



**Planning and Development Department**  
Land Use Planning Division

**Staff Report**

**To:** Planning Commission  
**From:** Dan Marks, Director of Planning and Development  
**Date:** May 23, 2007  
**Subject:** Priority Development Area Application

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**Recommendation**

Provide direction to staff as to whether the City should apply to have any areas designated Priority Development Areas by a June 29, 2007 deadline. Should the City not seek such a designation in this round, provide direction to staff as to whether we should consider areas for designation during some later application process, should a later round be proposed.

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**Executive Summary**

In anticipation of the possibility that November, 2006 State Bond funds may be distributed based on regional plan/smart growth criteria, the Association of Bay Area Governments (ABAG) and the Metropolitan Transportation Commission (MTC) have established a process whereby local jurisdictions can apply to have areas designated "Priority Development Areas" (PDA's) based on regional smart-growth criteria. Because of the timing of the first bond fund distribution, applications for designation are due June 29. It is unclear at this time whether the legislature will establish such criteria or give MTC or ABAG influence over the distribution of the bond funds.

**Background**

Beginning with Projections 2005, the Association of Bay Area Governments (ABAG) began preparing "policy-based" projections for population, housing and employment. These projections were based on a process begun in 2002 referred to as the Smart Growth Strategy/Regional Livability Footprint project. [During 2002 and 2003] ABAG staff held county meetings throughout the Bay Area to discuss the impacts of proceeding with land use business-as-usual relative to alternative growth scenarios that would promote a more compact regional development pattern with a significant portion of the region's growth focused around access to transit. Based on those county meetings, and subsequent direction from the ABAG Board, ABAG Projections, starting in 2005, assumed that over the next few years the Bay Area as a

whole would increasingly adopt smart-growth strategies and a larger proportion of the region's growth would occur as intensification/redevelopment within existing developed areas rather than continuing with sprawl at the fringes of the region (and beyond).

ABAG's Projections are the basis of many regional and local policies, including

- Transportation modeling assumptions by Congestion Management Agencies and the Metropolitan Transportation Commission, which then become one of the bases for distribution of transportation funds.
- Regional Housing Needs Allocation, which then become the basis of each jurisdictions revised Housing Elements.
- Local jurisdiction projections of growth in General Plans, agency plans (e.g., EBMUD, AC Transit, etc.)
- The assumptions used in most EIR's for regional growth for air quality modeling and other purposes.

In an effort to improve the technical basis of the earlier work and increase regional support for policies that promoted "Smart Growth," in 2006 ABAG began the "Focusing Our Vision" (aka FOV or FOCUS) process. It established a Technical Advisory Committee composed of representatives from jurisdictions around the region as well as other stakeholders (e.g., Sierra Club, Building Industry Association, etc.). Phil Kamlarz was an Alternate for Alameda County and attended one or two meetings. FOCUS was originally intended to help inform the Regional Housing Needs Assessment process by refining the vision that came out of the earlier Smart Growth/Footprint project and identifying what has been called Regional Priority Development Areas. However, the FOCUS process started later than originally anticipated and the RHNA process was therefore guided by its own Technical Advisory Committee (I was on the RHNA TAC).

Because infill development tends to be more expensive and more difficult than development in outlying suburbs, and often causes significant community concern, one of ABAG's goals is to encourage the State to provide incentives to jurisdictions who wish to engage in infill in these PDA's, thereby providing some significant "carrots" to jurisdictions who are willing to implement local policies consistent with regional priorities.

Not coincidentally, there was also interest in the State legislature to promote infill development. Some of that interest ultimately found its way into language generally supportive of infill smart growth development in some of the bond measures on the November, 2006 ballot. But the measures are quite general about what infill may mean, and leave it up to the legislature to determine the criteria for how money will actually be distributed. The debate about distribution of the bond proceeds continues in the legislature, but at least some bills would allocate it based on some type of regional plan that promotes smart growth – and some would give a role to regional Councils of Government (i.e., ABAG in the Bay Area) to assist in determining how the funds would be distributed. This matter is by no means resolved in the legislature, and it is also possible that the criteria for distribution could be so broad, or the funds spread so widely, as to not constitute an effective incentive for smart growth policies.

Because of the timelines for distribution of bond funds and the possibility that ABAG (or MTC or another agency) may be called on to address this issue in the near future, ABAG and MTC have decided to initiate a process for areas to be designated Priority Development Areas over the next two months, thereby making them potentially eligible for some type of funding from State Bond proceeds, should the legislature adopt criteria related to a regional plan or "smart growth" policies.

Attached is some of the background information regarding the application process. These forms only became available on April 19 and City staff became aware of them a few days later. A Countywide application workshop is scheduled at ABAG on Friday, May 24 from 10 to noon. City staff will be present for this meeting. The key information to note is that these applications for designation are due by June 29. Staff's understanding is that there may be later opportunities to submit applications once the availability of funding is better understood, and also giving jurisdictions more time to respond.

## Discussion

As the above Background discussion should make clear, it is very difficult to predict what benefits may arise from being designated a PDA. It is also not clear if there is any risk in being so designated. The specific criteria for designation are as follows:

- The area is within an existing community
- The area is near existing or planned fixed transit (or served by comparable bus service)
- The areas is planned or is planning for more housing

Telegraph Avenue and Shattuck in Downtown (BRT), San Pablo Avenue (Rapid Bus) and perhaps University Avenue would qualify for PDA designation. Other major transit corridors may also qualify, but staff has not yet contacted ABAG for refinement of the criteria. The areas around two of three Berkeley BART Stations would qualify for PDA designation (the exception being North Berkeley which is not now proposed for additional residential development).

The City's General Plan policies already encourage relatively higher density residential development along these major transportation corridors, in Downtown, and at the Ashby BART Station, consistent with these PDA criteria. In other words, having these areas designated PDA's entails relatively little risk (a PDA designation would be consistent with City policies) and some potential benefits.

On the other hand, there was a significant community backlash from the submittal of an application for funds to support higher density development near the Ashby BART Station (generally consistent with adopted City policy) that had not undergone some community review process. Although it would be unfortunate to miss out on a first round of possible funding for PDA's, it would be very difficult to go through any type of public process and have a designation endorsed by Council by the June 29 deadline.

However, if the Planning Commission is interested, it is theoretically possible to undertake a truncated process to meet the June 29 deadline for one or more areas, if this is made a major priority over the next few weeks. Staff suggests that should the Planning Commission wish to have at least one area submitted, perhaps the best area with the most process already underway would be the Downtown, in which case Staff would present this report to the DAPAC and then to the City Council in the next few weeks in order to complete the process by June 29.

Alternatively, the Planning Commission could provide direction to begin the process of evaluating areas within the City for inclusion in a later application for designation, should the legislature make bond allocation dependent on such a designation and a later round of designation occur. This effort is not currently in the Departmental Work Program but given the funding opportunities that may be available, would certainly be a high priority. If this is the Planning Commission's direction, staff will monitor activity at the legislature, and begin a somewhat more deliberative process to consider what areas in the City may be appropriate for designation and return to the Planning Commission with recommendations in the next few months. Given the Council recess, it is highly unlikely that anything would move forward before late Summer or early Fall.

## **Conclusion**

To say the least, there are significant uncertainties around this process. Among the questions that remain unanswered (and unanswerable) are whether the legislature will pay any attention at all to this ABAG/MTC effort to influence how bond funds will be distributed. The timing of this application process is a significant problem for a city such as Berkeley that requires considerable public review before it is likely to sign on to areas being designated "Priority Development Areas," no matter how consistent such a designation may be with City policy. Even if money is made available to be distributed to PDA's, most of the overall bond money is otherwise earmarked, and it is unclear whether there will be sufficient funds made available to constitute a significant incentive for smart-growth development in any jurisdiction. Finally, assuming that ABAG/MTC do gain some measure of influence over bond funding decisions, it is not clear whether there will be other rounds of PDA designation allowing cities who miss out on the first round to get into the game.

If the City does not apply at this time, it is possible it could miss out on a significant funding opportunity that might lead to some important benefits to the City in the way of street improvements, parks and open space, or other benefits that could mitigate to some degree some of the impacts of new development.

## **Attachments:**

FOCUS Application Guidelines for Priority Development Area Designation  
Bay Area Vision Project (background material from the ABAG website)