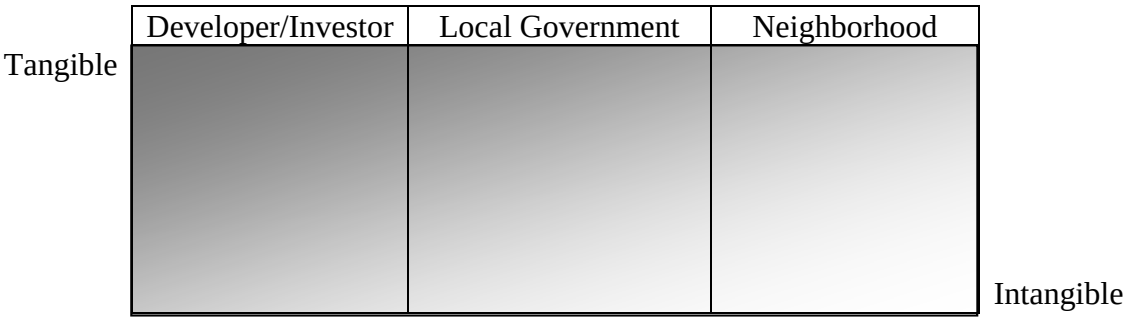
Incentive: a thing that motivates or encourages someone to action or increased effort (Compact Oxford English Dictionary).

Incentives can be arrayed along a continuum from *tangible*, very real and definite, to *intangible*, more vague and abstract. A tangible incentive might be something like a direct cash grant tied to the achievement of a specific development objective (say, a prescribed number of housing units at a particular density and/or affordability level). An intangible incentive could consist of simple recognition for a job well done (say, publication in a best practices manual or a plaque presented at an awards ceremony). Lying somewhere between the extremes of the continuum would be an incentive like risk reduction (for example, providing lower-cost insurance to cover the unknowns of site remediation) or technical assistance (helping development proponents through unfamiliar territory). Tangible incentives are generally easily valued in financial or economic terms; a dollar number can usually be attached. The value of intangible incentives is generally less clear or less certain. Tangible incentives most often go directly to the bottom line; intangible incentives may take a more circuitous route.

Incentives can also be scaled both positively and negatively relative to a zero baseline, at which actors may be indifferent to particular types or intensities of development. Moving decision makers to the base line, and beyond to action, may require the removal of negative *disincentives* as well the provision of positive incentives.

Three separable actors may require incentives. First are the developers and investors who need to commit to and construct specific projects. Second are the cities and counties that must plan for and encourage particular kinds of development. Third are the local communities or neighborhoods that are required to accept change, generally in the form of increased densities and associated impacts. All three actors are motivated by a range of tangible and intangible incentives, though tangible incentives may generally be more important to developers and investors and intangibles may play a greater role for neighborhoods. In their mediating role, local governments may be subject to the greatest range of tangibles <u>and</u> intangibles. As well, local governments may occasionally act as developers and investors, making them sensitive to at least two separate incentive arrays.

The distribution of incentive emphasis among the three actors in the development process is graphically illustrated in the chart at the top of the next page. The more tangible the required incentives, the darker the shading.



2. Incentives to Local Governments

The State of California has by far the biggest existing and potential role to play in providing smart-growth incentives to local governments. The Federal Government can also be powerful, mostly through grants-in-aid. Regional agencies, constrained in both resources and statutory authority, have a less central role to play, but can be influential at the margins, through the development and advocacy of incentive policy, and through the brokering of incentive packages.

Existing and potential smart-growth incentives applicable to local government are described below in rough descending order of tangibility.

2.1. Local Government Tax Revenue—Removing or Reducing Fiscal Disincentives

In the State of California, one of the largest impediments to local governments' embracing of smart growth is thought to be the structure of local-government finance. Proposition 13 and the subsequent Proposition 218 have reduced the role of property-based taxation as a local-government revenue source and have increased reliance on other sources, particularly local sales taxes. This is believed to have caused counties and cities to favor sales-tax generating commercial uses over property-tax-bound residential uses. Housing is widely perceived to generate more costs in municipal services than it generates in taxes, while retail uses are seen to be net generators of local-government revenue—albeit volatile. Other revenue demands, particularly education, have also crowded the property-tax base, making it less available for local government purposes and reducing local motivation to improve the base.

Recent and on-going efforts at local-government fiscal reform have concentrated more on increasing the size and stability of local revenue sources and less on reducing the unintended land-use perversities resulting from the convoluted tax structure. A popular current idea is to split the commercial property base from the residential base, stripping the commercial base of the constraints imposed by Proposition 13—particularly those limiting significant assessment increases to properties which have been transferred. Tax assessments on commercial property would then be allowed to float upward with market valuations and would no longer be sheltered by nominally unchanging corporate ownership. This reform is positive from the standpoint of enhancing one part of the property tax base; and it may initially favor older, inner communities where long-standing, sheltered commercial and industrial uses are more dominant. However, over the long-term, differentially increasing the commercial base while leaving the residential

base relatively unchanged may further bias local land-use preferences toward new commercial uses and away from housing. Tax-base splitting is clearly worth doing, but with care and with an eye on further improvements in the future.

More positive, stable and predictable land-use incentives would be provided by moving the entire property-tax base (residential, commercial and industrial) closer to current and real market valuations. However, while rational and quite practical, this is generally regarded to be politically unrealistic.

Regional tax-base sharing, such as occurs in the Minneapolis-St. Paul metropolitan area, has also been suggested as a way of neutralizing some of the perverse incentives that occur under the current local-government fiscal regime. The theory goes something like this: if local governments had to share a fixed proportion of the revenue they derived from new commercial and industrial uses, they would be proportionally less inclined to seek these uses in preference to other more socially desirable ones. As well, older, otherwise declining areas would be somewhat cushioned from the fiscal impact of businesses relocating. However, while theoretically compelling, the practical realities of calibrating a tax-sharing arrangement are daunting: its effectiveness varies both with the magnitude of the share and with the number of localities participating in the sharing arrangement. Implementation over the nine counties and 101 cities of the Bay Area would be a major undertaking.

A California version of regional tax-base sharing with a unique incentive twist was introduced during the 2001-2002 Legislature. AB 680 (Steinberg) would have had a proportion of sales and property tax revenues diverted from municipalities that did not meet their mandated housing obligations. Diverted revenues would be provided to the regional planning agency and effectively shared across the region by being used for regional purposes. The bill, which failed to pass, would have only applied to the Sacramento metropolitan area.

Another uniquely California variant on tax-base sharing would see localities swap a proportion of their sales tax revenues for an equal portion of property tax revenues currently flowing to the State. This is argued to provide cities and counties with a more stable revenue source and to reduce the incentive to favor retail commercial uses over housing. AB 1221 (Steinberg and Campbell) proposed this scheme, but failed to achieve passage in the 2003-2004 session of the Legislature.

2.2. Tax Increment Financing

Tax increment financing (TIF) was invented in California in 1952 and has been widely used across North America as a mechanism to pay for redevelopment expenditures—most commonly public capital infrastructure, but occasionally other investments deemed to be socially beneficial.

In its traditional California use, TIF is applied to the improvement of "blighted" areas. Currently before the California legislature is SB 521 (Torlakson). This bill would define "blight" to include the lack of high-density in a transit village area and, therefore, would permit the use of TIF to assist transit-oriented development. The bill has been described as TIF for TOD. Unfortunately, the use of "blight" as a rationale for TIF raises all sorts of negative connotations

and fears for affected communities—including the possibility of eminent domain. A more positive criterion for the application of TIF may be preferable.

The TIF concept is simple. Municipalities designate an area for improvement and then earmark a portion of the future growth in tax revenues derived from that area to pay down the municipal debt incurred in facilitating redevelopment. For TIF to work, the tax base in the redevelopment area must increase proportionately more than the tax base for the municipality as a whole. If it does not, then there may not be enough revenue to pay down the debt, or tax revenue will be diverted unintentionally from other municipal and non-municipal uses (for example, education) for redevelopment purposes. If the development is successful in increasing tax base, then, once the debt is paid off, the increment is gravy and can be applied both inside and outside the area for general public uses.

An important question for the smart-growth strategy is the appropriateness of TIF to facilitate land recycling and infill development in other areas that are not genuinely blighted or part of a transit-oriented development. AB 1203 (Mullin) appears to take a step in this direction. It proposes to authorize local governments to create "greyfield housing investment zones" in order to pursue regional redevelopment priorities. The zones would have access to TIF, transportation and infrastructure funds and affordable housing funds.

2.3. Grants-in-aid

Governmental categorical grants-in-aid are not as plentiful as they once were, and only a few are targeted, directly or indirectly, toward smart-growth objectives.

The most comprehensive smart-growth-related grant programs appear to be those directed at brownfield redevelopment (i.e., the cleanup and reuse of contaminated sites). Grants can often be parlayed with government-sponsored loans, loan guarantees, insurance, and technical assistance programs. Both the state (through CEPA) and the federal government (principally through the EPA) are active in this field, though needs seem to generally exceed available resources. The Association of Metropolitan Planning Organizations (AMPO), of which MTC is a member, has published a guide on using federal transportation funds to assist brownfield remediation.

The federal government, through the Department of Defense (DOD), also provides some grant money to assist communities in planning the reuse of closed military bases. To the extent that funds are available, this program may be applicable to several localities in the Bay Area.

Other grant programs that can be directed at municipal smart-growth initiatives are available through the Environmental Protection Agency (EPA), the Department of Commerce (DOC), the Department of Housing and Urban Development (HUD), and the Department of Transportation (DOT). At the state level, local-government grants are available through a number of agencies, including Caltrans, CEPA, and Housing and Community Development (HCD). While applicable to smart-growth initiatives, the nominal objectives of these grants program vary widely: from global atmospheric change, to community economic development, to affordable housing, to congestion management.

Many communities, of course, employ grants specialists—either in house or as consultants—to help identify and apply for grants applicable to their specific situation. There is at least one subscription-funded internet site, the sole purpose of which is to assist local governments in navigating the grants landscape, finding and interpreting categorical programs to fit their needs.

And the grants landscape for local governments is not solely populated by federal and state governments. Local-government grants are also occasionally available from private foundations (for example, Hewitt, Haas and Irvine), from trade-based associations (such as the Urban Land Institute) and even private corporations (the Bank of America). Most of these assist unique planning studies and demonstration projects.

As the JPC's smart-growth implementation program grows, one legitimate and worthwhile use of regional resources may be assisting local governments in identifying and accessing appropriate grant money from the confusing variety of possible sources.

Of special interest in the Bay Area are grant programs administered by BAAQMD and MTC.

BAAQMD's Transportation Fund for Clean Air (TFCA) is mostly to help finance local investments in transportation capital that contribute to less pollution. However, there are creative applications of these capital investments which may contribute to smart growth. For example TFCA monies were used to improve pedestrian and bicycle linkages in the Fruitvale Transit Village area, contributing to the overall success of that smart-growth project. In the current fiscal environment, moving projects forward requires combining funds from several sources, and the TFCA was one of many grant programs used in creative combination to advance the Fruitvale project.

MTC's program is Transportation for Livable Communities (TLC). MTC gives small local-government grants for community design and planning and for capital projects. Part of the TLC initiative is the Housing Incentive Program (HIP). HIP uses transportation funding to reward communities that promote high-density and affordable housing, as well as mixed uses, in association with transit.

TLC supports community-based transportation projects that:

- Are developed through a collaborative and inclusive planning process that includes broad partnerships among a variety of stakeholders;

- Improve the range of transportation choices by adding or enhancing pedestrian, transit and/or bicycle facilities, and by strengthening the links between these facilities and between these facilities and major activity nodes;

- Support well-designed, high-density housing and mixed use development that is well-served by transit, or will help build the capacity for future transit investment and use;

- Support a community's infill or transit-oriented development and neighborhood revitalization activities;

- Enhance a community's sense of place and quality of life.

A special application of TLC grants will be to fund station-area plans. Initially these planning grants are proposed to go to localities scheduled to be affected by Resolution 3434 projects. Over the longer-term, they could be applied to existing station areas pursuing infill development.

County congestion management agencies (CMAs) also use funding provided through MTC (the T-plus program) to support local smart-growth initiatives. CMAs provide their own TLC and HIP programs, in addition to those which occur directly through MTC.

Across the country, a few other Metropolitan Planning Organizations (MPOs) have launched programs similar to TLC. The Atlanta Regional Council (ARC), for example, has a Livable Centers Initiative (LCI) and the Minneapolis-St. Paul Metropolitan Council has a Livable Communities Demonstration Program and a Local Housing Incentive Program. A number of MPOs use Federal TEA-21 Transportation Enhancement money to support local community-development initiatives in association with transportation improvements. However, we know of no program as ambitious and as comprehensive as TLC in the Bay Area.

2.4. Loans and Financing Assistance

While obviously not as attractive as a grant, the availability of loan money at reasonable rates can assist counties and cities in undertaking smart-growth projects which they could not otherwise afford or which would not proceed in a timely manner were they to be funded on a pay-as-you-go basis.

SB 223 (Torlakson) proposes a revolving loan program to fund specific plans. Loans would be repaid by development fees and be forgivable in certain unspecified cases. Specific plans can be highly valuable in assisting cities and counties achieve higher density and mixed-use communities that are neighborly, work well in association with transportation and other local infrastructure, and are livable. In addition, specific plans permit the preparation of a master Environmental Impact Report (EIR) that can expedite development by streamlining CEQA review. Specific plans and master EIRs comprise the cornerstone of the JPC's initial legislative program. A possible weakness in the currently proposed bill is that it contains no source of revenue to fund the initial loan pool or to forgive some loans, as it proposes to do.

Municipal infrastructure projects associated with community redevelopment can receive loans from a revolving fund administered by the California Infrastructure and Economic Development Bank (CIEDB or I-Bank). Loans are awarded on a competitive basis with projects ranked using a criteria scoring system. The criteria include reference to smart-growth principles.

There are also various federal, state, and non-governmental loan programs to assist with the remediation of brownfields. One nascent program in this area is administered by the California

Center for Land Recycling. While most applicable to small community non-profits, the program has also been employed by cities and towns.

AB 350 (Mathews) would authorize the creation of infrastructure financing districts in inter-regional job-housing opportunity zones in order to stimulate economic development in housing-rich, job-poor areas. The obligations incurred in these districts would be repayable through tax increments.

Although not specifically targeted to smart growth, municipalities may also access ABAG financial services, including credit pooling, to finance infrastructure and redevelopment capital.

2.5. Senior Government Public Investment

The principle of prioritizing state infrastructure investments to support compact development and other smart growth initiatives was pioneered by Maryland in 1997. The Priority Funding Areas Act directs the State to focus growth-related infrastructure funds so as to support established communities and locally designated growth areas and to protect rural areas. Assessments of the Act's effectiveness in promoting intended growth are as yet inconclusive.

In 2002, California's AB 857 (Wiggins) became law. AB 857 deals with state infrastructure planning, priorities and funding. The bill establishes principles to guide the state's five-year infrastructure plan and its comprehensive Environmental Goals and Policy Report. Those principles give priority to infill development and redevelopment, cultural and historic resources, environmental and agricultural resources, and efficient development patterns. The state administration has not yet published the Environmental Goals and Policies which would give these principles effect.

MTC's draft TOD policy MTC's draft TOD policy uses the promise of regional transportation investments as an incentive for more compact development adjacent to transit. The proposed policy applies mostly to Resolution 3434 transit expansions, many of which might otherwise be sprawl-inducing or uneconomic. In the future, MTC may wish to consider how transportation investments can also be used to support and reward infill and density initiatives in more mature, established communities. This could be an area of intense interaction between the smart-growth strategy and the next regional transportation plan (RTP).

A public infrastructure area to watch relative to smart-growth incentives is the emerging "small schools" movement. One of the principal defining characteristics of a smart traditional or neo-traditional neighborhood is the neighborhood school, and the small schools movement is attempting to push public policy back to that model—mostly for educational reasons but with significant implications for how our communities are structured.

2.6. Relief from Statutory Obligations

Compliance with state and federal regulations can be expensive and time-consuming for developers and local governments alike. It can also introduce an element of uncertainty into the development process that increases risk for all parties. The poster child for expense, time and

uncertainty in this state is the California Environmental Quality Act (CEQA). Before even addressing possible mitigation, the process of compiling information and analysis is thought to make some redevelopments uneconomic or too risky to pursue. There is little appetite for abandoning the fundamental purposes of CEQA, but there is increasing discussion aimed at improving the process. Some initiatives provide CEQA relief when there is a presumed higher social or environmental purpose.

SB 1925 (Sher), signed into law in 2002, provided CEQA exemptions for a small class of affordable housing and infill development, particularly in the City of Oakland. SB 832 (Perata, Lowenthal, and Torlakson), introduced to the current sitting of the Legislature, expands CEQA exemptions to infill projects of up to ten acres and 300 residential units, but only in cities of 200,000 or more in population. Four Bay Area cities—San Jose, San Francisco, Oakland, and Fremont—would qualify.

2.7. Risk Management

With the advent of insurance pools, such as ABAG's PLAN, and more conscious municipal risk-management strategies, liability risk has become less of a concern to "deep-pocket" local governments.

The principal municipal risk concerns relating to smart growth center on brownfield redevelopment. If land owners (including local governments) discover contamination as part of a site investigation process, they may be held accountable for expensive remediation even if they decide not to proceed with redevelopment. This discourages some localities from beginning a redevelopment investigation. To partially deal with these concerns, California, along with other states and the Federal Government, have developed a number of risk mitigation instruments. These include some statutory limitations on liability, partial indemnifications, and pooled insurance schemes.

There is some argument about the sufficiency of these measures, and they are just obscure and arcane enough to make it difficult for local actors to determine what applies to their situation and what does not. In the municipal sector, when there is the confusion and uncertainty, the most likely action is no action. One possible regional role in the pursuit of smart growth could be assisting cities and counties in sorting through the complex risks and risk-management options associated with the reuse of potentially contaminated sites and assisting localities in accessing appropriate resources.

2.8. Technical Assistance

Environmental risk management is but one of several specialized technical activities that might be efficiently provided or brokered by a regional agency on behalf of local governments pursuing the smart-growth cause. Some technical areas are so rarified that many municipalities would have trouble even figuring out what sort of consultants to hire. It would be impractical and uneconomic to provide for some technical areas of expertise within the typical local government house, but it may be possible and beneficial to pool resources at the regional level.

A model for this, not directly related to smart growth, is ABAG's program on seismic hazard mitigation. For smart growth, experts might be provided by or contracted through a regional agency to deal with the many specialized aspects of station-area planning, to assist in representing and evaluating the impacts of various density scenarios, or to assess comparables so communities could evaluate the probable property-value effects of neighborhood change. The provision of model codes and ordinances may also be helpful. There are many more possible examples that the region could pursue in an effort to assist and thereby encourage localities to pursue smarter development. However, neither adequate financial resources nor many appropriately specialized experts exist in regional agencies at this time.

A possible first step along this path, acknowledging the very severe regional resource issue, would be for the region to more assertively assist networking among local governments. Cities and counties confronting similar smart growth issues could clearly learn from one another.

2.9. Awards and Recognition

MTC currently gives awards for various transportation achievements, and a number of regions around the country provide recognition for exemplary projects or leading-edge local development practices. These intangibles are probably more effective in spreading the good word than in motivating difficult local planning behavior, but they are relatively inexpensive and arguably worth doing just for the additional public, political, and professional attention they could bring to the smart-growth idea. In a region that continually bemoans its planning inadequacies, there is some merit in publicly celebrating smart-growth successes when they occur. Positive change often occurs through emulation, and it may be very helpful to recognize some high-profile examples that others can follow and then improve upon.

2.10. Intrinsic Rewards

Finally, it is really important to explicitly acknowledge that smart growth is any many ways its own incentive. The kind of development contemplated in the Bay Area smart-growth vision will help make our cities and towns more diverse and more interesting. It will provide an enhanced local market for shopping, dining, entertainment and recreational amenities and thus contribute to both sales and property tax growth. It will put eyes on the street that make our communities safer, potentially decreasing requirements for additional police. By concentrating development on the cooler Bay plain, it may reduce energy demands and help conserve water, moderating demand for new utility infrastructure. By encouraging walking and biking, it should help combat obesity and increase public health; and by protecting natural assets it will contribute to a better, more manageable environment. Smart growth will give people increased opportunity to choose to reduce their commute, potentially increasing the time they can spend with their families, in voluntary activities or in civic engagement. This could generate payoffs for child development, education, social services and quality government.

While tangible and direct monetary incentives may be required to kick start smart growth, ultimately it may be more intangible benefits like those listed above that will sustain that growth and make it the new norm. Of course, we need to be careful not to oversell smart growth; not because the benefits cannot be real, but because they will take a great deal of effort and a very

long time to achieve in a large, heavily developed region like the Bay Area. While not instant utopia, smart growth describes the qualities which people have traditionally valued in their communities and which exemplary local governments have consistently tried to achieve. By facilitating better communities and better government, it can be a genuine return to the future.

3. Incentives to Developers and Investors

Developers play a key role in the real estate business comparable to a producer in the movie business. They are the folks who bring all the various players, interests and factors together to make something happen. They option and acquire sites, work with local governments and neighborhoods to obtain development entitlements, arrange financing, hire architects, engineers and contractors, and market the product. Development is a difficult and risky business, and "smart" development can be more difficult and more risky than the alternative. It is hard enough in today's highly regulated, litigious and fiscally constrained climate to develop virgin land on the urban fringe. It is an order of magnitude more difficult to make development happen on an infill site or on recycled land within an existing community—particularly if it involves a change in density or use.

Good, experienced developers know that, while the difficulties are many, the rewards of "smart" development can also be substantial. But, that knowledge and confidence may not be shared by some investors, who look upon a riskier development project as one of many alternative uses for their money and may not have the patience it takes to work through the twists and turns of reuse or innovation. Incentives which act to reduce these frictions and uncertainties may attract more developers and investors to smart projects. Carefully targeted incentives can also establish positive examples and an environment of success that help additional players recognize the smart-growth opportunity.

As with incentives for other actors in the development process, incentives to developers and investors can be arrayed along a continuum from intangible to tangible. Many of the intangible incentives appeal to the creative side of the development business; they help define the opportunity and manage the challenge. More tangible incentives may be required to help creative projects pencil out. They directly add revenue or reduce costs and can make the difference between profit or loss in a development *pro forma*.

Tangible incentives can be delivered by federal, state and local governments. Local governments can, as well, offer many intangible incentives. Regional agencies have few, if any, incentives, tangible or intangible, which they can deliver directly, but they can play an important role in identifying and brokering incentive packages.

This section starts with some of the tangible financial incentives potentially available to encourage developers and investors to undertake smart growth. It then works its way through to some intangible enticements that can attract and facilitate development consistent with the regional vision.

3.1. Tax reductions

Although not as widely and systematically used in California as elsewhere, property tax abatements and other tax deals are well-established mechanisms used by many local governments across North America to attract development. In fact, some believe that local tax incentives have been a key factor underlying sprawl: municipalities on the suburban fringe are seen to have used tax deals to help lure away businesses from older, more fiscally challenged central cities and inner suburbs. This has been described as a zero-sum game resulting in the abandonment of accessible central sites and, worst yet, the abandonment of an inner-city labor force, which finds it difficult to get to or live near new dispersed suburban jobs.

Contrarians argue that tax incentives have little real impact on gross location decisions; that they are mostly windfall rewards for businesses that would have made similar location decisions in any event for more fundamental economic reasons unrelated to the tax break. At best, tax concessions influence marginal choices among competing suburbs.

Regardless of their arguable short-term effect, for metropolitan good or for bad, most informed observers agree that tax incentives are of questionable long-term effectiveness in securing economic development and jobs. Although they are big deals for the local governments that give them, tax breaks are frequently overwhelmed by other more global economic concerns for the corporations that receive them. There are no long-term guarantees, and it is easy to find vacated office parks and factories, symbolic of local-government tax bets gone wrong. On the other hand, there are also a lot of apparent success stories and a continuing perception that localities win or lose based on the concessions they offer. Therefore, tax competition continues to persist in spite of the protestations of many regional development experts.

While tax considerations have been used to help retain businesses in traditional central settings and occasionally to attract businesses to "smart" locations (particularly to buoy up the jobs side of a jobs/housing imbalance), their use in smart-growth situations has not been prominent. Other than the special case of tax increment financing (TIF), tax incentives are mentioned hardly at all in the smart-growth literature except as a negative influence.

Clearly it is hard to envision property-tax forgiveness playing much of a role at all in achieving the Bay Area's principal smart-growth objective: compact housing development. Unlike some commercial and industrial development, housing provides few direct fiscal *quid pro quos* for local government to compensate for the foregone property tax revenue. And in the absence of binding regional constraints, tax abatements for commercial and industrial development would most likely just amplify the undesirable effects of fiscalized zoning.

At this time, there appear to be only two limited cases, beyond redressing intra- and inter-regional job imbalances, where tax abatements may be useful as smart-growth incentives. One is currently permitted by California law; the other would seem to require new legislation.

Currently permitted by the 1972 Mills Act are tax abatements for historic preservation. These abatements may be of assistance to adaptive reuse of historic structures in existing communities. New residential development in old commercial or industrial buildings is an effective form of

infill which also retains historic character. The rehabilitation of historic retail districts may make the immediately surrounding area more attractive for more intense residential redevelopment, and the preservation of some historic housing stock—even at existing densities— may contribute to affordability objectives.

Another limited use of local tax incentives in association with smart growth may be the facilitation of mixed use in new development as well as in historic structures. A classic problem faced by nearly all large-scale mixed-use developments relates to the economics of providing retail and other commercial services before there is enough proximate residential market to support them. Yet the presence of those service uses in active operation can be very helpful in marketing the new residential units and in making the development work as a self-contained "village" as intended. Were they permitted, limited-period tax abatements to resident-serving commercial uses might assist mixed-use development economics during the critical start-up phase.

While local governments generally cannot afford to facilitate housing development through tax concessions, state and federal governments are in a very different position. In fact, income-tax credits are the principal means through which the federal and state governments subsidize the private provision of affordable housing. Typically developers sell dollar-for-dollar reductions in income-tax liability to investors and then apply the funds directly to the capital costs of affordable units.

A finite dollar amount of federal and state low-income housing tax credits are allocated in California by the California Tax Credit Allocation Committee (CTCAC). As part of a very complex, multi-objective scoring system within a complicated administrative process, CTCAC employs a few smart-growth criteria in awarding project points: in particular, location relative to transit and commercial services and situation within a revitalization area. The effective weight of these points relative to other objectives is difficult to assess. Because of low-income rental rate limitations, additional federal, state, and local subsidies, such as project-based Section 8 vouchers, may be required to make the economics of tax-credit housing work in high-cost urban areas. Another common federal tax subsidy for affordable housing occurs through the use of tax-exempt bonds.

While restricted federal and state tax credits and other tax subsidies have been used primarily to encourage the limited provision of affordable housing, it is conceivable that federal and state tax policy could also be directed to tip the balance in favor of other kinds of responsible "smart" development. Were there sufficient interest and will, a system of carefully targeted tax concessions (possibly effected through both income tax credits and state sales tax exemptions) could be justified by reductions in urban infrastructure and other public-service costs. Such a system would, however, run counter to current initiatives to simplify tax codes and their administration.

3.2. Tax Increment Financing

Tax increment financing (TIF) is a mechanism that local governments, through redevelopment agencies (RDAs), can use to encourage private development. By borrowing against future

incremental tax revenue in a redevelopment area, RDAs can finance public infrastructure which otherwise might have to be paid by developer impact fees. Further, a RDA may use TIF to acquire property and to construct or rehabilitate buildings for private use, providing, in effect, a tax-financed subsidy to private investment.

California redevelopment law currently restricts the use of TIFs and other redevelopment powers to "blighted" areas. However, recently introduced legislation (SB 531) seeks to broaden the already somewhat elastic definition of "blight" to include the absence of high-density housing in transit-oriented development areas. Another bill (AB 1203), while currently lacking detail, proposes to use TIF to facilitate greyfield redevelopment without apparently going through the artifice of "blight" or invoking the full range of associated redevelopment powers.

TIF is an incentive mechanism which has been used in California since 1952. Its extensive use beyond a small set of narrowly defined areas involves some risk that the anticipated differential tax increments will not be forthcoming. However, as part of a carefully managed and monitored smart-growth strategy, TIF may be the single most important incentive tool currently available to motivate private investment. A cautious extension beyond genuinely blighted areas is certainly worthy of serious consideration.

3.3. Land Assembly and Land Write-downs

Another very significant tool available under California redevelopment law is the power of eminent domain. This allows redevelopment agencies to condemn individual privately owned private parcels, consolidate and replat them into larger development sites (potentially also incorporating vacated streets and other public land) and sell them to private interests for redevelopment. Local governments, through RDAs, can provide a substantial incentive and development subsidy by relieving private developers of the cost and hassle of assembly. They can also ensure through the condemnation process that all required parcels are acquired at fair market value and that there are no extortionary holdouts. Further land write downs, supported by tax increments, can increase the subsidy and the incentive. In addition to providing for TIFs, SB 531 would allow the use of eminent domain and related real estate subsidies in transit-oriented development areas.

One indirect means of reducing land costs for developers, involving only an opportunity cost for local governments, is to make the publicly acquired land available through long-term, prepaid lease rather than fee-simple purchase. A typical deal would provide land with a sixty to ninety-nine-year lease for a prepaid amount of two-thirds to three-quarters of the fee-simple purchase price, with the land reverting to the locality at the end of the lease. Leases may be renegotiated and extended before expiration to allow secondary purchasers (usually condominium owners) to continue to mortgage their properties.

The public assembly and planning of redevelopment areas may also permit the pooling of some development cost and the collectivization of some required uses, particularly parking. The developers in a redevelopment area may benefit from economies of scale produced by constructing one large shared parking structure, and total parking requirements may be reduced

by planning for shared use, noting that different uses generate peak parking demands at different times of the day.

3.4. Fee reduction

Local governments levy two kinds of development fees: permit fees (for services like development approval and building inspection) and impact fees for required infrastructure and other services (of which CEQA mitigation fees may be a special case). Properly planned smart development may provide an opportunity to reduce both of these fees and thus provide some incentive for development to occur in "smart" areas. MTC funding for station area plans and State funding for specific plans, as proposed in SB 223 (Torlakson), provides an opportunity to consolidate some planning expenses upfront and achieve some economies of scale, thus potentially reducing the amount and cost of planning analysis required for individual projects. Directing development to infill areas with existing infrastructure and service capacity can obviate the need for some impact fees, particularly if a locality can resist goldplating its standards or inflating its requirements to placate community opposition.

3.5. Financing Assistance

Loans and loan guarantees at favorable rates are traditional ways through which governments have assisted socially beneficial projects. While not specifically targeted at smart projects, the Finance Authority for Non-Profit Corporations, an ABAG service, provides financing assistance to affordable housing suppliers. The ABAG Special Assessment Bond Roundup Program (SABR) offers an inexpensive way for local governments and developers to cooperate in setting up special assessment districts and issuing Mello-Roos Bonds.

3.6. Risk Management

Developers experience at least three kinds of risk in pursuing smart projects: the risk of a lengthy or unsuccessful approvals process, the risk of unanticipated high mitigation costs (particularly those associated with cleaning up contaminated brownfield sites), and the risk of construction defect litigation for higher-density, multi-family development. To the extent that governments can assist in lessening or managing these risks, they can reduce overall development costs and therefore encourage more development.

Exemption from CEQA requirements has been suggested as one mechanism for decreasing approvals risk—particularly for housing infill. SB 1925 (Sher), signed into law in 2002, provided CEQA exemptions for a small class of affordable housing and infill development, particularly in the City of Oakland. SB 832 (Perata, Lowenthal, and Torlakson), introduced to the current sitting of the Legislature, expands CEQA exemptions to infill projects of up to ten acres and 300 residential units, in cities of 200,000 or more in population. Four Bay Area cities—San Jose, San Francisco, Oakland, and Fremont—would qualify.

Cities and counties may also reduce approvals risk for individual developments by placing them in the context of well-developed plans that have been subjected to rigorous public review prior to individual project submission. Under current California planning and environmental law, master

environmental impact reports (MEIRs) may be prepared in conjunction with specific plans. These MEIRs can reduce uncertainty and many requirements for individual EIRs. The specific plans also provide a clear, ascertainable statement of public policy which can reduce risks for both developer and community. SB 223 (Torlakson) proposes to provide a revolving loan program to finance the preparation of specific plans. MTC will be providing grants for specific plans for some proposed transit-station areas. The facilitation of specific plans and master EIRs is a key component of the legislative agenda approved by the JPC in September.

Both federal and state governments offer a variety of resources to deal with the risks of brownfield mitigation. These range from indemnity from certain types of liability, to hazard insurance, to remediation loans and grants. One big problem appears to be in assessing and accessing the resources available. This may be particularly difficult for developers of smaller parcels who may not have the professional resources required to guide them through the complicated brownfield redevelopment process. The City of Emeryville has been remarkably successful in organizing a risk-management approach to assessment and remediation and in assisting developers through the brownfield minefield in its community. Others may learn from this example. The California Center for Land Recycling provides a program of loans, grants and technical assistance to help small non-profits redevelop environmentally distressed properties.

The fear of expensive construction defect litigation and the cost of insuring against this litigation are argued to impede the construction of multi-family housing for the ownership market. The development industry has asked for legislation to limit what it regards as meritless and frivolous suits or at least legislation that substitutes a less expensive mediation process. Opponents have argued that housing purchasers require all effective legal remedies to deal with shoddy construction and that litigation would not be an issue if construction were of acceptable quality. Some also note that there is some equity benefit in the current practice of initially building multi-family units for the rental market and then converting to ownership when litigation is no longer possible. Regardless of the truth and the merits of various arguments and counter-arguments, to that extent that the threat of litigation is an excuse for underperformance, it needs to be dealt with—either with the improvements that the industry is seeking or with better information to identify and fix the real problem.

3.7. Regulation Concessions

Local governments may relax a number of development regulations in order to encourage particular types of development or development at specified locations. Subject to maintaining public safety, virtually anything in a zoning, subdivision, or building code is fair game, but the most common relaxations relate to density, use, height, setbacks and parking. These concessions generally increase the effective yield and hence the return on investment per unit of land.

Through recently amended legislation—SB 1818 (Hollingsworth, 2004)—the State of California requires local governments to provide a prescribed and applicant-selected package of density bonuses and other concessions to developers who include affordable housing units or childcare facilities in their projects or donate land which may be used for those purposes. Pending AB 986 (Torrico) proposes to increase the state-prescribed density bonus by five percent for mixed-use projects located within priority transit-oriented development areas designated by the JPC.

In other jurisdictions, non-mandatory density bonus programs have been fashioned by local governments themselves to encourage the private provision of social, cultural, recreational or aesthetic amenities in association with new development. These amenities are typically sought to make the community more complete and livable.

One area of regulation relaxation of special interest to smart growth, and to transit-oriented development in particular, concerns parking standards. As the provision of an on-site parking space can cost between fifteen to thirty thousand dollars, the reduction of parking requirements can save developers and ultimate unit purchasers a lot of money. There is also some suggestion that if you build it, they will come: that if excess parking spaces are provided, residents will choose to own more cars and use those cars in preference to transit. Therefore, the provision of less parking, in addition to resulting in cost and land-consumption efficiencies, is thought, to be more transit friendly. However, many developers point to the reluctance of investors to finance projects built with smaller than standard parking complements. Units without ample parking are perceived to be less marketable. MTC is about to undertake a study to gauge actual parking demand in transit-oriented districts and the effect of parking supply on transit usage.

Building code refinements can also act as smart-growth incentives. Codes which encourage the adaptive reuse of former industrial or commercial structures and which facilitate mixed-use can assist infill and the development of complete communities. With proper care, safety need not be compromised.

3.8. Processing efficiencies

At today's interest rates, holding costs are not as expensive as they once were. However, time continues to be money, and localities that reduce the processing time for permits and other approvals will be more attractive to developers and investors. Among the improvements which can reduce processing time, as well as introduce greater ascertainability and certainty into the process, are the following:

- One-stop-shopping, an increasingly common practice, wherein approving authorities are co-located for the convenience of the applicant;

- Published processing manuals and flow-charts to assist all concerned in understanding and navigating municipal processes;

- Project scoping and streaming, separating simple projects from complex projects and placing them in different queues to reduce wait time;

- Development facilitation, wherein a single local government staff member is assigned to assist the development applicant and shepherd that applicant's project through the government bureaucracy (usually only employed for complex projects);

- Concurrent processing, wherein the requirements of multiple departments or agencies are dealt with simultaneously, rather than sequentially;

- Approvals delegation, vesting limited multi-agency authority in single agencies or individuals, allowing them to process a class of applications on behalf of more than one department or agency;

- Process monitoring, targets and guarantees, setting objectives for moving different classes of applications through the system, initiating interventions for applications that are not processed within the established time window (Deemed approvals are an extreme application of this principle.);

- Planned staff supplements, maintaining a system for bringing in retired staff or trained consultants to handle overloads and maintain processing targets;

- Project conferences, wherein the applicant is brought together with staff from all relevant agencies as soon as possible to identify as many requirements as possible upfront, to work through conflicts among various approving authorities, and reduce the possibility of "late hits."

3.9. Planning Improvements

A number of observers have argued that one of the victims of California's flawed system for funding local governments has been community planning. In the absence of sufficient general-fund monies, many general plans are out of date, specific and neighborhood plans are not as plentiful and as robust as they should be, and developer-financed CEQA and individual project reviews are used as a substitute for planning foresight. This has contributed to uncertainty for developers and communities alike and has made infill and community change more difficult than they need be.

To begin remedying this situation, proposals are emerging for state funding of a hierarchy of regional, local and neighborhood plans. One of principal proponents of reinvigorated planning has been the Governor of California, but there are equally committed advocates from across the political spectrum in the State Legislature. Outside the halls of government, many environmental and development groups are also getting on the planning bandwagon.

General and specific plans, ideally consistent with a regional development strategy, are seen as a way of "front-loading" the CEQA process, providing a broader context for assessing environmental impact and preventing perverse environmental consequences resulting from the current CEQA emphasis on individual projects. Some observers have noted a particularly pernicious, but presumably unintended, consequence of the present plan-ignorant CEQA process. This is the over-consumption of virgin land and the facilitation of sprawl that occurs because municipalities allegedly mitigate impact by reducing density. This is argued to force unfulfilled demand farther out into the hinterland, where it eats up farmland and open space and contributes to more automobile commuting.

Aside from its potential to intelligently manage the CEQA process, enhanced local planning is capable of providing a number of other benefits, both to the existing community and to agents of change, including developers and investors.

The preparation of plans provides a means for communities to rationally consider the cumulative impacts of development outside of the threatening context of a pressing current proposal, and it allows the design of more systemic mitigations. The difficulty, of course, is in getting the public to pay serious attention to abstract planning exercises done in advance of real projects. While there are effective techniques for achieving high public engagement in planning programs, there will always be individuals for whom development potential is an unknown until a sign goes up on the site next door. At that point, there could be no more grievous assault on their quality of life. These individuals will continue to resist planned change with the same vehemence with which they oppose *ad hoc* projects. However, planning should increase the probability that individual impacts will be effectively mitigated while simultaneously protecting the regional environment. Planning will also provide the broader community with coherent arguments to counter more parochial concerns.

Better plans should benefit the development industry by providing clearer statements of public policy and a more certain context in which to evaluate and design potential investments. By explicitly coordinating public infrastructure with prospective private development and by facilitating mutually supportive uses, well-structured plans should enhance marketability, add value and protect investment.

Planning implementation tools, specifically zoning, can also be improved to encourage smart growth. AB 1268 (Wiggins), passed during the 2003-2004 sitting of the Legislature, permits form-based zoning. This type of zoning substitutes form and design regulations for the traditional separation of uses and, therefore, facilitates mixed-use development, more complete communities, and better quality development. Unlike discretionary zoning ordinances and planned unit development (PUD) zoning, the regulations incorporated in form-based codes are not negotiated with developers, but are prescribed in advance. This provides greater certainty for both developers and affected communities.

3.10. Attractive Communities

This final developer/investor incentive, while obvious, still requires emphasis as it may be among the most powerful. Developers are encouraged to build in certain areas by the same factors which cause their customers to purchase and rent in those areas. Housing consumers and developers serving those consumers are attracted to communities that provide first-rate public amenities and services. Everything else equal, communities that are clean and well-maintained, that are perceived to be safe, that have attractive and usable open spaces and recreational facilities, that have good schools, and that pay attention to the quality of their public realm will be more attractive to development than communities that are lacking in basic livability qualities. Money spent on high-quality public infrastructure and services is an investment in the future of the community, contributing to continued private reinvestment and renewal.

4. Incentives to Neighborhoods

Central to the smart growth idea are infill and redevelopment within existing communities. This kind of compact growth helps the region employ existing infrastructure more efficiently, it

reduces potential commute distances, and it supports the continued economic and social health of those existing places—reversing the trend to abandon and throw away older, inner areas. Unfortunately, residents of existing neighborhoods often oppose new development and are successful in defeating proposals before commissions, councils or boards or in discouraging developers from proceeding with their plans. Sometimes community opposition results in litigation, which can be time-consuming and expensive. Projects that are not abandoned may be modified to the point of grossly under-fulfilling their potential to serve smart-growth objectives.

Opposition generally stems from two root causes: (1) fear of displacement as the result of *gentrification*; and (2) a more general fear of change which can be exhibited in a multitude of economic and quality-of-life concerns. The second fear is pejoratively described as *NIMBYism*, though that broad label may at times be too dismissive of genuine issues which should and can be resolved. Effective neighborhood incentives need to address one or both of these causes, depending upon the specifics of the situation.

As with incentives for other actors in the development process, incentives to neighborhoods can be arrayed along a continuum from intangible to tangible. There are some quite tangible incentives available to encourage neighborhoods to accept growth and change, but many of the most effective neighborhood incentives tend toward the intangible end of the continuum. This section lays a foundation with some of these more intangible incentives and then works up the ladder of tangibility.

4.1. Involvement in the Planning Process

People and communities are generally more accepting of change if they have a role in designing it. Community participation allows residents and businesses to build indigenous neighborhood objectives into the planning and development process, to identify and mitigate potential negative impacts, and to achieve some co-ownership of the results. The plan is not just the developer's plan, or the city's plan, but the community's plan.

Community involvement in the planning process can take a variety of forms and can be arrayed over a broad spectrum of community ownership. In the context of contemporary open government, minimum community ownership is achieved by the ability to react and comment. A more meaningful, medium level of shared buy-in is achieved by inviting people to participate in a structured planning exercise, such as visioning and goal-setting sessions or design charettes. Maximum ownership is attained when communities are given some control over the planning process through an institutional mechanism like a neighborhood planning committee, which may oversee the entire process and make formal recommendations to decision makers. The last alternative permits the most in-depth discussion and informed negotiation of plan options.

The last alternative, a structured committee process, is also the most time-consuming and is frequently perceived as the most risky, because it requires some sharing of control. However, all levels of neighborhood involvement include some element of risk. The character of the risk varies as well as the magnitude. Minimum community involvement and minimum co-ownership of the planning process may result in a binary, all-or-nothing risk situation. The plan or project will either proceed or not, depending on the persuasive or political powers of opposing sides. In

the negotiated result more typical of a good planning-committee process, neither side gets everything it wants, but there is a compromise respectful of both community and extra-community objectives.

Good neighborhood planning requires very careful organization. All participants must clearly understand and accept their role in decision-making (particularly acknowledging who is responsible for the ultimate decision—usually a duly elected local council or board); and all relevant interests must be effectively represented around the table, not just present local interests, but also city-wide and regional interests which may have a longer-term stake in the outcome.

The benefits of community involvement in planning are explicitly recognized by MTC's TLC program, which requires as a first criterion that projects "are developed through a collaborative and inclusive planning process that includes broad partnerships among a variety of stakeholders."

4.2. Information

Neighborhoods frequently worry about the negatives which new development will bring: increased traffic congestion; more parking on the streets; pressure on schools, parks, recreation centers and other neighborhood infrastructure; reduced property values (or increased rents); reduced privacy and loss of sunlight access as the result of higher, larger buildings; decreased safety and security because of more and different people. Some of these worries are real, others are mythical. Some concerns are invented as proxies for baser, socially unacceptable fears that are seldom uttered.

Within this context, a lot of information will be greeted with skepticism, some will be dismissed, and much will be ignored. Nevertheless, the proponents of change are best advised to provide as much objective information about the impact of change as they can. This will help feed intelligent debate and allow the un-predisposed to make up their minds with more confidence than otherwise. Information has both intrinsic and symbolic value: it informs the decision and it exhibits sensitivity to neighborhood issues.

4.3 Incidental benefits

One specific class of information relates to the spillover benefits which new development can provide to surrounding and adjacent neighborhoods. Depending on the scale of infill or redevelopment, these can be substantial and might include:

- Increased market for existing and new stores, shops, theaters and restaurants (from which existing, as well as new residents can benefit);
- New jobs which can be filled by existing residents and their children;
- More foot traffic and eyes on the street, which can help improve perceived and real safety;

- New students that can help keep a neighborhood school open;
- New transit riders that can help justify a higher frequency of service;
- Neighborhood image and proximity effects, which may buoy up the values of all neighborhood properties;
- A generally more diverse and interesting place in which to live and interact.

4.4. New neighborhood amenities and infrastructure

New development is frequently required by CEQA and by local regulations to mitigate its impacts on the surrounding area. Public and private investment in association with new development may also be used to ameliorate undesirable conditions which existed before the development or simply to provide new amenities and other goods that make the change more palatable to the broader neighborhood. Among the enhancements which new development may provide to its surrounding neighborhood are:

- Open space, developed parks and other recreation and cultural facilities;
- New sidewalks and better pedestrian and bicycle connections, particularly to transit;
- Attractive street furniture, new pavement, street trees and landscaping, and improved street lighting.

4.5. Displacement mitigation

At the heart of the gentrification issue is the fear that the rising tide will not float all boats equally; that existing residents and businesses will not gain from neighborhood improvement but instead will be forced out by those able and willing to pay higher prices for newly improved or revalued properties. While not perfect, some mechanisms are available to assist those with lower incomes stay in the neighborhood and benefit along with new residents and businesses. Among these are:

- A municipal requirement that developers provide an allocation of replacement housing at affordable rents or ownership costs;
- Location-efficient mortgages, which permit those with easy access to transit to qualify for higher mortgages by virtue of the fact that they require a lower percentage of their income for automobile commuting expenses;
- Modification of zoning ordinances to permit secondary, accessory units; providing lower-cost accommodation for renters along with mortgage helpers for lower-income homeowners;

- Tax abatements or deferrals for long-time homeowners, reducing the possibility that high property taxes will force sales and move-outs (In California, one of the few advantages of Proposition 13 is its mitigating impact on tax-driven displacement);

- Performance-based building codes which encourage the cost-efficient rehabilitation of existing units over replacement or abandonment;

- The use of Community Development Block Grants (CDBG) and other government subsidies for housing investments and revitalization efforts targeted to low-income residents in existing neighborhoods;

- Linked deposits for housing rehabilitation, wherein local government accepts a lower-interest on some of its bank deposits in turn for banks issuing lower-interest loans to assist housing rehabilitation in the community;

- Community land trusts, where non-profits own the land and home-owners purchase only the improvements, thus reducing the cost of home ownership;

- Non-profit, community-based development corporations, which accept lower than market returns in exchange for the ability to pursue community economic- and social-development objectives.

4.6. Development participation

Land trusts and community-based development corporations point to an emerging but very tangible class of incentives: direct community participation in the economic benefits, even the profits, of development. While community-based development has been most prevalent as a bootstrap technique in lower-income neighborhoods, there are a few examples of neighborhood partnerships pursuing development profits in more affluent communities.

A few neighborhoods have organized property pools, wherein neighbors join their parcels together to create an attractive development site for higher density. The neighbors, rather than a developer, then reap the land-value increment resulting from assembly.

While principally used to date to help preserve historic landmarks, open spaces and other community assets, transfer of development rights (TDR) might also be used to help neighbors preserve their existing homes while participating directly in the financial results of higher-density development. It might work something like this:

- the local government provides a small increment of zoned density across a broad neighborhood area (for example, the permitted floor area ratio (FAR) is increased from 0.6 to 0.8 in area where most homes are already developed to 0.6);

- the local zoning also permits property owners to transfer all or part of their incremental density (in square feet) to a recipient site and for that site to amass density up to a designated maximum (say 2.0);

- the owner of the recipient site compensates the owners of donor sites at a market rate per developable square foot;

- the recipient site is developed at an incrementally higher density than the surrounding neighborhood, with existing owners reaping direct financial benefit.

Obviously this kind of incentive cannot be implemented casually. Without a great deal of care, it could set up a destructive dynamic among neighbors, particularly if some neighbors chose to participate in the transfer scheme and others did not. Depending on one's position or perspective in the development process, it could be perceived as either blackmail or bribery. And the distribution of recipient and donor sites would have to be subject to a meticulous land-use plan. However, in the context of an inclusive, consensus-based plan, a cautious and limited TDR scheme may be an effective means of creating more neighborhood winners and fewer perceived losers in the redevelopment game.

5. Conclusion

There are a great many tangible and intangible incentives that can be applied to encourage local governments in their smart-growth endeavors, to assist developers and investor in undertaking smart development, and to help neighborhoods accept change. Fiscal resources to support the more tangible incentives will continue to be a big issue for the foreseeable future. One of the most useful roles regional agencies can play in this fiscally constrained environment is the conceptual and programmatic packaging of various incentives to make them more accessible and useful to local governments. MTC's TLC and T-plus programs demonstrate the utility of this approach, although at an admittedly restricted scale. Similar creativity, applied beyond the limited use of state and federal transportation funds, may be of substantial assistance as well.

While some incentives require financial resources and many require cleverness and intelligence to put in place, the common denominator and the principal driving force is a collective attitude that welcomes smart growth and development. If there is a community will to accommodate regionally appropriate growth, then appropriate incentives will likely follow. If that will is not there, then the provision of financial and technical resources, no matter how generous and clever, will most likely be ineffective.

By far the most effective and least paternalistic incentives are those which communities design for themselves through challenging, inclusive planning processes. A well-planned community, planned with existing community residents and businesses but also mindful of future regional needs, may be its own highest incentive.

ATTACHMENT 2

WORKING TOGETHER
A PROGRAM FOR COORDINATING ABAG AND MTC SUPPORT AND ANCILLARY FUNCTIONS

This program identifies a number of opportunities for coordination and joint action. Commitment to many of these opportunities is possible now and is noted where appropriate.

1.0 REGIONAL EMERGENCY PREPAREDNESS

Both ABAG and MTC are involved in activities related to regional emergency preparedness. Opportunities for coordination include the following:

1.1 Multi-Jurisdiction Hazard Mitigation Plan

ABAG is leading the effort to develop the multi-jurisdictional plan for responding to all hazards, which is a required precursor to accessing FEMA funds before and after a disaster. MTC is working with the transit agencies on the Trans Response Plan Steering Committee to obtain their participation in the Plan and ensure their eligibility for FEMA funds.

1.2 Completion of Airport Emergency Response Plans

MTC could work with ABAG to obtain the $250,000 additional funds needed to complete an analysis of liquefaction at all three international airports, and assist all three airports to upgrade their emergency response plans (facility inspection, assisting stranded passengers, etc).

1.3 Operation Safe Return - Information Clearinghouse

Several cities and counties are working to develop plans for their emergency workers and other employees to return to work following a disaster, or authorizing their employees to assist the community where they reside. MTC and ABAG could establish a clearinghouse for information on plans that are completed or underway.

1.4 Publicizing Existing Preparedness Plans

MTC has developed the Trans Response Plan, and ABAG has prepared a variety of studies relevant to local emergency plans, including ground-shaking and liquefaction maps, forecasts of road closures, and safety improvement plans for homes and families, etc. Many local agencies, elected officials, and the general public are not aware of these plans. The two agencies will consider implementing programs to better publicize the existence of these resources (quarterly newsletters to public agencies, public service announcements, website, etc.).

1.5 Goods Movement Post-Emergency

A major earthquake could close, or severely reduce operations, at the region's ports, airports, railroads and inter-regional freeways. The two agencies could coordinate with the Office of

Emergency Services to plan how the region will obtain and distribute essential supplies in the days immediately following a major earthquake or other regional disaster.

1.6 Planning for Mass Evacuation vs. Shelter-in-Place

Following a major disaster (earthquake or terrorist attack), local agencies will need to quickly decide whether to recommend evacuation or sheltering-in-place, but do not currently understand the risks and constraints associated with each option. ABAG, MTC and State OES could work together to develop guidelines for reacting to various disasters and host a discussion among the region's jurisdictions to review these guidelines.

1.7 Regional Leadership/Coordination during Immediate Response Period

The California Standardized Emergency Management System (SEMS) is a bottoms-up response system, with each local agency responsible for responding to the emergency within their jurisdiction, including requesting additional resources when the response overwhelms their capabilities. ABAG, MTC and State OES could work together to explore establishing regional decision-making mechanisms that would be used following a major disaster.

2.0 INTEGRATED LAND USE/TRANSPORTATION MODELING & RESEARCH

ABAG and MTC maintain separate, but linked, land-use and transportation models. ABAG provides MTC with current sets of socio-economic projections at the census tract level. MTC adapts the tract-level data to the regional travel analysis zone (TAZ) system, and uses this data in producing travel forecasts for the Regional Transportation Plan and other studies. Travel forecasts, in the form of district-to-district travel times and costs, are fed back to ABAG as input into the ABAG land use allocation models.

ABAG and MTC, by definition, currently have an operational, fully integrated land-use/ transportation model system but separate model components are run at each agency. This is similar to the operation of these models in other agencies (e.g., Houston-Galveston Area Council, Southern California Association of Governments) where the land-use/economic models are applied by the socio-economic forecasting department, and the transportation models are run by transportation planners.

MTC is currently overhauling the transportation modeling components of the integrated land-use/transportation modeling system. The schedule for this effort is 2005 through December 2007. A critical milestone is the review of the MTC new "model specification plan" that is expected by January 2006. This will need review by the MTC IT staff, in terms of hardware and software requirements for the new model system, and by the ABAG Research Group, in terms of the socio-economic data requirements of the new transportation model components.

The ongoing ABAG/MTC land use/transportation modeling and research program would specify detailed improvements to databases, models and processes; and encourage sharing of data resources available to ABAG and MTC.

2.1 Detailed Program

- *January – March 2006* Review of MTC's Draft Travel Model Specification Plan.
- *March – December 2006* ABAG assistance in the sample populations to be used in MTC's next generation travel models.
- *December 2005 – June 2006* Sensitivity analyses of ABAG's land use allocation models using different MTC transportation forecasts. MTC travel forecast sensitivity analyses using these different ABAG land use forecasts.
- *Ongoing* Develop an equilibration process to reconcile land use and trip generation models.
- *July 2005 – December 2007* Development of New MTC Activity-Based / Tour-Based Modeling System, integrated with ABAG's socio-economic forecasting outputs.
- *August 2006* Begin integration of 2005 American Community Survey data in ABAG/MTC socio-economic base year data. This will be critical for updating important components of ABAG's socio-economic forecasts (employed residents, households by income level); and MTC's travel forecasts (households by auto ownership level, disability, poverty, means of transportation to work).
- *January 2006 – December 2006* Estimation of neighbor county socio-economic characteristics, including employed residents (workers) and total employment (jobs)
- *July 2006 – December 2006* Estimation of travel times from neighboring counties to the ABAG's land use POLIS model districts. (The new Statewide High-Speed Rail Model System may provide useful interregional travel time information to improve ABAG's land use allocation models.)
- *Ongoing* Continue effort in the Census Bureau's Regional Data Center (RDC) program, coordinating efforts between ABAG research group, MTC modeling/GIS group, and the MTC/ABAG library.
- *Ongoing* ABAG/MTC sharing of research databases, including:
    - Census data, including American Community Survey;
    - MTC Household Travel Surveys;
    - ABAG Local Policy Surveys;
    - Commercial Databases (InfoUSA; aerial photography); and
    - Government Databases (ES-202, LAFCO, county parcel maps, urban growth, schools).

3.0 GEOGRAPHIC INFORMATION SYSTEMS (GIS)

Both agencies have GIS professional staff, but also IT staff who are involved in utilizing or supporting the infrastructure (hardware/software) that is required to maintain the GIS functions.

MTC and ABAG will establish a joint committee made of up of joint representatives from the planning/land-use staff, IT staff and other planning professionals to discuss joint implementation of the following recommendations:

3.1 Integrate GIS Hardware/Software and Database

- Establish a local area network (LAN) with connections to a common GIS database and file servers accessible to GIS staff as well as other casual users of GIS software within each agency.

- Create a centralized Bay Area regional GIS data repository including freely available and limited data from ABAG and MTC (and perhaps other Bay Area government agencies).

3.2 Integrate GIS Staff Support

- Employ the use of an Internet-enabled job tracking system that could be used by staff from each agency to review GIS projects being conducted at both agencies. The use of this system could lead towards more collaboration between both ABAG and MTC GIS staff.

- Institute regular meetings. The GIS leads at both ABAG and MTC would meet on a regular basis to discuss related work plan activities, and define opportunities for increased collaboration on projects.

- Create an interagency GIS Coordinator position. A shared agency GIS Coordinator would facilitate and manage major GIS efforts of both ABAG and MTC. This position, designated by MTC and ABAG from existing GIS staff, would provide technical advice, training and assistance to both ABAG and MTC staff in defining, directing, implementing or coordinating major GIS projects. The shared agency GIS Coordinator would be responsible for the general direction and coordination of internal and external GIS activities for both ABAG and MTC.

4.0 INFORMATION TECHNOLOGY

MTC and ABAG have been closely coordinating their computer operations and network infrastructure for many years, including:

- Similar local area network platform (Novell Netware),
- Similar e-mail software (Novell GroupWise),
- Similar e-mail & spam filtering software (GWAVA),
- Shared data communications (T-3 line to MetroCenter),
- Shared Internet gateway hardware, security and software (router, e-mail “post office”),
- Shared Internet service provider,
- Similar GIS software (ESRI),
- Similar high-end database (Oracle).

In effect, the two agencies appear as two separate, secure branches of a common network structure. MTC pays its share of annual hardware and software costs for shared infrastructure, and staffs regularly coordinate on major projects. The network administrators from the two

agencies maintain a good working relationship in this regard and are in contact several times per week.

Several areas for coordination are explicitly listed in the FY05-06 Interagency Agreement, and will be continued. Currently, MTC and ABAG staff:

- Have ability to schedule common room reservations in the GroupWise Scheduling system.
- Host periodic IT staff meetings for problem solving and information sharing.
- Share Internet connectivity, firewall maintenance and e-mail relay.

Following is a list of opportunities for future coordination:

4.1 Enhance Communication, Collaboration and Information Exchange

- Create a common network drive accessible to both ABAG and MTC staff that would serve as a common access point for planning information, research data, graphics files, and any other information that agency departments wish to share or collaborate on. Staff will further determine the method for establishing a common network for GIS data and other larger databases (i.e., traffic counts).

- Share network email address book for ABAG and MTC staff. Consider having the same email naming convention for both agencies to facilitate communication (i.e., first intial, last name).

- Permit booking of shared rooms through GroupWise. Over time, if other facilities or resources are shared, we can explore ways of implementing scheduling in GroupWise or some other system.

4.2 Share Hardware, Software, and Facilities

Significant parts of our technology infrastructure, particularly those related to the Internet, are currently shared by ABAG and MTC. These are covered in the ABAG-MTC Interagency Agreement. It is anticipated that current cooperation related to Internet connectivity, firewall maintenance, and email relaying that are covered in that agreement will continue for the foreseeable future. In addition, we will work on the following:

- Explore options for adding hardware appliances and/or additional software to enhance and automate email and Web traffic security filtering.

- Expand MTC web casting to include selected ABAG meetings, and evaluate alternatives to the current outsourcing of the web casting service by MTC.

- Discuss and evaluate joint software and hardware (server and desktop) acquisition and upgrade options for common needs. When products meet the needs of both agencies, explore opportunities for reducing cost and staff time by synchronizing purchase and

deployment. Investigate opportunities for synchronizing existing software versions if it will help systems or staff work together more effectively.

4.3 Share Knowledge and Expertise of IT Staff

- Hold regularly scheduled meetings to share information and monitor the implementation of the items on this list.

- Exchange information about the routine operation of ABAG and MTC networks, particularly information related to shared Internet connections and any threats or problems that may be observed.

- Cross-train IT staff to serve as backup for each other in case of a critical system outage.

- Conduct coordinated joint training of agency staff in order to help users get the most out of our software purchases. The same applies to training of IT staff. Explore opportunities for coordinated joint training in cases where we utilize common technologies.

4.4 Improve Disaster Recovery/Back-up

- Investigate opportunities for jointly implementing disaster recovery. ABAG has an agreement with the California State Association of Counties (CSAC) for remote backup in Sacramento of selected critical data and connectivity. There are possibilities for expanding this agreement to include MTC or jointly implementing some additional disaster recovery mechanisms.

- Investigate opportunities for jointly implementing backup and repair provisions for a localized fire or similar hazard.

5.0 COMMUNICATION AND GRAPHICS

Staff has identified the following specific areas where sharing and coordination is possible.

5.1 Vendor Printing Lists
Sharing of bidder lists to maximize the number of appropriate vendors.

5.2 Meeting with print vendors together
To determine if our combined jobs would warrant a discounted price, since both our agencies typically have small runs and do not usually qualify for these types of discounts).

5.3 Mutual Use of Photos, Clipart, and Art Memberships
Exploring with the IT departments from both organizations how we could set up a shared Graphics folder with shared resources on the network that would be accessible to each other's artists and would limit duplication in buying photos, artwork or online stock art Memberships

5.4 Establishing Joint ABAG/MTC Website on key issues/large projects
An example is TOD where the two agencies work together on certain projects. It could be linked to/from either of the existing ABAG and MTC sites and consolidate information and resources managed by both agencies for outside stakeholders.

5.5 Software Sharing
When upgrading MAC computers (MTC has four and ABAG has one), we could buy software upgrades with bulk licensing for all of our machines, identifying ourselves as a shared graphics department, instead of purchasing the same costly software for each agency. This would make it much easier to keep all the MAC machines current in a more timely and cost-efficient manner. Keeping the MAC computers software and operating systems current will become very important in the future as technology changes and there will be an increased need to stay compatible with Service Bureaus and Printing Service specifications for accepting electronic files.

5.6 Sharing Video Camera and Production
Noting the need and potential to produce short informational and documentary news pieces, it makes sense to buy one video camera for both agencies as well as acquire the equipment/hardware for streamlining video on our websites.

5.7 Job Sharing of Projects
It may be possible to share graphic designers instead of "farming out projects to freelance artists." This would have to be researched further due to project funding and procedures, timelines, current deadlines, etc. to see if it would be reasonable and efficient to keep more of our projects "in house."

6.0 STAFF DEVELOPMENT AND TRAINING

There are a number of benefits from merging the individual staff development training efforts, principally, the potential for reducing training costs and duplication of effort. Additionally, classes consisting of staff from both agencies will be enriched by the increased diversity in thinking and experiences.

6.1 Topics Appropriate for Merged Training:

Audience: All-staff

- General computer and software programs (e.g., Word, Excel, PowerPoint)
- English grammar, word usage, punctuation, spelling
- Business writing and editing; proofreading
- Technical writing
- Oral communications and presentation skills
- Time management; work processes
- Working in teams
- Customer service
- Interpersonal skills and conflict resolution

Audience: Professional, Project Administrators

- Specific subject matter (e.g., smart growth, financing, etc.)
- Project management
- Contract negotiation
- Meeting facilitation

Audience: Supervisors and Managers

- Supervision
- Leadership and mentoring
- Performance evaluation process
- Strategic planning

Audience: Specialized

- English as second language
- Disaster recovery planning
- Mandated or other legal (sexual harassment, violence in workplace)

6.2 Types of Training

MTC and ABAG can potentially merge trainings and resources under different scenarios, such as:

- *On-site training* – bringing a training consultant/vendor to MetroCenter (or other classroom facility), to conduct a customized or pre-packaged training for a group of employees (ranging from one-time to a series of training, depending on topic).

- *Vendor's training facility* – conducting trainings for a group of employees at a vendor's training site.

- *Merging resources for individualized training* – employees sign up for and participate in training individually, but MTC and ABAG both benefit by purchasing the training "seats" at a "group discount"; e.g., Novations (Decker) communications training – "3 for the price of 2"; and, video and interactive conferencing trainings.

7.0 GENERAL SERVICES

MTC and ABAG currently collaborate on building management issues as part of the Regional Administrative Facilities Corporation (RAFC) and its Board of Directors. Additionally, there is joint procurement and coordination on a number of general services activities including:

- Joint procurement for office supplies, office paper and envelopes and janitorial services,
- Joint cooperation and planning (RAFC) related to Emergency Evacuation Procedures,
- Joint committee to procure cafeteria contractors,
- Joint recycling of paper, glass, and plastics,
- Joint recycling/disposal of office battery waste,

- Joint processing of incoming United States Postal Service mail that is delivered to the MetroCenter building.

We also believe that more can be done to share our print-shop equipment, pool our vehicle resources and provide back-up for room setups and propose the following coordination:

- Share MTC's print-shop equipment and services with ABAG by providing training to selected ABAG staff on operating high speed production copiers, binding machine, folding machine and new postage machines. ABAG would be billed for the use of the equipment by MTC;

- Serve as a back-up to each other by offering the use of equipment and/or resources in the event of equipment failure or staffing resource problems needs;

- Combine resources for the agency pool vehicles by sharing cars, coordinating service and maintenance activities including vehicle washing and cleaning;

- ABAG to assist MTC with late/emergency room setups and changes when no other options are available by MTC to complete the setup in a timely manner;

- Coordinate computer and other equipment disposal.