ACTION 4: *Support lowering the voter threshold for county infrastructure tax measures to 55 percent.*

To increase the amount of traditional finance available for regional infrastructure, regional leaders should support lowering the threshold for voter approval of county sales tax measures for transportation and other infrastructure finance from two-thirds to 55 percent, with a guaranteed sunset provision in each measure passed. This will increase the flexibility and opportunity for communities to create new user fees and taxes, with assurances of appropriate oversight for how the funds are used and a requirement that funding and the strategies it supports be periodically reviewed and reapproved.

ACTION 5: *Establish a separate environmental review process for infrastructure.*

Delays caused by California Environmental Quality Act (CEQA) review and CEQA-related lawsuits unnecessarily impede the delivery of infrastructure that is needed to support mobility and other economic and public policy priorities. A 2012 study by law firm Holland & Knight, LLP found that 36 percent of all CEQA-related litigation involved public works projects.[25] These delays can be avoided, and the integrity of the environmental review process maintained, by creating an environmental review process specific to key infrastructure. MTC should also be empowered to produce regional transportation planning documents, similar to the Area Specific Plans being used for housing and other development, which can expedite the environmental review process.

ACTION 6: *Plan for resiliency in all infrastructure decisions.*

With systems for flood control and transportation in the region extremely balkanized, a correlated strategy that plans simultaneously for both is needed. While partnerships are already being formed to protect infrastructure around flood plains—especially with regard to the BART and highway systems—no formalized regional approach for disaster preparedness or remediation has been established. Because existing regional entities cannot organize efficiently to disperse money in times of disaster, a regional capacity should be established within MTC or the proposed infrastructure investment authority that provides the ability to assemble and disperse funding both for preventative infrastructure measures and after a natural disaster.

2 Change the Math for Housing Development in the Bay Area

CONTEXT AND GOALS

When the Sustainable Communities and Climate Protection Act (SB 375) was signed into law in 2008, its principal objective was to align regional transportation plans with housing and land use policies, with the end goal of reducing the levels of greenhouse gas (GHG) emissions caused by traffic and congestion. Each Metropolitan Planning Organization (MPO) in the state was tasked with designing a Sustainable Communities Strategy (SCS) that would result in specified GHG reductions, as set by the California Air Resources Board. MPOs have the authority to use various incentives and/or mandates to ensure local compliance with the SCS.

To comply with SB 375, the Metropolitan Transportation Commission and the Association of Bay Area Governments adopted a Sustainable Communities Strategy, Plan Bay Area, in 2013. Plan Bay Area charts a course for facilitating the region's future population growth by planning for more housing and transportation choices within locally identified Priority Development Areas (PDAs). The Bay Area is now two full years into its SCS, and implementation has been slow—especially as it relates to creating more units to affordably house residents across all income levels. The region permitted just half of the housing units needed in the 2007–2014 Regional Housing Needs Allocation (RHNA) cycle, which identifies the total number of new housing units that the Bay Area needs in each city.[26] While this RHNA period occurred within a deep recession and followed a Bay Area housing boom, recent housing production has lagged job growth as lenders and developers exhibited caution coming out of the recession.

The region is now outsourcing a portion of its housing obligations to cities in the Central Valley, which are currently experiencing construction booms. This has added to the in-commute of workers from outside the region into the federally designated nine-county Bay Area, from as far away as Stockton, Hollister, and Patterson. Now over 3% of the Bay Area workforce commutes from outside the region.[27] Intra-regional commute times are also rising, and data has shown that Bay Area freeway delays due to traffic congestion have increased by nearly 40 percent from 2010 levels.[28]

While the region's strong economy in recent years has contributed to runaway housing costs, an inability for the Bay Area to increase its housing stock—especially for affordable rental units—has exacerbated a supply and demand mismatch. Plan Bay Area is not properly equipped to address this crisis. The various carrots, sticks, and levers that were supposed to incent sustainable growth are either not being employed or they are not sufficient to combat restrictive planning and zoning standards and resistance to new development at the local level. The target-setting and planning processes of Plan Bay Area also do not sufficiently recognize or consider the many economic factors that drive demand for housing and where it should be situated.

PLAN BAY AREA HOUSING PROJECTIONS

	2010 (ACTUAL)	2015	2020	2030	2040	TOTAL INCREASE (2010 - 2040)
JOBS	3,385,300	3,669,990	3,987,150	4,196,580	4,505,230	**1,119,930**
% ANNUAL GROWTH WITHIN INTERVAL		1.6%	1.7%	0.5%	0.7%	

	2010 (ACTUAL)	2015	2020	2030	2040	TOTAL INCREASE (2010 - 2040)
HOUSING UNITS	2,786,000	N/A	2,956,000	3,201,000	3,446,000	**660,000**

HIGH GROWTH SCENARIO ESTIMATES

	2010 (ACTUAL)	2015 (PROJECTED)*	2020	2030	2040	TOTAL INCREASE (2010 - 2040)
JOBS	3,385,300	3,759,912	4,187,476	4,478,072	4,913,882	**1,528,582**
% ANNUAL GROWTH WITHIN INTERVAL		2.1%	2.2%	0.7%	0.9%	

	2010 (ACTUAL)	2015	2020	2030	2040	TOTAL INCREASE (2010 - 2040)
HOUSING UNITS	2,786,000	N/A	3,104,518	3,415,712	3,758,574	**972,574**

*From 3,722,900 Bay Area jobs in June 2015, assumes 2% annual growth extended over remainder of the year.
Data Sources: California Economic Development Department, CES; Association of Bay Area Governments, Projections 2013; and Plan Bay Area
Analysis: Bay Area Council Economic Institute

To combat these issues, the policy recommendations outlined here target three critical goals:

Build—not plan, or zone, or even permit—but build sufficient housing stock to meet the demands of a growing regional population and to fill historic deficits.

Reduce the cost of new home construction across the region.

Find new mechanisms to fund and/or subsidize infrastructure development and housing construction so that the burdens as well as the benefits of creating livable communities and affordable housing are shared among both new and existing residents and property owners.

STRATEGIES AND ACTIONS

GOAL 1: *Build—not plan, or zone, or even permit—but build sufficient housing stock to meet the demands of a growing regional population and to fill historic deficits.*

Plan Bay Area significantly underestimated job growth between 2010 and 2015, a gap that could reach 90,000 jobs by year-end if current trends persist. If this level of underestimation is extrapolated over the life of Plan Bay Area, the region could have 400,000 more jobs than predicted by 2040. Today, total Bay Area employment is 3,722,900 and could rise to nearly 4,914,000 by 2040 under a high-growth scenario (compared to the 4,505,230 jobs projected in Plan Bay Area).

Given how actual growth has exceeded past forecasts, the update to Plan Bay Area needs to account for a stronger rate of growth for population and jobs than earlier forecasts. The distinctive characteristics of the Bay Area make it a strong attractor of global business, and this shows few signs of abating near-term. In fact, the June 2015 UCLA Anderson Forecast predicts California job growth of 2.1% in 2016 and 1.3% in 2017, led by even stronger growth in the Bay Area.[29]

Housing affordability is a key aspect to achieving strong economic growth. Plan Bay Area originally estimated that 660,000 units would be needed by 2040, but that level of housing production would not be enough to sustain a higher-than-expected level of employment growth. An alternative high-growth scenario is presented in the table above with estimates for job growth and housing needs. This high-growth scenario offers a plausible course for the region's growth—one that is within the reasonable range of possible employment outcomes. It is not meant to replace the projections made in Plan Bay Area, but it can inform the dialogue around future regional housing supply. It indicates a need of 972,500 housing units built by 2040 to accommodate strong regional economic growth.

However, this analysis does not address the historic regional housing deficit that makes the Bay Area one of the most expensive places to live today. A March 2015 analysis by the Legislative Analyst's Office reported that 51,550 additional units of housing were needed each year between 1980 and 2010 over five of the Bay Area's nine counties. These 1,546,500 total units would have allowed the region's housing prices to remain in line with national trends. While filling this deficit by 2040—along with keeping up with regional growth—presents a daunting task, addressing just 20% of this historic under building, or 309,300 units, would help to alleviate upward pressure on housing prices. Thus, the Bay Area will need 972,500 new housing units built by 2040 to meet the needs of a growing economy and an additional 309,300 units to address historic building deficits. In total, the region should have a goal to build 1,281,800 units by 2040.

STRATEGY #1: *The Regional Housing Needs Allocation (RHNA) process needs real teeth.* *Cities that meet their RHNA obligations should be financially rewarded, and there should be real consequences for failing to permit the required number of new housing units, such as loss of local approval authority, state mandated "by right" approvals of housing projects (which removes some discretionary approvals from project review processes), the creation of more "by right" zoning districts, or the creation of a regional hearing body to approve housing developments. Further incentives should be awarded to cities that streamline the approval process for new housing and bring units to market faster and at lower cost.*

IMPLEMENTATION ACTIONS:

The One Bay Area Grant (OBAG) funding process must be reformed. Currently, OBAG funds reward "jurisdictions that accept housing allocations through the Regional Housing Need Allocation process" with grants for transportation infrastructure. It is not enough to have RHNA compliant General Plans if communities proceed to ignore them. In the last RHNA performance report, none of the nine Bay Area counties made their RHNA numbers. Of the region's 101 cities, just seven reached their RHNA number, and only one of those, Milpitas, contained a Priority Development Area (PDA). The current strategies are neither creating enough housing nor creating the appropriate incentives to locate it within PDAs.

OBAG funding must be more performance based. Those cities that produce the most housing should get the most transportation funding. In addition, cities that accept OBAG grants should repay them if the requisite number of housing units is not permitted within a given timeframe of the plan's completion—18 months, for example. Currently 50% of OBAG grants are distributed on a flat population formula and only 25% are awarded based upon past housing production performance. This regime rewards counties for doing nothing other than being more populous than their neighbors.

County Congestion Management Agencies (CMAs) that receive OBAG funding and are responsible for distributing it locally must monitor housing production at the local level and report progress on a regular basis to the Metropolitan Transportation Commission (MTC). CMAs must also inform local communities if they are not on track to meet their RHNA obligations.

Within each county, cities should have the authority to trade their RHNA obligations—and connected OBAG funding—to neighboring municipalities that may be more receptive to new development. Currently, San Mateo, Solano, and Napa counties have developed "sub-regions" that allow cities within those counties to trade RHNA obligations, and the county distributes transportation dollars accordingly. If adopted in all nine Bay Area counties, this "trade and build" system will result in county RHNA systems that have greater probability of reaching housing targets than the city-centric regime in place today. A more expansive "trade and build" strategy could also include sales and payroll taxes that are collected at the state level and partially funneled down to the jurisdictions in which they were produced. Connecting these dollars to the achievement of local housing production goals would require changes to state land use laws to allow housing allocations to be exchanged for portions of these revenues.[30]

All other MTC regional discretionary funds should be awarded on a performance basis. Only jurisdictions that have met or are on track to meet their RHNA obligations should receive MTC discretionary funding. If a community decides not to shoulder its share of the region's housing needs, that community should not receive discretionary transportation funds.

Association of Bay Area Governments (ABAG) and MTC planners should monitor the time it takes to approve permits for new housing and reward those cities that streamline the process and move the quickest.

The words "Priority Development Area" must have some meaning. If local governments do not approve projects consistent with local zoning and PDA requirements, their authority to approve or deny housing projects should be limited in order to ensure that housing is produced as needed for the good of the region. Options include "deemed approved" housing approvals subject only to safety and building code standards; "by right" development where housing can be built with ministerial review only; and remanding housing decisions to a regional body. These tactics can help in meeting the housing needs of the region even in the face of local project-by-project opposition within cities and towns or overly restrictive local codes and fees that stop production. If housing production cannot be compelled in Priority Development Areas, it will not occur, and the regional housing crisis will continue.

STRATEGY #2: *The Bay Area must expand the stock of secondary units, junior units, "in-law" units, and other similar uses of homes and lots as an additional housing resource.* *This is a quick and inexpensive way to add housing in a very short amount of time.*

IMPLEMENTATION ACTIONS:

Model legislation should be drafted to expand and simplify approval of "in-law" or Accessory Dwelling Units (ADUs) in all residential zoning districts throughout the Bay Area, including junior/studio units that have their own facilities either connected to or separate from the main residential unit. This language can be taken to all 101 cities for approval. Adoption of this law will mean that smaller landowners and homeowners can participate in solving the region's housing crisis. New housing units can be delivered at substantially reduced costs, within existing infrastructure and existing structures or on underutilized land. Furthermore, the time from inception to delivery of units is significantly reduced.

Cities should be rewarded financially for adopting such legislation. The City of Berkeley recently allowed the construction of second units with only a building permit if they meet certain physical requirements.

Regional agencies and banks should work together to create innovative ADU loan products to help homeowners and small landowners finance ADU fees, designs, and construction. Cities could also explore programs similar to the Property Assessed Clean Energy (PACE) model that is used to finance residential energy efficiency and renewable energy upgrades. This strategy would reduce up-front costs to homeowners through a loan that is repaid with property tax payments over time. At a minimum, regional entities and local governments should provide homeowners with technical guidelines and design assistance where possible.

Regional and local governments should work with respective utilities to find solutions to the high costs of adding new service to ADUs.

STRATEGY #3: ***The update to Plan Bay Area must have a strong foundation in the economic realities of development.*** *There are too many instances in the first iteration of Plan Bay Area where development densities were recommended for locations where they were not viable given market conditions. Expected housing density in Priority Development Areas should be re-evaluated based on the PDA feasibility study currently being completed.*

IMPLEMENTATION ACTIONS:

All Priority Development Areas should be reviewed from a development perspective concerning their capacity to accommodate the growth allocated to them. Work to identify feasible housing types should be funded in all PDA planning grants where this analysis has not already occurred. While housing market conditions are not static, the current housing cycle shows that even at high rent levels, certain types of development are not economically feasible in parts of the Bay Area. While planners face a challenge in both preserving the local character that residents enjoy and responding to regional pressures, in order for PDAs to be successful, planning must take into account market-based housing demands and the economic considerations of developers.

ABAG has more planning capacity than most cities in the Bay Area. It should form a Planning Task Force that includes ABAG staff and Bay Area developers. This Task Force can act as a consultant to small communities to effectively develop PDAs. Roles for the Task Force would include assisting in the creation of Area Specific Plans that respond to market realities of construction cost and building type; drafting ADU ordinances that expand housing production onto smaller single and multi-family housing sites; and supporting large projects, such as base reuse, to help facilitate their development in a manner that meets regional goals. The Task Force should include experienced developers with extensive local knowledge and understanding of the regional market.

ABAG and MTC planners should conduct an inventory of large developable sites, including but not limited to former military bases, that have thus far not been developed. The Planning Task Force must review the status of these sites and recommend what if any action is required to speed up the permitting timelines. Coordinating planning oversight with the Bay Area Regional Economic Development Partnership (as proposed in an earlier recommendation) would create a structure for matching the region's housing goals and building activity with broader economic development activities.

STRATEGY #4: ***The fiscalization of municipal land use decisions needs to change.*** *When Proposition 13 passed in 1978, revenues to local government were cut by about 57%.[31] This forced towns and cities across California to look for new sources of funding for essential services, and to avoid land uses that generate more demand for services than tax dollars. Local governments turned to job-generating uses, hotels, and retail as preferable fiscal alternatives to housing in the creation of their local general plans. Local jurisdictions keep a much greater percentage of sales taxes and transient occupancy taxes than property taxes, and as a result they now zone far too much land for hotels, stores and auto dealerships. The demands for services such as libraries, schools and other essentials are proportional to the housing in local jurisdictions, so even office uses are seen as preferable to housing because workers who go home at the end of the day to a different jurisdiction do not generate those demands locally. The notion that housing does not pay for itself may reflect reality in some instances, but as prices have risen in many areas of the region, housing increasingly generates sufficient taxes to support a broad array of services for cities.*

IMPLEMENTATION ACTIONS:

The region needs to develop a much stronger regional planning process that ends the competition among cities over a limited supply of retail and auto rows. Each county should establish retail clusters in "Economic Zones" or "Priority Retail Areas" and establish a revenue-sharing model to spread the sales tax dollars across multiple neighboring jurisdictions. With less competition and more coordination around retail development, land use decisions could be optimized, resulting in greater opportunity to both fund and build housing.

A full regional inventory of all underutilized or vacant land needs to be undertaken, with a focus on land set aside by cities for retail, industrial, office and hotel use. Where it would be consistent with the goals of the Sustainable Communities Strategy, land that has not been developed within a specific time frame (e.g., three years) should be rezoned for housing.

GOAL 2: ***Reduce the cost of new home construction across the Bay Area region.***

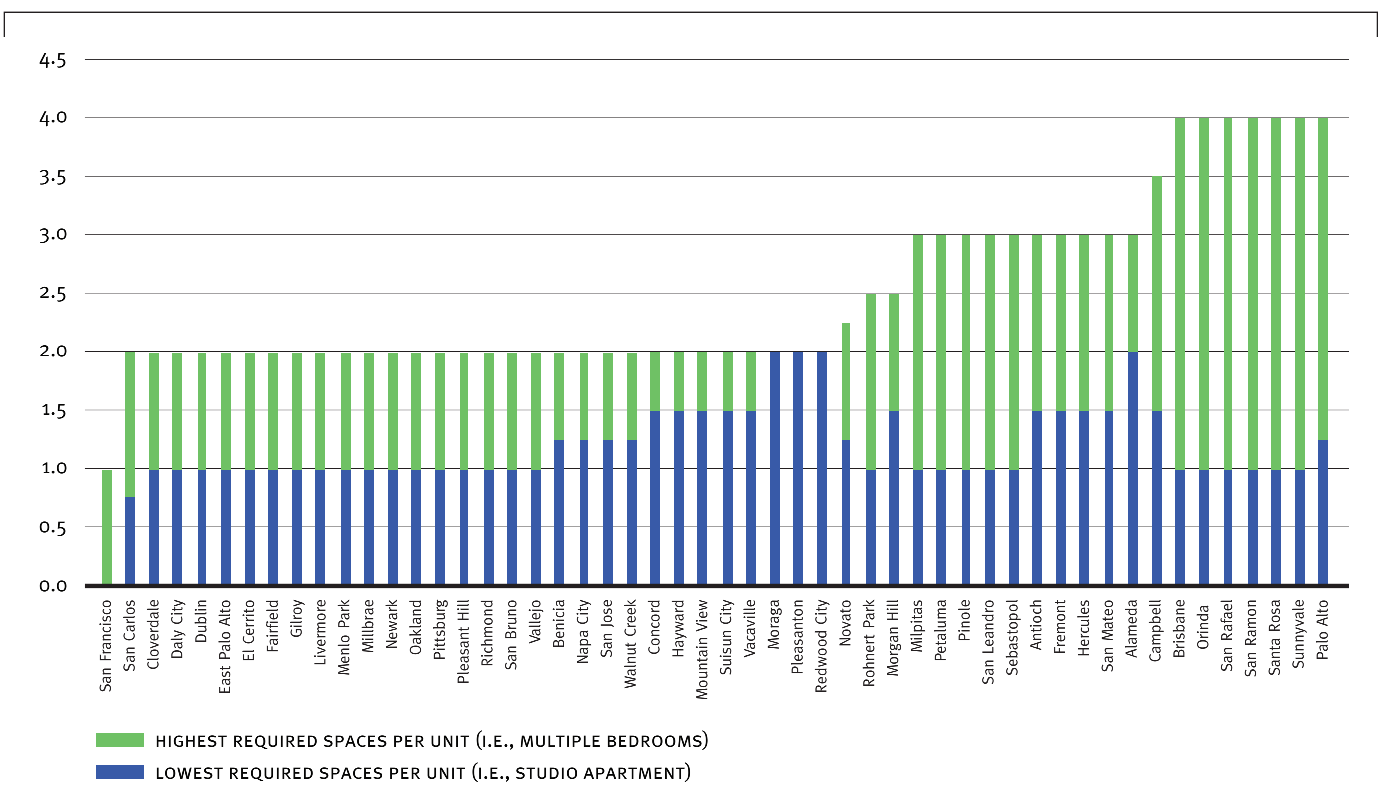
STRATEGY: *Policymakers need to reconsider discretionary costs added to the fixed costs of construction, especially if the construction of more housing—and particularly more affordable housing—is a priority. The cost of constructing a new home is driven by many factors: supply and demand, materials costs, labor costs, land acquisition costs, financing costs, parking mandates, municipal fees, lawsuits, and time. Some of these costs are inflexible, and there is little that can be done to change them via public policy. But other costs are driven by policy choices. Policymakers need to review some of these choices and make changes.*

IMPLEMENTATION ACTIONS:

Encourage streamlined approvals for lower-cost construction types and new building technologies. Streamlining building permitting and code interpretations to allow for quick delivery of four- to seven-story buildings (which are more cost-effective than high rises) and new innovations in construction, such as Factory Built Housing (FBH), can lower building costs. FBH reduces project delivery time, lowers loan costs, and can reduce overall construction costs by 20%.[32]

Across the Bay Area, cities are assessing impact fees, community benefits agreement payments, and other exactions on new housing construction. These fees add up to be a considerable portion of the costs of new construction. In San Francisco, for example, a new unit that might sell for $700,000 may include over $100,000 in fees assessed to the developer. These fees pay for services such as fire, police, schools, and parks that existing residents enjoy, but because of Proposition 13's limitation on property taxes, they rarely pay enough to cover their costs. Increasingly, fees are also being assessed to fund development of affordable housing because cities find it easier to ask homebuilders and new residents to pay for these needs. These impact fees have allocated the cost for community infrastructure and service investments to new development, slowing the production of all housing and driving up the price of each unit delivered. Existing landowners are not paying their fair share to solve the regional housing problem, and they are benefitting from scarcity through the skyrocketing values of their homes and land. Community benefits should be paid for by the entire community, not just by new development and particularly not by badly needed workforce housing. This system needs to be rethought to spread that burden, as too often such fees add significant costs to housing construction and prevent new homes from being built. Policymakers should place a region-wide cap on impact fees and other exactions while exploring the other funding options for community infrastructure, community benefits, and affordable housing detailed in Goal 3 of this policy recommendation. Only cities that agree to the fee cap should be eligible for MTC discretionary funding.

RESIDENTIAL PARKING MINIMUMS BY CITY



Data Source: MTC Survey of Bay Area Cities' Parking Requirements Summary Report, 2012

A report conducted by Holland & Knight, a law firm with extensive experience with the California Environmental Quality Act (CEQA), analyzed 15 years of published opinions in CEQA litigation at the Court of Appeals and the California Supreme Court.[33] Among the many findings of the report, the clear majority of cases (62%) litigated under CEQA involved urban infill development. Another recent report released by the non-partisan Legislative Analyst's Office found that it takes, on average, two and a half years for a local agency to approve new housing that goes through the CEQA process. If urban infill and pedestrian-focused development is the response to climate change and environmental degradation, CEQA has become a threat to that response and therefore a threat to the environment. State leaders must reform CEQA immediately to reduce construction delays, bring down costs, and allow for more urban infill development. State law should be changed to create a new categorical CEQA exemption for new home construction that meets PDA requirements (or their equivalent in other SCS areas).

To reduce opposition and challenges (including CEQA litigation) to new developments, a regional coalition should develop a public outreach plan to educate the region's residents on the benefits of housing production and regional planning. It can also inform them on what happens when the Bay Area fails to cooperate region-wide to build housing.

Outside of CEQA reform at the state level, local jurisdictions can modify their zoning and density bonus ordinances to move housing developments more quickly through often lengthy approval processes. Density bonuses allow rental and condominium projects a density increase (e.g., through additional floors) of up to 35 percent if a project contributes to the supply of affordable housing in the community. Although existing state density bonus law has had some positive impact, it clearly does not go far enough in adding affordable homes to the region: it does not limit local government zoning that discourages housing and charges high fees to new developments—which stop many projects before they get started—and it does not limit discretion to deny or refuse to approve housing projects that require public approval (which the vast majority do). The region should consider means of preventing city bodies with approval authority from denying needed housing projects, either through a "deemed approved" mechanism that limits the ability to deny or condition a project until RHNA goals are achieved, or by giving up approvals to a regional permitting authority that would come into play if local governments are not approving projects in compliance with their RHNA requirements. Special focus should be placed on PDAs, where dense, affordable housing proposals often face significant opposition from within the community. If a myriad of local zoning, fee, and other policies are preventing housing from coming to market, this will be demonstrated by a failure to produce the RHNA obligation. That failure would trigger a "deemed approved" or regional oversight hearing body to intervene.

It costs an average of $38,000 to build a single underground structured parking space in San Francisco.[34] When access ramps are included, a parking space needs 330 square feet of valuable real estate. Many new developments are required to build as many as four parking spots per unit. New regional policies must part from the outdated thinking that new homes, particularly urban infill transit-oriented development, must have minimum onsite parking requirements. Policymakers should review and seek to reduce or eliminate minimum parking requirements for all multi-family new construction within PDAs.

GOAL 3: *Find new mechanisms to fund and/or subsidize infrastructure development and housing construction. It will not be possible to meet the region's Plan Bay Area targets without such tools.*

STRATEGY: ***Establish powers to acquire funding and assemble the necessary land for development in urban areas and in Priority Development Areas.*** *With the loss of over 400 Redevelopment Agencies (RDAs) across California in 2012, it was estimated that California's affordable housing developers lost $1 billion annually in funding to build much needed housing.[35] RDAs also had the power to assemble the sorts of small and oddly shaped parcels that are common in urban areas and create one developable plot of land. Absent that power, it becomes more difficult for developers to acquire land to develop in urban areas and in Priority Development Areas.*

IMPLEMENTATION ACTIONS:

Replace the tools lost with the dissolution of Redevelopment Agencies, by creating local agencies that allow for land assemblage, the power to collect tax increment to fund housing and blight remediation, and the authority to issue tax increment bonds. These agencies must have strict fiscal controls and a clearly defined list of projects that qualify for funding. These agencies should also have the ability to fund school infrastructure to meet the educational demands that additional housing places on communities. The authorization for Community Revitalization and Investment Authorities under the recently signed Assembly Bill 2 is a good example of a partial replacement for Redevelopment Agencies. It allows local governments to use tax increment revenue to improve infrastructure, assist businesses, and support affordable housing in disadvantaged communities that meet specific threshold conditions.

The formation of Enhanced Infrastructure Financing Districts (EIFDs) will be beneficial in replacing a portion of Redevelopment Agency funding; the establishment of these districts must be fast-tracked within the region by educating governmental entities of their uses and benefits. EIFDs have the power to:

Adopt an infrastructure financing plan, by act of a county or city legislative body, instead of requiring a vote by two-thirds of the electorate;

Issue bonds for a period of up to 45 years, secured by tax increment financing, contingent on a vote of 55 percent of the electorate instead of two-thirds;

Serve a broader range of purposes than traditional Infrastructure Financing Districts (e.g., funding transit priority projects, low- and moderate-income housing, environmental remediation, etc.).

Expand funding for the State Infrastructure Bank and a new regional infrastructure investment authority (as detailed in the section titled Securing the Future through Critical Regional Infrastructure Investment) to fund more projects, including those that incorporate housing.

Incent or empower local government jurisdictions to assemble and bank developable land for housing. Assembled parcels can facilitate the development of multi-family projects and enable the region to more efficiently meet its RHNA targets.

In summary, given the depth of the region's housing shortage, even if the many recommendations above were adopted in their entirety, the region would still not get to the point where the amount of new units produced would be sufficient to stabilize home prices or bring them down to a level where they would be affordable to the majority of Bay Area residents. For that to happen, there needs to be a paradigm shift in how new housing is planned and permitted in the Bay Area. This would likely require limiting the ability of local jurisdictions to deny new housing starts if they have not met or are not on track to meet their RHNA obligations. That may take the form of a regional "by right" or ministerial approval process for all plan-compliant projects or the creation of a regional review body that has approval powers and is free from parochial politics and pressures. Crises require bold actions. Without them, things will continue to get worse.

3 Form the Bay Area Regional Economic Development Partnership

CONTEXT AND GOALS

The Bay Area's regional governance structure consists of four pillar agencies, each with a distinct mission and authority. Transportation is handled by the Metropolitan Transportation Commission (MTC); land use by the Association of Bay Area Governments (ABAG); air quality by the Bay Area Air Quality Management District (BAAQMD); and the bay front by state agency San Francisco Bay Conservation and Development Commission (BCDC). Each aims to maintain a regional perspective, given the Bay Area's interconnected transportation, housing, infrastructure, and workforce needs. However, sustaining the region's economic competitiveness is not central to the planning efforts and decision-making of any of these regional agencies, the business community is largely uninvolved, and local leaders have no formal forum to engage in discussions on the economy and job growth at a regional level.

If the Bay Area were a country, its economy would rank 23rd in the world. The region's robust innovation economy facilitates the exchange of ideas and collaboration within the Bay Area as well as with other innovation hubs in the world. While the regional economy is currently very strong, the next downturn is around the corner. Greater economic resiliency can help soften the blows of downturns, and it can be achieved through collaborative regional action that identifies and supports the development of new economic opportunities as they arise.

The Bay Area economic engine is powerfully self-propelled in many ways, but given the regional nature of the economy, labor market, housing needs, and infrastructure needs, as well as the quickening pace of change in the global economy, the Bay Area would benefit from a regional approach to competiveness and quality of life issues. Parochial interests (at the local level and even within regional agencies) can stunt the progress that is required to sustain economic vitality and grow broad-based opportunity in the region. There are many issues involved, including land use planning, workforce skills development, transportation planning and investment, environmental quality, communications infrastructure, and quality of life.