



SAN FRANCISCO PLANNING DEPARTMENT

Executive Summary Informational Item

HEARING DATE: FEBRUARY 24, 2011

Date: February 17, 2011

Project: Update on the Development of the Bay Area's First Sustainable Communities Strategy (SB 375)

Staff Contact: Sarah Dennis Phillips, Senior Planner
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Recommendation: None. This is an information item.

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PROJECT DESCRIPTION

This staff report describes Senate Bill 375, the Sustainable Communities Strategy (SCS) and the effect of the law on local governments as well as the Bay Area as a region. This report is based on reports provided by the Metropolitan Transportation Commission (MTC) and the Association of Bay Area Governments (ABAG).

The SCS will be developed in partnership among regional agencies, local jurisdictions and Congestion Management Agencies (CMAs) through an iterative process. The regional agencies recognize that input from local jurisdictions with land use authority is essential to create a feasible SCS. The SCS does not alter the authority of jurisdictions over local land use and development decisions.

The purpose of this report is to provide Commissioners with an overview of the SCS in relation to local land use policies, implementation needs, and quality of life, including key policy considerations for San Francisco.

BACKGROUND

Senate Bill 375 became law in 2008 and is considered landmark legislation for California relative to land use, transportation and environmental planning. It calls for the development of a Sustainable Communities Strategy (SCS) in all metropolitan regions in California. Within the Bay Area, the law gives joint responsibility for the SCS to the Metropolitan Transportation Commission (MTC) and the Association of Bay Area Governments (ABAG). These agencies will coordinate with the Bay Area Air Quality Management District (Air District) and the Bay Conservation and Development Commission (BCDC).

The SCS integrates several existing planning processes and is required to accomplish the following objectives:

1. Provide a new 25-year land use strategy for the Bay Area that is realistic and identifies areas to accommodate all of the region's population, including all income groups;
2. Forecast a land use pattern, which when integrated with the transportation system, reduces greenhouse gas emissions from automobiles and light trucks and is measured against our regional target established by the California Air Resources Board (CARB).

The SCS is a land use strategy required to be included as part of the Bay Area's 25-year Regional Transportation Plan (RTP). By federal law, the RTP must be internally consistent. Therefore, the over \$200 billion dollars of transportation investment typically included in the RTP must align with and support the SCS land-use pattern. SB 375 also requires that an updated eight-year regional housing need allocation (RHNA) prepared by ABAG is consistent with the SCS. The SCS, RTP and RHNA will be adopted simultaneously in early 2013.

ISSUES & DISCUSSION

Because the SCS has the potential to increase San Francisco's share of regional funding in the next Regional Transportation Plan, and to affect how affordable housing targets are assigned through the Regional Housing Needs Allocation process, it is important to understand the planning process, its related regional plans, and its implications for San Francisco.

SCS Planning Process: The final SCS will be the product of an iterative land use and transportation planning process that balances growth and supportive transportation investments and policies. ABAG and MTC expect to release an Initial Vision Scenario in February 2011, followed by more detailed SCS scenarios that refine the initial vision scenario in Spring and Fall 2011, and a final draft in early 2012. For more details about the timeline, see SCS Schedule (Attachment 1).

- *Initial Vision Scenario – February 2011.* The Vision Scenario will encompass an initial identification of places, policies and strategies for long-term, sustainable development in the Bay Area, based in large part on input from local jurisdictions. MTC and ABAG have asked local governments to identify places of great potential for sustainable development, including Priority Development Areas (PDAs), transit corridors, employment areas, as well as infill opportunity areas that lack transit services but offer opportunities for increased walkability and reduced driving (San Francisco's PDAs, which were designated by a resolution of the Board of Supervisors in June 2007, are shown on Attachment 2). City agencies, including the Planning Department, Transportation Authority (SFCTA) and Municipal Transportation Agency (SFMTA), sent a letter conveying San Francisco's input into this scenario (Attachment 3). Because San Francisco already has plans to accommodate almost the entire amount of growth expected (over 90%) by 2035 within its designated PDAs, and because significant resources are necessary to provide the infrastructure necessary to support this growth, staff elected not to identify additional areas that could take on greater levels of growth at this time.
- *Detailed Scenarios – July 2011.* By the early spring of 2011 the conversation between local governments and regional agencies will turn to the feasibility of achieving the region's goals through analysis of the Initial Vision Scenario and subsequent modifications comprising the Detailed Scenarios. The Detailed Scenarios will be different than the Initial Vision Scenario in that they will take into account constraints that might limit development potential, and

will identify the infrastructure and resources that can be identified and/or secured to support the scenario. Local jurisdictions will provide input, which will then be analyzed for the release of the Preferred Scenario by the end of 2011.

Regional Housing Needs Allocation: The RHNA is a process required under State law by which each city in the region is assigned a housing target by income level that must be accommodated in the city's Housing Element. The total housing needs number for the Bay Area region is assigned by the State Department of Housing and Community Development (HCD), and that regional target is allocated to the various Bay Area jurisdictions by ABAG with input from the RHNA methodology committee. San Francisco will have several representatives, including staff from Planning, MOH, and an elected official, seated on the RHNA methodology committee.

SB 375 requires that the RHNA consistent with the SCS (local jurisdictions must, within 3 years of the adoption of the SCS, take local action to plan for housing needs growth identified for their jurisdiction in the SCS.) The process to update RHNA will begin in early 2011, adoption of the RHNA methodology will occur by September 2011, and the Draft RHNA, including local allocations, will be released by spring 2012. ABAG will adopt the Final RHNA by the end of summer 2012. Local governments will address the next round of RHNA in their next Housing Element update, slated to begin in 2013.

Regional Transportation Plan: The regional transportation plan is the region's 25-year financially constrained program of transportation projects anticipated to be delivered with available funds – by law, all regionally significant projects must be incorporated into the RTP. Regional agencies will work closely with the Congestion Management Agencies (CMAs), transportation agencies and local jurisdictions to define financially constrained transportation priorities in their response to a call for transportation projects in early 2011 and a detailed project assessment that will be completed by July/August 2011.

The RTP will be analyzed through 2012 and released for review by the end of 2012. A key policy question will be the extent to which the region re-directs discretionary (non-formula) transportation funding toward projects that support the two major mandates of SB35 for SCS: accommodating the region's housing needs, and reducing greenhouse gas emissions from the transportation and land use sector. ABAG will approve the SCS by March 2013. MTC will adopt the final RTP and SCS by April 2013. Regional agencies will prepare one Environmental Impact Report (EIR) for both the SCS and the RTP. This EIR might assist local jurisdictions in streamlining the environmental review process for some of the projects that are consistent with the SCS by taking advantage of CEQA streamlining provisions in SB 375.

Coordination: The City's land use and transportation agencies are coordinating regularly on three levels. First, the Transportation Authority, as San Francisco's Congestion Management Agency and county representative tasked with coordinating directly with ABAG & MTC, has staffed two rounds of meetings hosted by Chair Mirkarimi, with the participation of Department heads of several City agencies. Agencies represented at the meetings include: Planning Department, Redevelopment Agency, Department of the Environment, SFMTA, Mayor's Office, Port of San Francisco, Department of Public Health, BART and Caltrain/SamTrans. Second, at the staff level, a Sustainability Working Group that meets monthly to coordinate on sustainability-related planning issues. Finally, staff anticipates convening a range of sessions to connect with stakeholders, including

meetings with regional counterparts, particularly in the Bay Bridge and Peninsula/South Bay corridors, through the “County/Corridor Working Groups”; as well as local discussion sessions.

Outreach: MTC & ABAG, as the agencies responsible for development of the SCS, have adopted a Public Participation Plan, which lays out the steps MTC will take to involve residents in decisions affecting Bay Area transportation and land use policies and investments. It includes detail on Public meetings, workshops and forums, web access, and publications that will be used to ensure the public and interested parties with reasonable opportunities to be involved in the regional planning process.

To further the ability of our local citizens to engage in this regional process, the City is pursuing several steps:

- The development of a local website to inform the public.
- The creation of an online discussion forum where staff can respond to questions and San Francisco citizens can share thoughts on the SCS process.
- Regular forums, hosted by local Agency Directors, to further City/citizen dialogue on the SCS process

KEY ISSUES FOR SAN FRANCISCO

San Francisco has been a leader within the region in planning for sustainable growth. The City has had a continuing strategy to plan for growth through community, redevelopment and other area plans, which make up the City’s Priority Development Areas (PDAs), and to partner that growth with supportive infrastructure and other improvements. The resulting community planning efforts provide estimated capacity for as much as 64,000 new households in PDAs, representing over 90% of our growth targets. This is significantly higher than the next closest county, which plans to accommodate only about 40% of new households in PDAs. To support and help achieve our vision for growth, we have strongly urged the region to consider the following policies in the SCS:

1. Maintenance resources should be prioritized for jurisdictions that are currently accommodating regional growth and travel in an equitable and sustainable manner; and that demonstrate progress toward meeting RHNA affordable housing targets.
2. Expansion resources should be prioritized for jurisdictions that are proactively planning to accommodate expected growth—and particularly affordable housing—between 2010 and 2035, in a sustainable and cost-effective manner; and
3. Discretionary regional funding should be prioritized for projects that reduce regional greenhouse gas emissions equitably and cost-effectively over their life cycle; and for projects that serve TOD that includes affordable housing.

Staff is also particularly concerned about potential gentrification and displacement pressures that are often the unintended side effects of growth. The City will be advocating that the SCS & the RHNA should distribute housing across the region such that lower income households have increased access to safe and healthy neighborhoods as well as jobs and education, and simultaneously include protections to prevent displacement and facilitate preservation of the existing supply of affordable housing.

This is an opportune time to obtain input from the Commission and the public on these policies, as it is still early in the SCS development process. Going forward, our participation will be critical as the process will move quickly, with most major policy decisions expected to be discussed and formulated in mid- to late 2011.

PUBLIC COMMENT

The Department has not received any correspondence on this topic; however, we look forward to coordinating a local dialogue with stakeholders and interested parties throughout the regional planning process.

REQUIRED COMMISSION ACTION

None. This is an information item.

Attachments:

1. SCS Schedule, MTC/ABAG
2. San Francisco Priority Development Area Map
3. San Francisco Vision Scenario Input Letter, dated December 17, 2010

Sustainable Communities Strategy Planning Process: Phase 1 Detail for 2010*

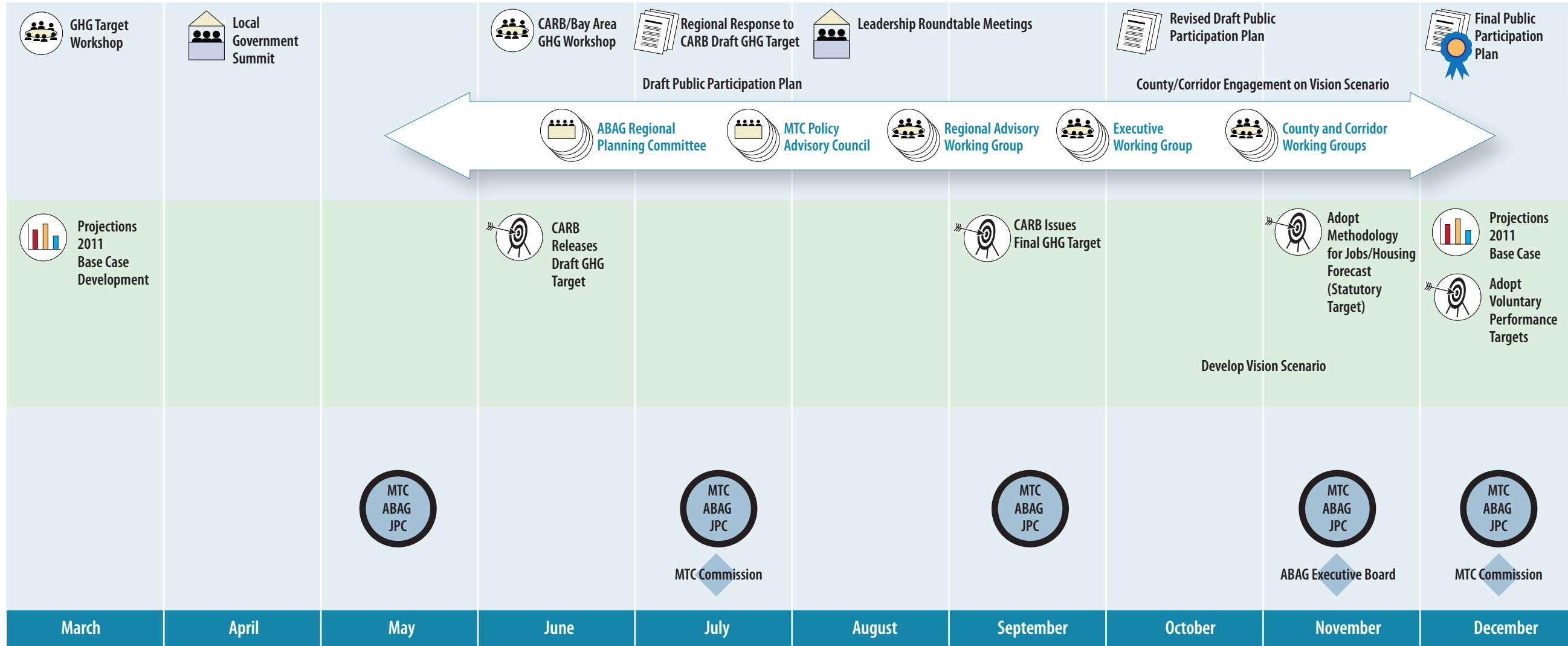
Phase 1: Performance Targets and Vision Scenario



Local Government and Public Engagement

Milestones

Policy Board Action



Phase One Decisions:

- GHG Targets
- Performance Targets
- Public Participation Plan

2010

*Subject to change

Policy Board Actions

- Meeting for Discussion/Public Comment
- JOINT meeting of the ABAG Administrative Committee, the Joint Policy Committee and the MTC Planning Committee for Discussion/Public Comment
- Decision
- Document Release

ABAG - ABAG Administrative Committee
 JPC- Joint Policy Committee
 MTC- MTC Planning Committee

October 2010

Sustainable Communities Strategy Planning Process: Phase 2 Detail for 2011*

Phase 2: Scenario Planning, Transportation Policy & Investment Dialogue, and Regional Housing Need Allocation

Local Government and Public Engagement



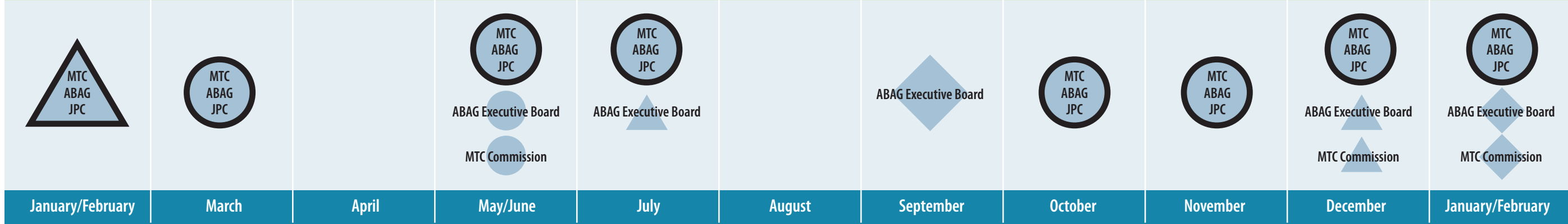
- Phase Two Decisions:**
- Vision Scenarios
 - Financial Forecasts
 - Detailed SCS Scenarios
 - RHNA Methodology
 - Preferred SCS Scenario
 - Draft RHNA Plan

Milestones

Release Vision Scenario		Detailed SCS Scenario(s) Development	Release Detailed SCS Scenario(s)	Technical Analysis of SCS Scenario(s)		SCS Scenario Results/ and Funding Discussions	Release Preferred SCS Scenario	Approval of Draft SCS	
Develop Draft 25-Year Transportation Financial Forecasts and Committed Transportation Funding Policy									
Call for Transportation Projects and Project Performance Assessment									
Start Regional Housing Need Allocation (RHNA)			Release Draft RHNA Methodologies	Adopt RHNA Methodology	State Dept. of Housing & Community Development Issues Housing Determination			Release Draft RHNA Plan	

- Scenario Planning
- Transportation Policy and Investment Dialogue
- Regional Housing Need Allocation

Policy Board Action



2011 January/February March April May/June July August September October November December January/February 2012

*Subject to change

Policy Board Actions

- Meeting for Discussion/Public Comment
- ⊙ JOINT meeting of the ABAG Administrative Committee, the Joint Policy Committee and the MTC Planning Committee for Discussion/Public Comment
- ◆ Decision
- ▲ Document Release
- ⚠ JOINT document release by ABAG, JPC and MTC

ABAG - ABAG Administrative Committee
JPC- Joint Policy Committee
MTC- MTC Planning Committee

October 2010

Sustainable Communities Strategy Planning Process: Phases 3 & 4 Details for 2012–2013*

Phase 3: Housing Need Allocation, Environmental/Technical Analyses and Final Plans

Phase 4: Plan Adoption

Local Government and Public Engagement

EIR Kick-Off (Scoping) Public Meeting

Web Activity: Surveys, Updates and Comment Opportunities

County Workshops/Public Hearings on Draft SCS/RTP & EIR

Web Activity: Surveys, Updates & Comment Opportunities

ABAG Regional Planning Committee

MTC Policy Advisory Council

Regional Advisory Working Group

Executive Working Group

County and Corridor Working Groups

Phase Three Decisions:

- Draft SCS/RTP Plan
- Draft EIR
- Draft RHNA Plan

Phase Four Decisions:

- Final SCS/RTP Plan
- Final EIR
- Final Conformity
- Final RHNA

Milestones

Prepare SCS/RTP Plan

Release Draft SCS/RTP Plan for 55-Day Review

Response to Comments on Draft SCS/RTP EIR and Air Quality Conformity Analysis

Adopt Final SCS/RTP Plan

Conduct EIR Assessment
Develop CEQA Streamlining Consistency Policies

Agency Consultation on Mitigation Measures

Release Draft EIR for 55-Day Review

Certify Final EIR

Prepare Transportation Conformity Analysis

Release Draft Conformity Analysis for 30-Day Review

Make Conformity Determination

Draft RHNA Plan
Close of Comments/
Start of Appeals Process

Public Hearing on RHNA Appeals
Response to Comments from RHNA Appeals

Release Final RHNA

ABAG Adopts Final RHNA
State Department of Housing & Community Development Reviews Final RHNA

Policy Board Action

ABAG Executive Board

ABAG Executive Board

ABAG Executive Board

ABAG Executive Board

MTC ABAG JPC

MTC ABAG JPC

MTC ABAG JPC

ABAG Executive Board
MTC Commission

October 2010

2012

March

April

May/June

July/August

September/October

November

December

2013

January

February

March

April

October 2010

*Subject to change

Policy Board Actions

Meeting for Discussion/
Public Comment

MTC ABAG JPC

JOINT meeting of the ABAG Administrative Committee, the Joint Policy Committee and the MTC Planning Committee for Discussion/Public Comment

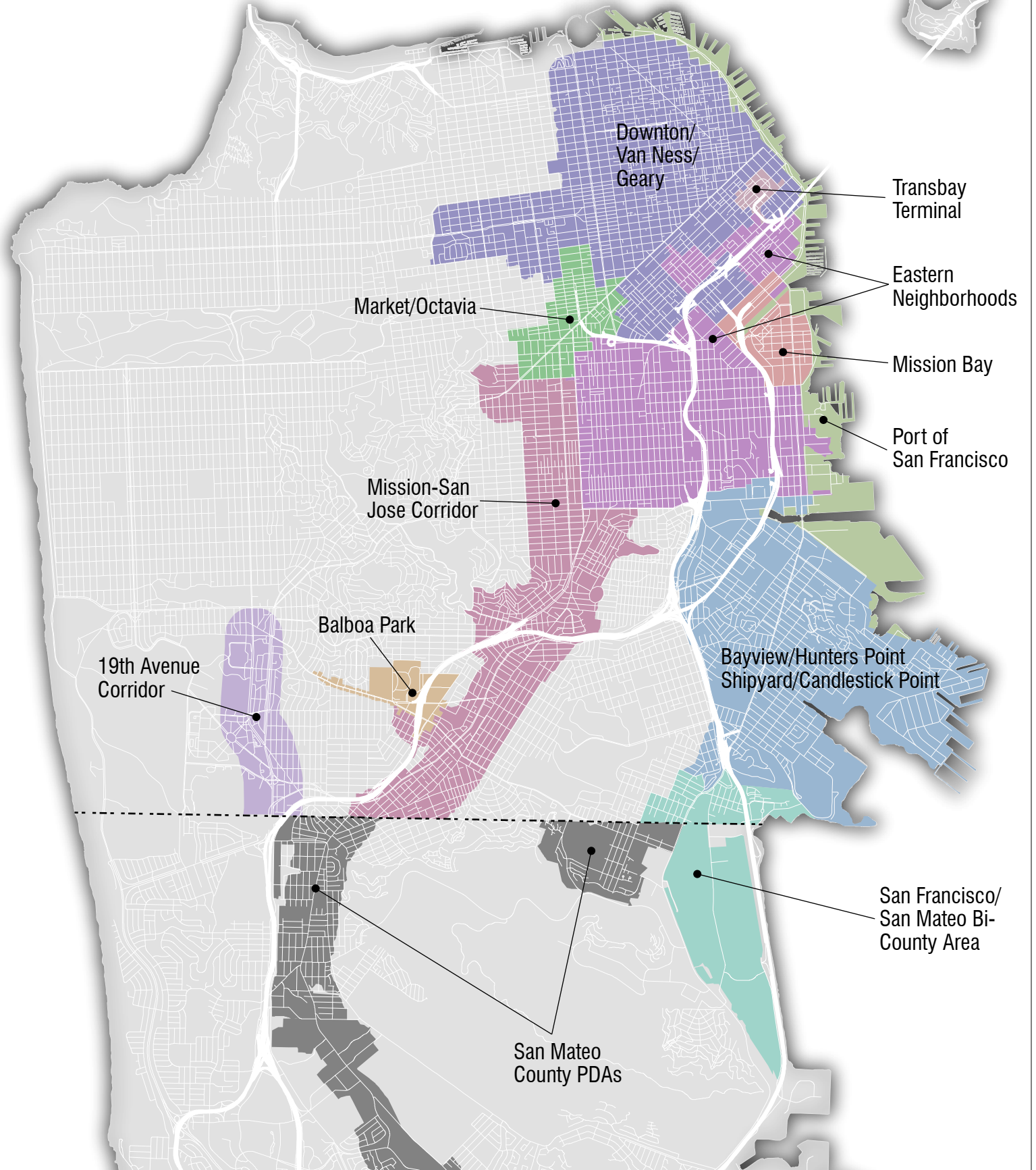
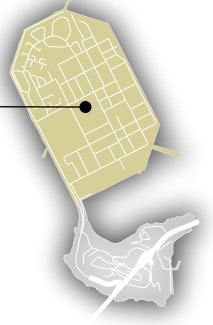
Decision

Document Release

ABAG - ABAG Administrative Committee
JPC- Joint Policy Committee
MTC- MTC Planning Committee

SAN FRANCISCO
Priority Development Areas

Treasure Island





December 17, 2010

Marisa Raya, Regional Planner
Association of Bay Area Governments (ABAG)
101 Eighth St.
Oakland, CA 94607

Subject: SCS Vision Scenario Place Types and Policies: San Francisco Input

Dear Marisa:

On behalf of the City and County of San Francisco, we thank you for the opportunity to provide input into the development of the “Vision Scenario” for the Bay Area’s first Sustainable Communities Strategy (SCS). We have developed the information ABAG requested regarding our vision for sustainable growth, including the “Place Types” that most accurately describe the San Francisco-designated Priority Development Areas (PDAs) and the policies, incentives, and implementation strategies that will be necessary to achieve our vision.

San Francisco is planning to accommodate more than 60,000 new households in PDAs by 2035. This represents the placement of over 90% of our county growth targets (from Projections 2009) within PDAs. This is significant as the next closest county achieves only ~40% of new households in PDAs¹. However, our willingness to plan for this growth cannot be taken for granted and, in order to be realized, must be accompanied by regional resources for core infrastructure investment and supportive policy reform. As ABAG and MTC work to develop the “Vision” scenario and initiate regional funding policy discussions in early 2011, we hope the discussion will be guided by the following principles:

- 1. Maintenance resources should be prioritized for jurisdictions that are currently accommodating regional growth and travel in an equitable and sustainable manner; and that demonstrate progress toward meeting RHNA affordable housing targets.**
- 2. Expansion resources should be prioritized for jurisdictions that are proactively planning to accommodate expected growth – and particularly affordable housing — between 2010 and 2035, in a sustainable and cost-effective manner;**
- 3. Discretionary resources should be prioritized for projects that reduce regional greenhouse gas emissions equitably and cost-effectively over their life cycle; and for projects that serve TOD that includes affordable housing.**

¹ Based on PDA Assessment data reported at 9/2010 RAWG

Below, we provide the requested input on San Francisco's vision for growth.

Place Types

We confirm the current Place Type designation for the majority of San Francisco's PDAs, as noted below.

- Regional Centers: Downtown Neighborhoods, Transbay Terminal/Transit Center District
- Urban Neighborhoods: Market & Octavia, Eastern Neighborhoods, Bayview/Hunters Point Shipyard/Candlestick Point, Mission Bay
- Transit Neighborhoods: Balboa Park, San Francisco/San Mateo Bi-County Area (includes the Executive Park/ Visitacion Valley/ Schlage Lock Plan Areas)
- Transit Town Center: 19th Avenue Corridor
- Mixed Use Corridor: Mission-San Jose Corridor

While the current Place Type categories adequately capture residential developments, we view the lack of a Place Type category that will accommodate significant job centers outside of the Regional, City and Suburban Center types as a constraint. For example, there is no good fit for the Port of San Francisco, whose land use plan focuses on job development, due to state restrictions on development on port land.

San Francisco's PDAs generally fall on the high end of unit targets and new projected density compared to the available Place Types. The current Place Type definitions fail to capture the high proportion of jobs to housing units that many of San Francisco's PDAs offer. We request that ABAG staff notify us if these differences will be material for any uses of the place type designations in the SCS planning process or for any other purposes.

Policies and Incentives

The policies and incentives listed in the Policies and Place Types Form are all needed to some extent to support the overall level of growth in each of our Planned and Potential PDAs (except for funding to acquire open space). The policy areas of particular importance to San Francisco include:

- Enhanced funding for regional core transportation and non-transportation infrastructure such as water, sewer, utilities, and parks;
- Funding for affordable housing;
- Increased maintenance funding;
- Adequate provision of water treatment and water supply;
- Parking pricing policy;
- Improvements to school quality.

Implementation Strategies

Many of the implementation strategies listed in the Policies and Place Types Form have already been put to use in San Francisco, including:

- Zoning for increased densities and/or mix of uses;
- Provision of affordable housing through zoning;
- Funding affordable housing development;
- Retention of existing affordable units; and
- Implementation of community impact fees, commercial linkage fees.

Implementation strategies needed to support growth of particular importance to San Francisco include:

- Major regional transit capital improvements beyond Resolution 3434;
- Transit capital improvements to bring fleets, guideways and facilities to a state of good repair;
- Non-motorized and alternative mode infrastructure investments such as walking and bicycle facilities. Bicycling alone has grown 58% in the last three years in San Francisco;
- Transportation demand management strategies such as parking management, ridesharing, virtual commuting and congestion pricing;
- Value capture/redevelopment infrastructure improvement;
- Increased transit service frequencies for core trunk lines serving PDAs;
- Improvements in non-auto access to schools, job centers, and other major destinations; and
- Utility and other infrastructure improvements, including adequate provision of water and sewer.

Accommodation of Growth

San Francisco's Adopted and Planned PDAs collectively accommodate over 63,000 new housing units, and 136,000 new jobs. Healthy absorption of the city's existing vacancies in PDAs like Downtown provides the opportunity for another 23,000 or more jobs. However, new growth in San Francisco is not confined to PDAs. The city includes numerous small-scale infill opportunity sites close to transit throughout all of its neighborhoods. Such sites outside of Priority Development Areas could accommodate another 17,000 new housing units, distributed reasonably evenly throughout the city. Cumulatively, San Francisco's PDAs and other opportunities yield the potential for over 85,000 housing units and almost 160,000 more jobs, more growth than is likely to be projected for San Francisco under the SCS P2011 Projections.

The ABAG-highlighted "Other Significant Areas" do not represent particular places that should be considered within the SCS process, and the city is not proposing any new PDAs. The lion's share of city's growth will continue to be focused in its PDAs, including new plans (such as the Western SOMA Plan under development, and the pending initiation of a plan for the Central Subway alignment, within the Downtown and Eastern Neighborhood PDAs); and growth opportunities will

be pursued as appropriate at smaller scale infill opportunities along transit lines outside of the PDAs.

How people commute to work has dramatic implications for the region's overall sustainability. In major downtowns like San Francisco and Oakland, a high percentage of workers commute by means other than automobile; outside of these areas, the percentage of workers that do not drive to work is insignificant. Increasing workplace development capacity in major centers, as opposed to other localities in the region, will go further to support both local and regional goals to reduce greenhouse gas emissions.

However, with the limited information available, San Francisco cannot volunteer to accept more growth. While more funding, incentives and policy support would inevitably increase the City's ability to accommodate and to manage growth, there is no way for the City to make a fair estimate of "how much" more growth would require, nor any way for us to assess how that growth could fit within the fabric of our city.

While San Francisco has pioneered transit supportive development over the past few decades, we are at our limit in terms of transit's ability to carry more people in the peak period without significant new right-of-way, fleet and facility expansion. Our transit state of good repair backlog is over \$2 billion just to maintain current service levels let alone the additional service levels from the expected growth, and similar backlogs exist for the regional transit service providers who serve San Francisco, such as BART and Caltrain. These core capital capacity constraints are regional in nature and will need a regional focus on resource prioritization for these PDAs to be successfully implemented. In addition, San Francisco needs over \$750 million to bring our local streets to a state of good repair, and many PDAs have significant non-transportation infrastructure investment needs as well, lacking the community assets necessary to make them complete communities.

San Francisco uses the strategies noted above to create and preserve affordable housing. Yet despite a deep commitment to mixed-income communities, the City has been unable to achieve more than a third (34%) of our RHNA affordable housing target. In the absence of additional resources for affordable housing, the City will be unable to accommodate equitable and sustainable growth at projected levels. Under the current RHNA for San Francisco, more than 60% of our projected housing need requires subsidy. San Francisco is making tremendous efforts and is succeeding in its efforts to bring affordable units into production. However, without financial support we will not have the ability to keep up with the mandated RHNAs.

We are further challenged by needing to pace growth with new investment. While San Francisco's planning efforts aim to combine changes in zoning with proposals for new infrastructure investment, we continually face resistance from neighborhoods who are skeptical that needed infrastructure will come. There is a very real threat of neighborhood demand for legislation that meters growth according to infrastructure provision, thereby restricting zoning changes and any development under those zoning changes, until after the infrastructure is in place.

In sum, the region cannot assume, or take for granted, San Francisco's growth plans. We need support and incentives, in order to realize our vision. In doing so, San Francisco is poised to help the region realize our shared region for a more sustainable Bay Area. We hope this input is helpful in shaping the SCS "Vision" scenario. We look forward to continuing our collaboration and to

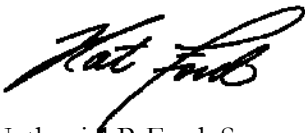
participate in the SCS/RHNA/RTP planning process.

Sincerely,



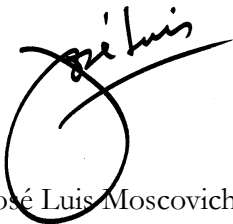
John Rahaim

Planning Director, San Francisco Planning Department



Nathaniel P. Ford, Sr.

Executive Director/CEO San Francisco Municipal Transportation Agency



José Luis Moscovich

Executive Director, San Francisco County Transportation Authority

cc: Com. Alioto-Pier, Avalos, Campos, Chiu, Chu, Daly, Dufty, Elbsernd, Mar, Maxwell, Mirkarimi
S. Heminger, D. Kimsey, MTC
E. Rapport, K. Kirkey, ABAG
B. Strong, Capital Planning
M. Lee-Skowronek, Caltrain
B. Garcia, DPH
V. Menotti, BART
E. Reiskin, DPW
N. Kirschner-Rodriguez, Mayor's Office
M. Yarne, MOEWD
D. Shoemaker, MOH
M. Nutter, SFE
T. Papandreu, B. Yee, SFMTA
F. Blackwell, SFRA
E. Harrington, PUC
TC, MEL, ALA, RH, AC, ZB, LB, Chron, File: SCS