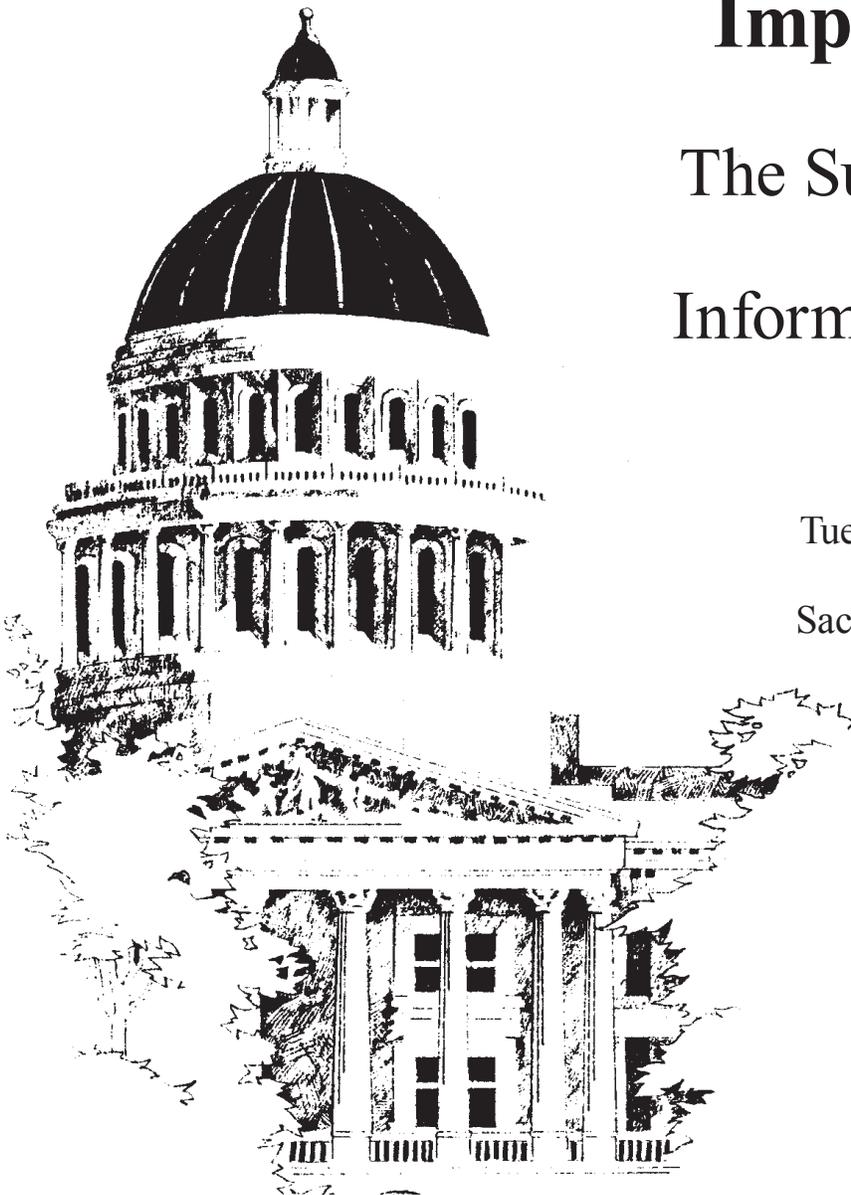




SB 375: From Vision to Implementation

The Summary Report
from the
Informational Hearing

Tuesday, May 13, 2014
State Capitol
Sacramento, California



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Senate Transportation and Housing Committee

Informational Hearing

Tuesday, May 13, 2014

SB 375: From Vision to Implementation

SUMMARY REPORT

August 7, 2014

Purpose of the Hearing

On May 13, 2014, this committee held an informational hearing entitled “SB 375: From Vision to Implementation.” This report contains the staff summary of the committee’s hearing [*see the white pages*], reprints the committee staff’s background paper [*see the blue pages*], and reproduces written materials provided by the speakers [*see the yellow pages*].

Senate Bill 375 (Steinberg) is California’s Sustainable Communities and Climate Protection Act, enacted in 2008. Held halfway to the 2020 milestone that was set as SB 375’s first measurable outcome, this hearing considered what aspects of implementation of this law have worked, what have not, and what is needed for future successful implementation and outcomes. A diversity of experts addressed these considerations, including academic researchers; local and regional government practitioners and leaders; and stakeholders representing environmental, affordable housing, and housing construction perspectives.

Overview

The concentration of carbon dioxide in the atmosphere exceeded 400 parts per million for three straight months in 2014, the first time this threshold has been passed in the last 800,000 to 1.5 million years. In opening remarks to this hearing, Chair Mark DeSaulnier highlighted the urgency of climate change as a prime motivation for passage of SB 375. Yet, while SB 375 was motivated by a sense of immediacy, speakers in this hearing emphasized a need for sustained commitment and perseverance to achieve the intent and vision of SB 375.

Throughout the hearing, it became clear that sustainable communities develop over the long term but are a key part of addressing immediate climate change issues. The need to balance these oppositional timeframes impacts the standards and expectations for successful implementation and outcomes of SB 375. The speakers in this hearing made the collective case that too great a focus on short-term metrics can ignore important groundwork being laid for a long-term payoff. On the other hand, too great a focus on long-term outcomes may diminish the sense of urgency needed to motivate implementation now.

Panelists made clear that one should judge SB 375 by more than its ability to achieve its specified emissions reductions by its specified dates. This underscores that SB 375 implementation is distinct from its outcomes. On the surface, the success of SB 375 can be reduced to the simple set of outcome timelines and metrics: achieving quantifiable statewide reductions in carbon dioxide emissions by 2020 and 2035. The background paper to this hearing indicated that, if the success of SB 375 implementation is gauged solely based on outcome metrics, it appears to be on its way to meeting its 2020 goal of helping reduce statewide emissions to the 1990 level, but faces serious challenges in meeting 2035 emission reduction goals. Yet, as vital as these quantitative mileposts are to the ultimate measureable success of SB 375, a preoccupation with them misses crucial progress, largely in the form of planning being made in regions across the state as described by hearing panelists. Enacting these plans may bring increasingly measureable outcomes beyond and after the mileposts specified by SB 375 and, as a co-benefit, build resilient communities that can adapt to the impacts of climate change that SB 375 simultaneously seeks to mitigate.

In addition to the issue of SB 375 timelines and metrics, a second recurring theme of this hearing was that of finding an effective balance among state oversight, regional planning, and

local control over implementation. Perspectives differed as to how much control state oversight and regional planning should have to bring about the change envisioned in SB 375 at the local level. Views ranged from recommendations that the state more actively regulate land use to prevent further sprawling development, to the perspective that the state's role is best suited to setting global emission reduction targets and then giving regions and local governments maximum flexibility in finding their own solutions to achieving those targets.

Finally, and perhaps not surprisingly, panelists repeatedly recommended an increase in state resources to accelerate implementation of SB 375. While this report will not describe SB 375 funding issues in detail, it is noteworthy that on June 15, 2014, the Legislature approved a FY 2014-15 budget which includes a \$130 million allocation and 20% annually from the state's Greenhouse Gas Reduction Fund toward the Affordable Housing and Sustainable Communities (AHSC) Program, to further the regulatory purposes of SB 375 and related legislation. This represents a long-term commitment by the state to the success of sustainable communities envisioned in SB 375.

Panelists raised more specific issues in this hearing including (1) concern that a provision of SB 375 exempting certain building projects from California Environmental Quality Act (CEQA) requirements has been underutilized, leaving the potential of this provision unfulfilled; (2) concern that fiscal incentives to developers for commercial development outweigh those for housing development, including affordable housing, representing a barrier to equitable, mixed-use development that is a key feature of SCS; and (3) a need for policymakers to develop local project metrics and performance measures, beyond just vehicle miles traveled (VMT) reductions, for evaluating SB 375 implementation and outcomes.

This report summarizes testimony from each of the hearing panelists, highlighting their perspectives on the fundamental issues of timing, scale of governance, and associated topics described above. The hearing included testimony in three panels, from nine expert witnesses:

- Dr. Gian-Claudia Sciara, postdoctoral scholar, UC Davis Institute of Transportation Studies, gave an overview on evaluating progress toward SB 375 implementation from local and regional perspectives.
- Carl Morehouse, president of the Southern California Association of Governments (SCAG); Dr. Stephanie Pincetl, director of UCLA's Center for Sustainable

Communities; and the Honorable Christopher Cabaldon, mayor of West Sacramento and former board chair of the Sacramento Area Council of Governments, discussed implementation case studies for comparison in the Sacramento area and Southern California.

- Amanda Eaken, director of sustainable communities of the Natural Resources Defense Council; Richard Lyon, senior vice president of the California Building Industry Association; Kate Meis, executive director of the Local Government Commission; John Bauters, policy director on homelessness for Housing California; and Bill Higgins, executive director of the California Association of Councils of Government shared their diverse views on how to move SB 375 implementation forward.

Summary of Testimony

Panel 1: Region and Community Implementation

Dr. Gian-Claudia Sciara, postdoctoral scholar, UC Davis Institute of Transportation Studies

Dr. Sciara led off the hearing with perspectives informed by two research projects she headed that consider SB 375 implementation at regional and local levels: How effective are regional funding incentives in promoting local land use decisions aligned with SB 375; and do general plans from 31 California cities reflect policies and strategies consistent with SB 375? Results from these studies led Dr. Sciara to five key conclusions:

1. Assessment of progress on SB 375 implementation must account for the disconnect between regionally articulated visions of sustainable communities and locally held land use authority.
2. Local land use policies (including general plans) will be key factors in implementation progress. While there are some signs of alignment of general plans with SB 375 principles, overall consistency is low and there is much room for improvement.
3. Pre-SB 375 programs initiated by California metropolitan planning organizations (MPOs) to incentivize local smart growth offer lessons: Local governments are interested in investments emphasizing smart growth and active transportation, but regional programs to date have favored capital projects over supportive planning activities that are equally important for long-term implementation of SB 375.

4. Efforts to shift land use and transportation demand will yield results most visibly in the long term.
5. Shorter term, planning-specific performance measures as well as empirical project evaluations are needed to assess local contributions to the longer term goals and performance metrics of SB 375 (statewide emissions reductions through reduced VMT).

Dr. Sciara concluded with the observation that, in spite of the challenge to SB 375 implementation presented by the statutory disconnect between regional vision and local authority, regions can “cultivate cooperation without control” by using means they already possess; for instance, modest funding programs to nudge and encourage local decisions that align with SB 375. Some traces of this alignment with SB 375 are evident in general plans; planners and policymakers can do more to align local planning with the principles of sustainable communities. While there are reasons for all stakeholders to be optimistic for SB 375 implementation, it is crucial for both policymakers and the public to understand that SB 375, including its realization at local levels, is a long-term project.

Panel 2: Sacramento Area and Southern California Implementation Case Studies

Mr. Carl Morehouse, president of the Southern California Association of Governments

Mr. Morehouse reported excellent overall progress to date in SB 375 implementation in Southern California, while emphasizing that the state needs to commit greater participation and investment for SB 375 to achieve its transformative potential across all of California. Among the positive initial achievements noted by Mr. Morehouse were unprecedented stakeholder input and collaborative planning in completing SCAG’s 2012-2035 Regional Transportation Plan (RTP) and SCS. Moreover, the SCAG RTP/SCS contains large and measureable benefits by 2035 that would not be seen without implementation of SB 375, including a projected doubling of new households and dramatic increases both in the absolute number of jobs and jobs in high-quality transit areas; reduced traffic congestion; a reduction by 24% in health incidents resulting from improved air quality; and a reduction in greenhouse gas (GHG) emissions from the plan’s initial targets.

Demonstrating progress toward implementation of the RTP/SCS, Mr. Morehouse pointed to several key activities and accomplishments by SCAG, including (a) the creation of memoranda of understanding/joint work programs to implement the RTP/SCS with county transportation commissions within SCAG; (b) a \$10 million sustainability funding program to support local implementation plans; (c) a survey of all 197 jurisdictions within SCAG to collect information on general plans, zoning updates, active transportation program, and local climate action plans, to assess alignment with the RTP/SCS and overall SB 375 objectives; and (d) other specific project accomplishments, including completion of a transportation finance study, improvement in transit operations and new transit construction, development of Transportation Demand Management tools, and enhanced organizational capacity within SCAG to address the nexus of active transportation and public health.

Challenges to SCAG's implementation of SB 375 highlighted by Mr. Morehouse included an overall lack of funding; under-utilization of the CEQA exemption due to its cumbersome nature and lack of business certainty; lawsuits; and the present fiscalization of land use that inhibits housing and mixed-use development in favor of commercial development. Mr. Morehouse's key recommendations to further accelerate implementation of SB 375 include a dedicated funding stream from the state's GHG cap-and-trade fund and modernizing CEQA to provide business certainty, thereby increasing the likelihood that this potentially important tool will actually be used by developers. Finally, echoing comments made by others, Mr. Morehouse noted the long timeframe between planning and outcomes, citing a Caltrans study that shows the average major transportation project takes 17 years. Instead of urging patience, however, Mr. Morehouse urged the Legislature to find ways to accelerate project delivery, speeding implementation while saving money by having a shorter project time line.

Dr. Stephanie Pincetl, director of UCLA's Center for Sustainable Communities

Dr. Pincetl shared a perspective on SB 375 implementation in Southern California and across the state based on an "urban metabolism" paradigm, which considers the totality of flows of energy, resources, and waste associated with transportation and the built environment. Using this perspective promotes a holistic consideration of the factors that create the GHG emissions and air-quality issues targeted by SB 375. Using such a lens, Dr. Pincetl observed that without a

“level playing field” governing development, communities are incentivized to simply undercut each other in the way they develop land and collect revenues, resulting in segregated, sprawling development associated with large GHG emissions. Ultimately, this inter-community dysfunction is a result of, in Dr. Pincetl’s perspective, the “complete disconnect” between metropolitan planning organizations and local governments with autonomy over land use decisions. To remedy this disconnect and promote more alignment of local development with SB 375 principles and SCSs, Dr. Pincetl offered several prescriptions. Among them were the following:

- Develop and employ metrics for holistic accounting of the GHG emissions, criteria air pollutant reductions, and water and electricity impacts of new developments compared with infill developments. This may be used as a performance measure tool to encourage compact, mixed-use infill development consistent with SB 375.
- Updated general plans should include a “complete neighborhood” element, characterized as walkable with local shops, schools, etc. Reform of Regional Housing Needs Assessments, zoning codes, parking policies, urban growth boundaries, and criteria for approval of new service districts should be consistent with the concept of complete neighborhoods.
- Develop land banking mechanisms to ensure affordable housing in complete neighborhoods.
- Level the playing field and address NIMBY challenges to transit-oriented development by using a coordinated statewide program to address the structural issues that favor status quo sprawling and segregated type of development.

Dr. Pincetl’s conceptual framework of urban metabolism was consistent with the perspective she gained from her real-world observations of development in Southern California communities. She noted the emerging trend of suburban poverty and isolation, at the same time there is a hunger for more walkable, livable communities with access to shops and transit. Unfortunately, because of current development practices and incentives, lower to moderate-

income families are priced out of such communities. Leadership by the state is needed to mobilize the widespread desire to develop and redevelop such communities for all.

Like many of the speakers, Dr. Pincetl noted the dichotomy of the timelines inherent in SB 375 implementation, stating, “We have 40 years to do this to comply with SB 375, but the climate change that is taking place heightens the urgency to make more livable and resilient communities that use less resources overall and are built at a human scale.”

Hon. Christopher Cabaldon, Mayor of West Sacramento and former board chair of the Sacramento Area Council of Governments

Mayor Cabaldon provided a contrast to the comments of his prior two panelists in considering implementation in the Sacramento region (SACOG), which has fewer than one-tenth the number of cities and total population of the area covered by SCAG. As a very practical consequence of this smaller jurisdictional and population size, Mayor Cabaldon remarked that building trust across the cities in a region was a direct, if not easy, process because each and every city in SACOG had a seat at the board table.

In his remarks Mayor Cabaldon stressed the importance of implementation by consensus, encouragement, and a spirit of cooperation rather than a strategy of compliance by mandate or fiat. He underscored the need for such a nuanced, collaborative approach by noting that even with a high degree of coordinated planning, a sustainable community strategy could be doomed to failure if businesses or potential new residents decided against locating in a development. The challenge of developing sustainable communities consistent with SB 375 principles is highly multi-dimensional and involves many actors whose decisions and actions cannot be orchestrated but must electively and collaboratively align. Even so, at the atomistic level of specific local projects, collectively upon which SB 375 outcomes ultimately rest, the collaborative approach is not sufficient to inoculate communities against project “NIMBY blowback.” Thus, inspiring consensus among planning stakeholders is necessary — but by no means a guarantee of SCS implementation success. Mayor Cabaldon painted a picture of a productive, collaborative process in SACOG that nevertheless has been and continues to be hard work.

Part of building consensus in SACOG involved a relaxation of expectations of unanimous agreement. Thus, in the Sacramento Region Blueprint plan, 85% — not 100% — of the cities

were amenable to plan provisions. Ultimately, the majority decided that an excellent if not universal plan was preferable to mediocre unanimity. This is consistent with the voluntary nature of the SACOG collaborative process.

Even when consensus is not achieved, Mayor Cabaldon noted that regions have many tools at their disposal to incentivize cooperation and buy-in from local communities which are not on board with SCSs. These include financial levers such as RTP funds that can exclude transportation projects in communities that are inconsistent with the RTP/SCS. With buy-in, local governments additionally commit their own resources to implementation projects.

Mayor Cabaldon expressed a somewhat different perspective from other speakers on the nature of the relationship between the state, regions, and local governments in SB 375 implementation. Rather than seeing the statutory disconnect between state or regional visions and local control as a dysfunction, Mayor Cabaldon viewed these intergovernmental inter-relationships as appropriate to the multi-dimensional and complex nature of the problem of implementing sustainable community strategies. Thus, Mayor Cabaldon was of the perspective that SB 375 implementation has benefited from having the state's role be one of prescribing global performance measures in terms of GHG emissions reductions and timelines but conferring maximum flexibility on regions and, especially, local communities to find their own diverse solutions to achieving their mandated targets. This is particularly important given the large diversity in communities and regions in California, spanning highly urban service-based economies to highly rural, resource-dependent communities.

Panel 3: Moving SB 375 Implementation Forward: Stakeholder Perspectives

Ms. Amanda Eaken, deputy director, Urban Solutions Program, Natural Resources Defense Council

Ms. Eaken shared an environmental stakeholder perspective on SB 375, which was particularly insightful given that the Natural Resources Defense Council sponsored SB 375 and was deeply involved in crafting this legislation. Ms. Eaken shared an overall positive and encouraging assessment of SB 375 implementation to date, noting that the real breakthrough is that for the first time in state law, explicit connection has been made between land use decisions, transportation investments, and GHG emissions. Similar to the sentiments of Mayor Cabaldon,

Ms. Eaken expressed that local flexibility and autonomy were key to the success of SB 375 implementation. In that regard, she pointed to the example of a locally innovated program in the Bay Area called Project Performance Assessment, which quantitatively evaluates projects that are approved on a competitive basis. Successful programs like this which have been innovated locally may be transferrable to other regions and localities. To make programs like these work, and to accelerate implementation progress even further, Ms. Eaken recommended three priority actions for the Legislature: (1) dedicate funding from the state's GHG cap and trade fund to support "race to the top" projects that best achieve performance measures; (2) work with the Air Resources Board and regions to consider setting even more aggressive GHG emission reduction targets; and (3) increase alignment of other state programs and policies to support SB 375 implementation.

Underscoring the potential to move more aggressively in SB 375 implementation, Ms. Eaken noted the potentially game-changing developments and technologies like smartphones, millennial transportation preferences, and the emerging sharing economy which were not present when SB 375 was enacted in 2008. Ms. Eaken views these unforeseen developments as potentially transformative, consistent with the notion that large and exponentially growing problems like climate change cannot be addressed with linear solutions but require transformative change in technology and social evolution.

Mr. Richard Lyon, senior vice president, California Building Industry Association

Like other panelists, Mr. Lyon's remarks highlighted the issues of timelines in SB 375 implementation. In broad terms, Mr. Lyon shared a perspective in which SB 375 implementation should be steady and deliberate, as a stabilizing influence mitigating a dynamic and volatile construction market. From his perspective in the building industry, the dynamics of housing and credit markets in relation to overall economic conditions loom large in impacting how implementation has played out, especially with the Great Recession beginning around the time of SB 375 enactment. Given the uneven pace of recovery and uncertainty in forecasts of the housing market in California, Mr. Lyon recommended that the state and regions not move prematurely on adjusting SB 375 targets and regional plans and allow a full eight-year implementation cycle to occur. While providing some regulatory stability for the developer

community, Mr. Lyon at the same time urged that the assumptions contained in SCSs be “ground-truthed” by monitoring actual building developments and by tracking and quantifying how effectively CEQA streamlining provisions of SB 375 have been utilized; the effectiveness of land use policies; assumptions or projections regarding financing of infrastructure needs; and how market demand factors embedded in SCSs are working. Information gained from this evaluation may then be used to update SCSs. Consistent with testimony from other panelists, Mr. Lyon pointed to the need for further funding, particularly for rehabilitating and modernizing infrastructure, not only of the pipes and wires variety, but of transit and transportation systems. Private markets and financing alone are not able to shoulder this burden, especially in light of diminishing revenues from the gasoline tax.

Ms. Kate Meis, executive director, Local Government Commission

After noting the impact SB 375 has had in serving as a platform to engage stakeholders, Ms. Meis focused her remarks on three key needs and recommendations for SB 375 implementation going forward. First, state and local government should generally work more closely together to even the playing field for infill development, so that it can compete with greenfield development. This includes addressing resources needed for rehabilitating and modernizing infrastructure, more flexibility to work with available or constrained lot sizes, and community opposition to infill development projects. On the other hand, greenfield developments should bear full capital and operation costs. Tools such as tax increment financing and local funding mechanisms like infrastructure financing districts should be more easily implemented in infill or redevelopment projects. Moreover, making infill development walkable and livable will be aided by elimination of level-of-service criteria for roadway capacity.

Secondly, Ms. Meis recommended a broad array of funding programs for local implementation. There should be greater investment in fiscal impact tools that show benefits of smart growth; for example, the UrbanFootprint modeling tool. Funds should be made available for complete streets programs. Cap-and-trade funds should be made available for transit projects and to support local innovation.

Finally, Ms. Meis cautioned against a one-size-fits-all definition of a sustainable community. Regions are unique, and different resources and tools are needed in diverse

communities, particularly comparing urban with rural communities. Development density and application of CEQA may have very different impacts and implications in rural versus urban areas.

Mr. John Bauters, policy director on homelessness, Housing California

Mr. Bauters began his remarks by sharing what he considered to be one of the great successes of SB 375: that it has led to conversations among stakeholders that had not previously occurred and to meetings between partners who didn't know they could be partners. As a consequence, the communities of stakeholders involved in issues of transportation, land use, and housing have come out of their silos and begun to interact productively to advance the objectives of SB 375.

More specific successes of SB 375, according to Mr. Bauters, include creativity and innovations by some of the MPOs. For example, the OneBayArea Grant program administered by the Metropolitan Transportation Commission, wherein \$320 million in funding that incorporated a housing element requirement led to a greater than 10% increase in the number of cities that were compliant with housing element law. This greatly increases the likelihood that non-profit developers will be able to find sites to build affordable housing throughout the region.

Improvements needed for effective SB 375 implementation were illustrated by the Association of Bay Area Governments, which has publicly expressed concern that it is unable to comply with both housing element law and the requirements of its SCS for GHG emissions reductions. The key problem, according to Mr. Bauters, was the assignment of housing numbers to jurisdictions based on their willingness to accept them rather than on the premise that all communities should contribute to meeting the basic housing need. Housing and equity advocates have proposed another planning scenario known as the Equity, Environment, and Jobs Scenario which MTC modeling indicates can successfully exceed GHG reduction targets while creating affordable housing and jobs in high-quality transit areas in all communities, not just those willing to accept them.

Mr. Bauters offered three specific recommendations for SB 375 implementation going forward. First, more development is needed of models that address the inter-relationship between jobs, housing, and GHG emissions. Secondly, development of an equity module in the

UrbanFootprint modeling tool is needed to complement the human health, fiscal, and environmental metrics already addressed in this model. This addition would serve the needs of lower income Californians and make them integral parts of sustainable communities. Finally, and perhaps most importantly, the state needs to invest in infrastructure, particularly affordable homes in high-quality transit areas.

Mr. Bill Higgins, executive director, California Association of Councils of Government

Mr. Higgins prefaced his remarks by addressing a perception that MPOs operate in a “twilight zone” of having to provide direction to local governments without commensurate authority to compel them to follow guidance. Rebutting this perception, Mr. Higgins noted that MPOs operate in the real world, having been recognized by the state for five decades. Moreover, as a state with between the 7th and 10th largest economy in the world, Mr. Higgins asserted that it makes sense for California to delegate authority to regional and local governments.

In assessing SB 375 implementation, Mr. Higgins noted that we are halfway to 2020, the first of the two mileposts specified in SB 375, and implementation to date has mostly been in the form of planning. Yet planning is an intense, full-time process. At the completion of their RTPs, Mr. Higgins related (half-jokingly, to make a point) that planners in SACOG and SCAG were only able to take a three-day weekend before beginning the next updated RTP, due four years later.

Mr. Higgins observed that SB 375 has proven to be as much about conversation change as it is about climate change, emphasizing that implementation is more than outcomes and includes the broader discussions that inform the planning process. The unprecedented stakeholder engagement associated with developing the regional SCSs and RTPs was highlighted by Mr. Higgins as a great success.

Regions and MPOs have served as innovation labs for introducing and testing new mechanisms and policies in SCSs that have potential for wider adoption. For example, SCAG has introduced the concept of a road-use charge in its RTP, anticipating the fiscal challenges associated with declining gas tax revenues that will affect all regions and communities decades into the future.

Mr. Higgins also noted that the use of performance metrics in evaluating regional plans is considered crucial by the MPOs, and pointed to a large role the state could play in promoting the collection and dissemination of the regional data upon which performance metrics rely. Moreover, Mr. Higgins argued that the state should be subject to its own performance metrics, including the measurement of its percent funding allocation toward sustainability programs over time.

Finally, on the topic of state funding, Mr. Higgins made the case that, since the state developed new funding sources to implement SB 375 (e.g., cap-and-trade funding), the state should develop rigorous funding guidelines to assure state objectives are met. Along with consistent but flexible funding guidelines, Mr. Higgins emphasized the need for funding certainty ensured by the state in order for regions and local governments to make long-term investment strategies.

Conclusion

Finding a balance between short- and long-term planning and between state oversight, regional planning, and local control were the key recurring themes raised in this hearing. Taken together, the tensions associated with both the timing and the balance among multiple levels of governance lead to the conclusion that SB 375 implementation has been an evolving work in progress from its start and will continue to evolve for the foreseeable future. Successful implementation is a means to an end (climate protection) but is itself a meaningful process and outcome (sustainable communities). Successful implementation of SB 375 requires both a short-term and long-term view and the ability for stakeholders to work productively together across multiple levels of governance and planning. Encouragingly, a repeated comment in this hearing was that one of the major successes of SB 375 so far has been that it has catalyzed statewide, regional, and local conversations — both within and across those levels of governance — about sustainability and its relationship with land use, housing, and transportation, and has increased participation in these conversations by a wide spectrum of stakeholder groups.

Senate staff videotaped the entire hearing and it is possible to purchase DVD copies by calling the Senate TV and Video office at (916) 651-1531. Video of the hearing can also be viewed on the California State Senate website: <http://senate.ca.gov/video-on-demand>.

Nathan Phillips, a California Council on Science and Technology Fellow for the Senate Transportation and Housing Committee, prepared this report.

Senate Transportation and Housing Committee

Informational Hearing

SB 375: From Vision to Implementation

Tuesday, May 13

1:30 p.m., John L. Burton Hearing Room (4203)

BACKGROUND PAPER

Introduction

Six years have passed since passage of SB 375 (Steinberg), California's Sustainable Communities and Climate Protection Act of 2008. Six years also separate us from 2020, a key milepost of AB 32 (Núñez and Pavley), the landmark climate change law that motivated SB 375. This hearing, at the half-way point toward the first major milestone of SB 375, is a well-timed occasion for a status check. Specifically, the purpose of this informational hearing is to assess progress toward implementing the provisions and intent of SB 375 and to hear recommendations from a diverse set of experts and stakeholders on how to ensure future, successful, expeditious implementation of SB 375.

Background

SB 375 vision and goals

To address climate change, SB 375 (Steinberg, Chapter 728, Statutes of 2008) envisions a compact and connected pattern of the built environment that differs from segregated, sprawling development patterns of the past. This vision is one of mobility efficiency, wherein the need, frequency, and length of trips by motor vehicle are reduced. Mobility efficiency translates to carbon efficiency, with attendant climate change, air quality, and human health benefits. Consistent with a compact growth pattern is mixed-use, transit-oriented development that enhances and diversifies local economies, including affordable housing and the preservation of open space, farmland, and natural resource areas.

The Legislature predicated SB 375 on recognition that improvements in the intrinsic efficiency of motor vehicles would be insufficient to achieve carbon emissions reduction targets specified by California's Global Warming Solutions Act (AB 32 [Núñez and Pavley], Chapter 488, Statutes of 2006). AB 32 sets an objective for the state to achieve, by 2020, a greenhouse gas (GHG) emissions inventory equal to the state's 1990 emissions level. SB 375 added an additional target year of 2035 for regional emissions reductions, to be set by the California Air Resources Board (ARB) in consultation with the state's Metropolitan Planning Organizations (MPO). Related to this statute is Executive Order S-3-05, which established a target of reducing GHG emissions to 20% of the state's 1990 level by 2050.

Recent ARB-sponsored research (Greenblatt 2013) indicates that the state is on track to meet its AB 32-specified emissions reduction target for 2020. This research projects a 2.6% reduction in emissions by 2020 in the automobile and light truck sector due solely to a reduction in vehicle miles traveled (not including fuel efficiency gains). The projected reduced vehicle miles traveled is estimated to be a consequence both of macro-trends (McCahill 2014) and of the compact and transit-oriented development pattern prescribed by SB 375.

Provisions

SB 375 contains five general directives. First, is a set of provisions focused on reducing regional GHG emissions. To do so, SB 375 requires ARB to provide each region that has a MPO with GHG emission reduction targets for the automobile and light truck sector for 2020

and 2035, respectively. ARB, in consultation with the regions, developed these targets and will update them every eight years. The 2020 targets are consistent with the overall AB 32 target.

Second, SB 375 specifies that each region with a MPO develop a Sustainable Communities Strategy (SCS), which becomes part of each MPO's regional transportation plan (RTP). An SCS includes transportation, housing, and farmland and resource area elements and sets a development strategy that integrates these elements so that the region can achieve its ARB-approved GHG emission reduction targets. If a region is unable to meet the ARB target, an alternative planning strategy is required, which identifies the impediments to achieving SCS targets and demonstrates how alternative development patterns, infrastructure, or transportation measures would allow the region to achieve the ARB target.

Third, SB 375 requires each region to develop travel demand models to understand relationships between land use and transportation and how development may quantitatively impact transportation factors like vehicle ownership, vehicle miles traveled, transit use, and active transportation.

Fourth, SB 375 aligns existing housing law with the SCS, by 1) requiring regions to assign housing need numbers in a manner consistent with the SCS; 2) requiring cities and counties to revise their housing elements every eight years in conjunction with the region's regional transportation plan; and 3) requiring cities and counties to identify specific sites to rezone, and complete rezoning within a specified time period, generally three years.

Fifth and finally, SB 375 relaxes requirements of the California Environmental Quality Act (CEQA) for developments that are consistent with an SCS or alternative planning strategy. Existing CEQA provisions require that local government conduct an analysis of environmental impacts associated with projects, including private housing developments. SB 375 relaxes this and related requirements for "transit priority projects" that are consistent with a SCS or alternative planning strategy and the general principles of transit-oriented, mixed use development articulated in SB 375.

Timelines

SB 375 specified a number of statewide deadlines pertaining to all the state's 18 MPO's for the purposes of setting greenhouse emission reduction targets and approving SCSs or alternative planning strategies. Implementation timelines have varied among the MPOs in part because they are on a pre-existing, staggered four year schedule to update their federally-mandated regional transportation plans. For three of the MPOs with limited in-house planning capacity and small populations which are unlikely to experience substantial future growth, ARB has decided to allow a business-as-usual approach and delay new targets until 2014. Additionally, the eight San Joaquin Valley county MPOs have presented special challenges to ARB in having relatively low planning capacity but large expected population growth, and this has contributed to a more protracted SCS development and approval process.

The remaining seven MPOs have received formal ARB acceptance that their SCSs would meet the region's GHG emissions reduction targets. These are the Santa Barbara County Association of Governments (SBCAG); the Association of Bay Area Governments (ABAG) and Metropolitan Transportation Commission (MTC); the Butte County Association of Governments (BCAG); the Tahoe Metropolitan Planning Organization (TMPO) and Tahoe Regional Planning Agency (TRPA); the Sacramento Area Council of Governments (SACOG); the Southern California Association of Governments (SCAG); and the San Diego Association of Governments (SANDAG).

Given the recent adoption of these seven SCSs and the fact that none of the remaining MPOs have not yet adopted an SCS, the regions are under a tight schedule to achieve the GHG reduction goals for 2020. The momentum associated with previous regional planning blueprints, the pre-existing consistency of those plans with the goals and provisions of SB 375, and voluntary modifications by regions to enhance consistency of their pre-existing plans with SB 375 will be important factors in whether or not the regions can achieve their targets for 2020. The broader intent of SB 375 is the longer-range future, and while the intent of this hearing includes consideration of the 2020 target year, longer-range trajectories are ultimately of more important consideration.

Implementation case studies

Implementation involves the planning process, completed planning documents, and, finally, execution. Carbon emissions reductions can be achieved only at the execution stage. To date, among the 18 MPOs, seven have achieved an ARB-approved SCS and regional transportation plan. These include the Sacramento Area Council of Governments (SACOG), and the Southern California Association of Governments (SCAG). As these MPOs represent two of the MPOs that are relatively further along the implementation pathway; are two of only four MPOs that include multiple counties; and represent the diverse geographies of the northern and southern parts of the state, they make good candidate MPOs for comparison and contrast. Therefore this hearing will examine these two regions in greater depth, comparing and contrasting their implementation experience and lessons learned.

Although SACOG and SCAG are similar in being multi-county and at the same ARB approval stage, they differ dramatically in other aspects. SACOG comprises six counties, 22 cities, an area of more than 6,000 square miles, and about 2.3 million residents (Figure 1).

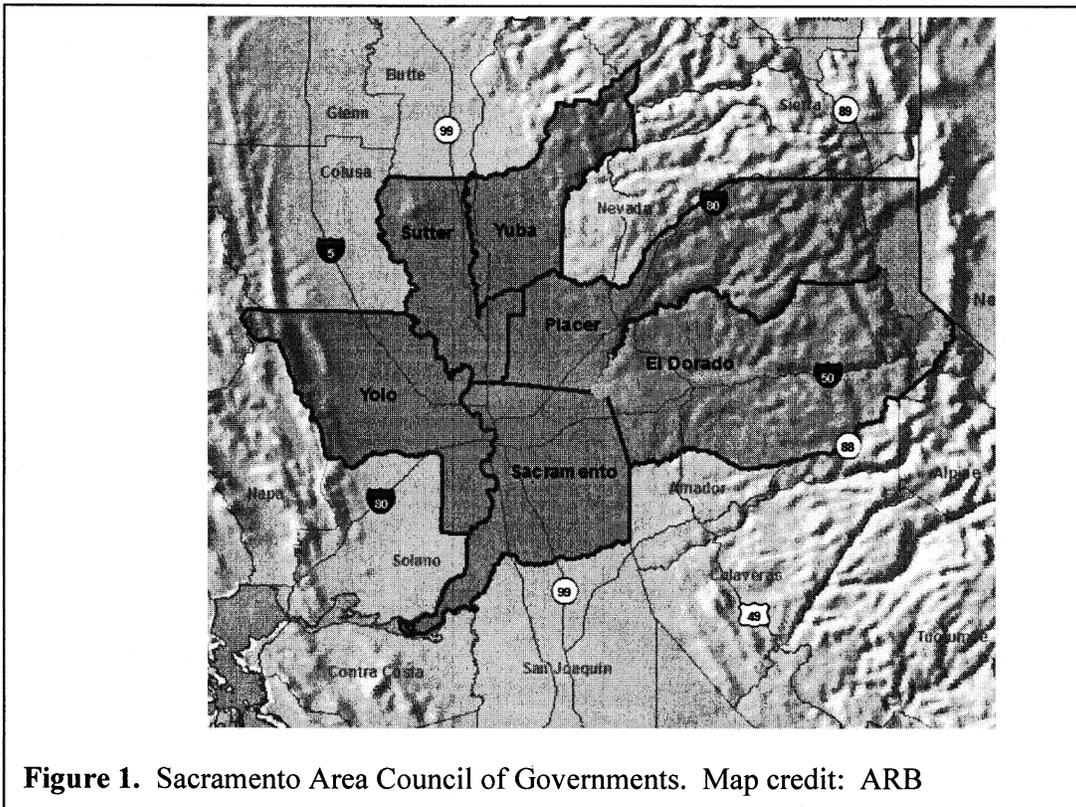


Figure 1. Sacramento Area Council of Governments. Map credit: ARB

While SCAG also comprises six counties, it contains nearly ten times more cities (191), encompasses more than 38,000 square miles, and includes more than 18 million residents (Figure 2). Both regions are projected to grow in population between 2010 and 2035, although SACOG projected percentage growth (1.3%) is the highest among the state's large regions, while SCAG's projected growth (0.8%) is lower than the state's average (0.9%) (California Department of Finance, 2013).

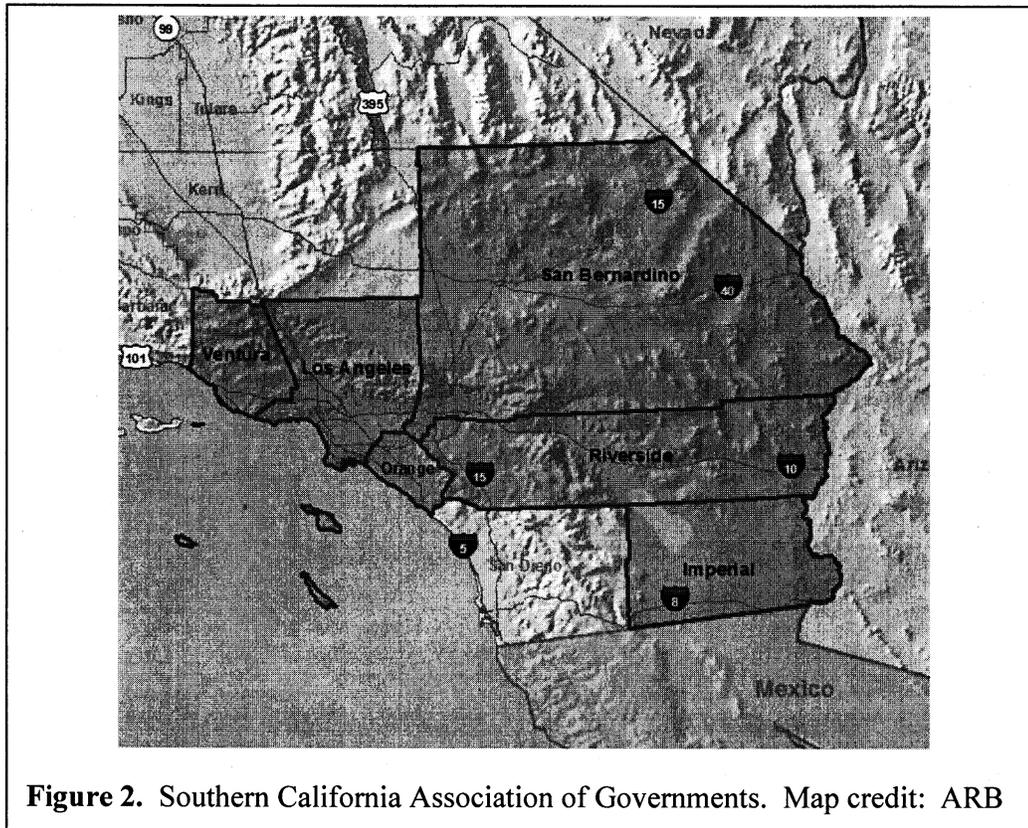


Figure 2. Southern California Association of Governments. Map credit: ARB

The economic bases of the two regions share similarities and differences. Professional and business services make up a large portion of jobs in both regions; differences include a high percentage of jobs in state government in SACOG versus a large tourism and entertainment industry in SCAG. The natural resource commodity base is largely agricultural in SACOG, and increasing petroleum reserves in portions of SCAG underlain by the Monterey Shale oil-bearing formation.

GHG emissions reductions targets set by ARB for both SCAG and SACOG in 2010 are

-9% by 2020 and -16% by 2035 (expressed as a percent change in per capita emissions relative to 2005).

Prior to SB 375, both SACOG and SCAG (and others MPOs not discussed here) developed comprehensive transportation, housing, and land use plans designed to address congestion, climate change, and quality of life. ARB refers to these as “blueprint” plans. In SACOG this plan is called the Sacramento Region Blueprint. SCAG’s plan is called Compass Blueprint. Both blueprint plans are broadly consistent with the principles and intent of SB 375. The two plans developed along very similar timelines, both being initiated in 2002, and both publishing initial versions in 2004 (SCAG’s Compass and SACOG’s Blueprint Preferred Scenario).

As with their blueprint plans, SCAG’s and SACOG’s sustainable community strategies are not surprisingly, broadly similar, including strategies to enhance affordable and compact housing developments near transit areas and job centers, and encouragement of active transportation and transit use over driving alone. The two regions, however, place different relative emphases on these elements, which reflect differences in their existing transportation infrastructure and housing stock, and create different sets of opportunities for GHG emissions reductions. For example, bicycle infrastructure is already relatively more developed in some SACOG communities such as Davis or Sacramento than in, for example, Los Angeles, so a greater opportunity exists in Los Angeles and SCAG to accrue GHG emissions reductions from promoting bicycling than in the SACOG region. Notable differences in the SCSs thus include SCAG’s relatively more aggressive strategy to reduce driving alone by replacing it with high occupancy vehicle lane usage and biking or walking, and a much greater emphasis on a mode shift to public transit use, percentage-wise, than in SACOG. In housing, SCAG places relatively greater emphasis on multi-family housing in its SCS, compared to SACOG, which encourages development of single family, small-lot and attached housing in its SCS. Fact sheets describing SCAG’s and SACOG’s SCSs, including 1) key GHG reduction strategies; 2) the process each MPO used to develop these strategies; 3) how the GHG benefits of each strategy was measured; and 4) other regional benefits of the SCS, are available online at www.arb.ca.gov/cc/sb375/scag_fact_sheet_for%20posting.pdf and

www.arb.ca.gov/cc/sb375/sacog_fact_sheet_for%20posting.pdf for SCAG and SACOG, respectively.

A key issue for this hearing to consider in comparing SB 375 implementation in these two regions include how the large difference in the geographic size, number of cities, and total population between the two MPOs has influenced the nature of the collaborative relationships between the cities, counties, and the MPO in cooperatively developing and implementing their SCSs.

Conclusion

National macro-trends including reductions in vehicle miles traveled over the last nine years began just prior to 2008 (McCahill 2014), but were unrecognized, and unrecognizable, at the time Senator Steinberg introduced SB 375 in 2007. This trend may have given SB 375 an implementation “tail wind” to start. While research (Greenblatt 2013) indicates both that the state is on track to reach its 2020 target and that SB 375 helps achieve that target, the same research also indicates that for the state to reach longer term targets in 2035 and beyond, GHG emission reduction targets in SB 375 may need to be made substantially more stringent in the next eight-year update required of ARB, and perhaps even again more aggressive in future eight-year cycles. Primarily this is due to a large projected population increase in the state, which more than off sets per capita reductions in GHG emissions. The next required update to ARB’s GHG emission reduction targets for regions occurs in 2018, eight years after ARB set the initial set of final targets in September, 2010. From today’s vantage point, with four years to go until ARB’s 2018 target update, and another two years more until the 2020 milestone shared by AB 32 and SB 375, this hearing presents an opportune time to evaluate progress in SB 375 implementation, and to consider whether the targets and mechanisms specified then are still the right ones to project onward to achieve the vision of sustainability and a stable climate.

Questions for Consideration:

1. Did ARB set too stringent of emissions reduction targets for the regions? Were they about right? Or not stringent enough?
2. Research indicates that SB 375 will not be enough for sustained long-term reductions in GHG emissions in 2035 and beyond. Should the provisions of SB 375 be strengthened, or new policies enacted?
3. Research by hearing witness Dr. Sciara shows that some communities are not headed in a direction consistent with the vision and goals of SB 375. What factors lead to these divergent pathways?
4. SB 375 does not supersede local land use zoning decisions by cities and counties. Are incentives enough, or is this a fundamental flaw in SB 375 that should be corrected, and if so, how?
5. Is CEQA relief helping SB 375 implementation? If yes, how? If not, why not?
6. What additional tools may be helpful to ensure successful implementation of SB 375?
7. How has litigation affected implementation?

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UCD-ITS-RR-14-06

Testimony

Transportation and Housing Committee
California State Senate

Hearing on the Sustainable Communities and
Climate Protection Act of 2008 (SB 375):
From Vision to Implementation

John L. Burton Hearing Room (4203)
California State Capitol
Sacramento, California
Tuesday, May 13, 2014
1:30 PM

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Evaluating Progress toward SB375 Implementation: A Long-term View

Before the Transportation and Housing Committee
California State Senate

May 13, 2014

Chairman and Distinguished Members:

Thank you for inviting me to speak on the progress toward implementation of SB 375, the Sustainable Communities Climate Protection Act of 2008. I am a Postdoctoral Researcher at the University of California, Davis, where I develop research on transportation institutions at the UC Davis Institute of Transportation Studies' Urban Land Use and Transportation Center. Since 2010, a significant portion of my work has examined the institutional terrain underpinning SB 375 and its implications for policy implementation. Prior to my career in university research, I worked as a senior planner in the private sector. My expertise lies in regional transportation planning, policy, and finance, and my research and publications address planning and policy interactions across national, state, regional and local levels.

In the context of this hearing, I have been asked to report on two pieces of my research that bear on implementation of SB 375. Following a summary of my main points below, I will briefly discuss the motivation behind the research I have undertaken, the research approach, and the key findings. I will conclude with a brief discussion of overall observations about measuring current implementation progress and going forward.

Summary of Key Points

1. Consideration of progress toward SB 375's goals must take into account the governance paradox that underpins SB375. There is a notable disconnect between the law's unequivocal affirmation of *local* land use authority and the importance it places on *regional* visions for future land use and transportation. This is a central challenge facing implementation of the law.
2. Over the long term, local governments and the land use and development policies they pursue will decisively influence progress on SB375. General Plans produced by California cities are thus a key component of SB375's success. They articulate city by city how the state will grow. My review of a 31-city sample of General Plans suggests that many cities could improve their plans in key dimensions to provide for greater alignment with SB 375 principles.

¹ The opinions and conclusions expressed in this testimony are the author's alone and should not be interpreted as representing those of the Institute of Transportation Studies at the University of California, the University, or any of the sponsors of its research. This product is part of the research report series of the UC Davis Institute of Transportation Studies. Publications of ITS do not necessarily reflect the opinions of its sponsors.

3. Analysis of pre-SB 375 efforts by California regions to encourage smart growth offer lessons for SB 375 implementation in the future. My study of these earlier Metropolitan Planning Organizations (MPOs) programs suggest there is clear appetite among local governments for planning and capital investment to refocus growth on established centers and to make cycling, walking, and public transit more attractive means of travel. Investment in planning can help communities encourage growth that shapes the built environment in support of SB 375. However, due to restrictions built into the programs' underlying funding sources, existing MPO-led smart growth programs have largely favored capital versus planning investment.
4. In 2014, SB 375 stands halfway between its passage and its 2020 milestone. It is important to assess the success of regional and local SB 375 performance. However, it is equally important to acknowledge that shifting physical development and changing travel behavior to reduce GHGs is a long term policy initiative. Efforts to propel California toward smart growth will bear fruit most visibly in the long-term. Most SB 375-related efforts to date have necessarily addressed institutional set up, such as setting and approving regional targets and developing Sustainable Communities Strategies (SCSs), milestones which some regions have yet to reach. Questions about progress toward SB 375's goals for development, travel patterns, and GHG reduction are the right ones to ask, but the ability to answer them right now is limited.
5. In the near term, important steps can be taken to enable more rigorous SB 375 performance measurement going forward. First, planning-specific performance metrics should be developed to assess whether trends in local government land use planning and policy track SB 375 objectives. Second, for discrete local projects and policy initiatives, there is a need to institutionalize evaluation beyond accounting-focused audits and anecdotal evidence of project benefits. Thoughtful performance measures of in SB375 terms could ascertain whether local projects and policies (a) have contributed or are likely to contribute to travel behavior changes and reduced automobile use; and (b) may produce co-benefits such as improved community health or economic growth.

SB 375's Innovations and Resulting Policy Questions

California's Sustainable Communities and Climate Protection Act of 2008, or SB 375, is part of the state's response to earlier state law AB 32, which committed California to reducing GHGs to 1990 levels by 2020 and further to 80 percent below 1990 levels by 2050. While other states have committed to specific GHG reductions, California is the first state to set policy that links transportation-related GHG reduction to land use. SB 375 seeks greenhouse gas (GHG) reductions by asking metropolitan regions and their constituent local governments to plan for land use and transportation that will create less automobile-reliant patterns in the built environment. The law is grounded in research showing that how we design and build communities and their mobility systems influences the choices people have about how and how much they travel to meet their daily needs (Salon et al, 2012), and the law acknowledges that these choices have consequences for the environment and climate systems.

SB 375 establishes a new framework for the MPOs that plan and allocate regional transportation investments in California. Under existing federal and state law, MPOs have traditionally crafted long term regional transportation plans aimed at responding to anticipated growth and physical development and associated increases in vehicle travel. SB 375 inverts this process, calling on MPOs first to craft a regional land use vision, and then to develop supportive transport investments. This regional land use

vision is called the Sustainable Communities Strategy (SCS), which is a “forecasted development pattern for the region, which, when integrated with the transportation network...will reduce the GHG emissions from cars and light trucks.” The SCS allows MPOs to set a development vision for that region rather than simply responding to expected growth.

This feature of SB 375 places metropolitan planning bodies in a complicated governance position. On one hand, MPOs must plan for transportation investments and land use and development patterns that would reduce automobile reliance. On the other hand, MPOs have no direct control over land use and development patterns. Because MPOs have no land use authority, SB 375 anticipates that they will instead leverage their transportation funds to incentivize local land use decisions compatible with their regional SCS and GHG reduction goals. Thus, SB 375 does not require local land use policy to align with the regional SCS. However, local governments that make SCS-compatible planning and development choices should, in principle, benefit more from MPO-directed funds than local governments that do not. SB 375 also offers project developers exemptions from the state’s Environmental Quality Act (CEQA) for residential or mixed-use residential projects consistent with SCS and for Transit Priority Projects.

SB 375’s governance framework raises two questions reflecting its inherent regional-local tension: (1) How well will regional funding incentives work to achieve local land use decisions supporting smart growth principles? (2) Do the General Plans of California cities reflect the policies and strategies needed to support growth that is less reliant on the private automobile and more friendly to public transit, cycling and walking options? I have examined these questions in the context of two research projects; while neither study evaluates SB 375 outcomes per se, both establish preliminary dimensions for considering performance under SB375 in the future.

Lessons from Existing Regional Efforts to Shape Local Policy

Over the last decade or so, each of the MPOs serving the Sacramento, San Diego, San Francisco Bay Area, and Los Angeles regions has launched a competitive grant program to encourage local land development and transportation investments in accordance with smart growth principles. While these smart growth grant programs were initiated by California MPOs before SB 375, they share some of SB 375’s aims (See Table 1). Through these programs, MPOs have reserved modest amounts of funds to support local government capital and planning projects that align with smart growth objectives. Projects may emphasize compact development; transit-, walk- and bike-friendly communities; jobs-housing balance; vibrant downtowns; and mixed-use centers. Studying these programs offers a chance to learn from experiences MPOs have already collected in efforts to encourage local land use and transportation decisions to promote reduced automobile reliance and focused growth. My review of these programs² yields several insights relevant to SB 375 implementation.

² For full discussion of the research approach, methods, and findings, see: Sciara, G.-C., & Handy, S. L. (2013). *Cultivating Cooperation without Control: California’s MPO-driven Smart Growth Programs*. Davis, CA: Institute of Transportation Studies, University of California.

Table 1. Summary of California MPOs' Smart Growth Grant Programs

	San Francisco	Sacramento	San Diego	Los Angeles
Program	Transportation for Livable Communities Program	Community Design Program	Smart Growth Incentive Program	Compass Blueprint Program
Year Started	1997	2005	2005	2005
Funding Source(s)	<ul style="list-style-type: none"> • STP • CMAQ • Transportation Enhancements (TE) 	<ul style="list-style-type: none"> • STP • CMAQ • Transportation Enhancements (TE) 	<ul style="list-style-type: none"> • Transportation Enhancements (TE) 	<ul style="list-style-type: none"> • Federal planning grants • FHWA & FTA Metro PL • FHWA & FTA State Planning & Research
Local Funding Source(s)	<ul style="list-style-type: none"> • Federal - local swaps. 	<ul style="list-style-type: none"> • Federal - local swaps. 	<ul style="list-style-type: none"> • Seeded by federal grants. • TransNet sales tax funds; est. \$250 million (2008-48) 	<ul style="list-style-type: none"> • No.
Target Growth Areas	Priority Development Areas	Transit Priority Areas; Centers & Corridors	Smart Growth Opportunity Areas	The 2% Strategy
Planning Projects	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Capital Projects	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>

(1) First, efforts to realize the regional Sustainable Communities Strategies must not neglect investment in foundational planning by local governments. Planning products themselves may not change travel behavior or reduce GHGs, but they are important steps toward concrete, physical development that reflects SB 375 objectives. In their existing efforts to support smart growth, MPOs have been less able to support investment in local planning than capital projects; this bias toward capital projects is built into the programs' underlying funding sources.

Where planning funds were available through MPOs' smart growth programs, our study shows that local governments used them largely to develop planning tools with formal status as binding policy, implement regulations under California land use law (e.g. general plan or plan element, area plan, revised zoning codes and ordinances, or specific plan, see Table 2), or analyze the market feasibility of developing a specific site or zone. When such investments support late-stage planning efforts that align with SB 375 and SCS principles, and they can influence the development that follows.

Table 2. Formal Planning Tools that Shape Future Development

Planning Tool	Description
General Plan	"intended as the supreme document guiding the future physical development of a community – the set of policies from which all decisions flow" (Fulton & Shigley, 104) California's 1971 consistency law requires that zoning ordinances and subdivision procedures be consistent with the general plan.
Area Plan / Community Plan	a more specific version of the general plan, dealing with a smaller geographic area; has the same force of law as a general plan. (Fulton & Shigley, 107)
Zoning Ordinance	"designed to translate the general plan's broad policy statements into specific requirements.... [It] divides up all land in the city into zones and specifies the permitted uses and required standards in each zone." (Fulton & Shigley, 103)
Specific Plan	"an implementation document...designed to implement the general plan (or an area plan) within a certain area" (Fulton & Shigley, 213); typically contains detailed development standards; akin to a zoning ordinance; not part of the general plan.

(2) Second, where SCS implementation involves catalytic projects, programs, or plans, empirical evaluation of their impacts on travel behavior and on development patterns is important. To date, evaluations of MPO-driven smart growth programs have been oriented toward project audits (i.e. Were the funds spent as proposed?) and anecdotal project benefits. More robust before-and-after evaluations are needed to provide local governments and MPOs with real data about what strategies work. This means ensuring that appropriate data are collected before and after the intervention to measure change. Thoughtful project evaluation in SB 375 terms could ascertain whether projects (a) have contributed to travel behavior changes and reduced automobile use; and (b) may produce co-benefits such as improved community health or economic growth. Planning-specific implementation metrics could assess if trends in local land use plans and decisions support SB 375 objectives, for instance via a local government's record of entitlement actions over time.

Local Planning Under SB 375: A Preliminary Progress Report

Realization of regional GHG targets set in California following SB 375 depends in large part on how cities plan for growth. This is especially true over the long term. If cities accommodate population and employment growth with development and transportation strategies that rely predominantly on auto travel, the ability to reduce GHGs will be limited.

General Plans in California articulate city-by-city how the state will grow. California state law requires local governments to develop General Plans, forward looking documents envisioning the community's future physical form in seven basic elements (land use, circulation, housing, conservation, open space, noise, and safety). State law further requires that local zoning be consistent with the plan. Consequently, general plans and the development decisions they inform are key components of SB375 implementation.

In a study of California general plans and the policies they contain,³ my research asked: How well do General Plans reflect principles and strategies needed to grow communities less reliant on the automobile and friendlier to transit, cycling and walking? To answer this question, I reviewed a random sample of 31 general plans updated since SB 375's passage, focusing on the transportation, housing, and land use elements (the most essential elements for delivering SB375-supportive policies). I restricted the analysis to explicit policy statements, which in contrast to broad plan language are more direct indicators of commitment to strategies and their implementation. The study considered whether policies addressed key principles associated with SB 375, and what implementation strategies the policies invoked. The following seven planning principles were used to screen policies:

1. Strengthen existing communities
2. Reduce auto dependence
3. Provide housing variety
4. Mix land uses
5. Equity (access to residential and employment opportunities)
6. Responsible regionalism
7. Preserve open space

The study developed a standardized scoring system, and plans earned points in three ways: (1) by including policies that address key SB 375 principles; (2) by linking those policies to practical implementation strategies; and (3) by providing high levels of implementation detail, for instance by noting a responsible party or a time frame for taking action.

This analysis yields several observations about local General Plans in light of SB 375's passage. **(1) First, when considered across all seven SB 375 principles, overall performance of the plans is low.** Even taking into account the fact that the scoring system employed makes perfect scores unlikely, plans scores are fairly low (Figure 1). **(2) Second, plans appear to address planning principles reflecting equity, reduced auto dependence, and mixed land uses somewhat better than other SB 375 principles, but performance in none of the key dimensions is outstanding.** The plans perform modestly better on equity than other principles; still, this result may be due to the fact that equity (defined in this study as the ability to access appropriate housing options and employment in reasonable proximity) can be addressed through policies included in all three key plan elements.

³ A full account of this study is in development and will be available for distribution. Results reported in this testimony are preliminary.

(3) Third, frequently employed implementation strategies in the plans indicate the approaches that planners are using to achieve SB 375 compatible results (Figure 2). The most popular strategy was street design standards, perhaps reflecting planners' attention not only to SB 375 but also to California's Complete Streets Act of 2008, which required the general plan to develop a balanced, multimodal network to meet the needs of all road users. General Plans also commonly invoked coordination of land use transportation and housing agencies, a promising sign that planners recognize the interdependencies inherent in changing development and travel patterns. Finally, more modest use of parking supply and open space preservation strategies are encouraging signs that planners are nascent attention; promising areas for future

(4) Finally, through their General Plans, local governments can take three steps to better align the blueprint of future growth in California with SB 375 objectives: They can (a) commit to policies that directly reflect SB 375 objectives for reduced automobile reliance through land use policy; (b) link policies to effective implementation strategies; and (c) outline the specific steps and schedules that will guide the transition from policy to practice.

Conclusions

With the passage of the Sustainable Communities and Climate Protection Act in 2008, California initiated an important, long-term project to change the shape of future growth and travel to be less reliant on the automobile and to contribute to urgently needed reductions in greenhouse gas emissions.

Focused efforts by state, regional and local partners to date have contributed to the institutional set up for implementation of SB 375, including establishment of regional GHG targets and development of Sustainable Communities Strategies designed to reach them. Now, attention shifts to implementation. How will California's regions and local governments produce the desired results?

The research I have summarized today shows California regions squarely in the twilight zone: lacking authority over local land use policy but tasked with realizing a regional land use allocation and strategies to reduce GHG emissions. Through existing smart growth efforts, California's largest regions have already used means at their disposal to encourage local decisions that support center-focused growth and increased alternatives to automobile travel; I expect this kind of institutional innovation to continue. This work also shows that traces of SB 375's objectives are visible in the general plans of California's local governments, but that much more can be done to align local planning with the principles of sustainable communities.

Interest in and enthusiasm for measuring the progress made since the law's passage is appropriate and welcome. In our eagerness to performance, it is important to understand that SB 375 is a long term project; that local government support of regional SCSs – through compatible planning and policy decisions – is essential yet not required; and that the framework for evaluating progress over the long term must evaluate both planning progress (via general plans, specific plans, amendments, and subsequent entitlements) and the contributions of specific projects and policies via empirical study.

I would like to thank you again for the opportunity to address the Committee today on this important topic and look forward to answering any questions you might have.

Figure 1. Assessment of General Plans by SB 375 Planning Principles

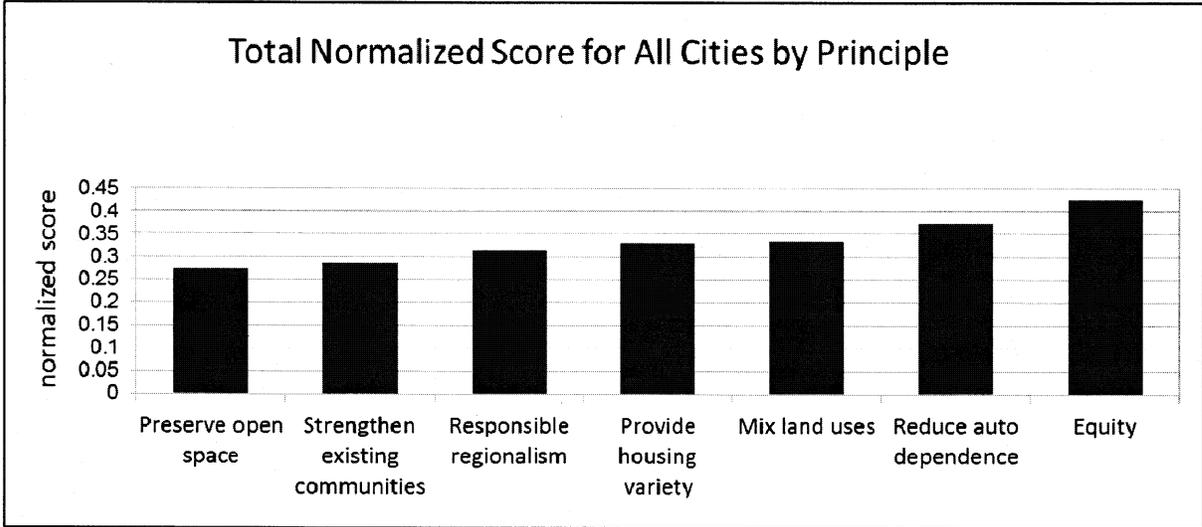
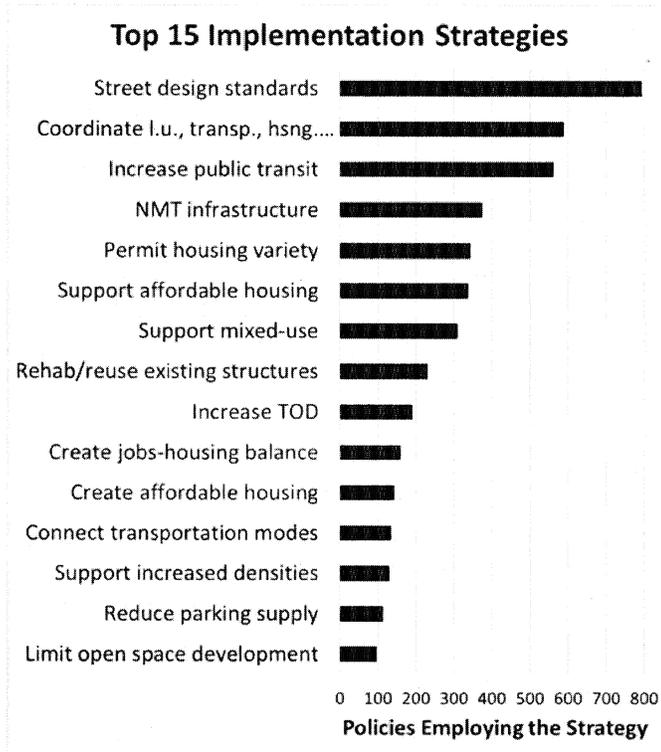


Figure 2. Implementation Strategies Used to Support SB 375-relevant General Plan Policies



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Senate Transportation and Housing Committee
Hon. Mark DeSaulnier, Chair
INFORMATIONAL HEARING
John L. Burton Hearing Room (4203)
TUESDAY, MAY 13, 2014; 1:30 PM

“SB 375: From Vision to Implementation”

Mr. Carl E. Morehouse, President
Southern California Association of Governments
Councilmember, City of Ventura

Chairman DeSaulnier and Distinguished Members of the Committee:

Thank you for the opportunity to testify on behalf of the Southern California Association of Governments (SCAG), representing our 191 cities and six counties containing over 18 million residents, nearly half of the state's population. I sincerely appreciate the Committee's time and interest in receiving testimony regarding the implementation of SB 375.

SB 375 is landmark legislation that, effective January 1, 2009, provides a blueprint for the process to achieve the ambitious greenhouse gas (GHG) emissions reduction goals set forth in California's comprehensive climate law, AB 32, calling for the reduction of California's GHG emissions to 1990 levels by 2020, with further reductions to be achieved through the middle of the 21st Century.

SB 375 seeks to achieve these reductions by integrating land use and transportation planning, through the development of a sustainable communities' strategy (SCS) in conjunction the federally mandated Regional Transportation plan developed every 4 years by the metropolitan planning organization (MPO) with significant input from local government, and all affected state and local transportation, business, environmental and other stakeholders. SCAG, the nation's largest MPO, completed its first combined RTP/SCS in 2012 after unprecedented stakeholder input in an effort that has been widely regarded throughout the state and the nation as among the most collaborative planning efforts undertaken to produce a comprehensive, integrated regional plan.

SCAG RTP/SCS Benefits

The SCAG 2012-35 RTP/SCS provides a roadmap to tremendous Quality of Life benefits to the residents of Southern California which encompass a wide range of Mobility Benefits, Economic Benefits, Health Benefits, and Sustainability Benefits. Some of these important benefits include:

- By integrating land use and transportation, 51% of new households and 53% of new jobs will be in high quality transit areas by 2035, compared to just 25% and 33% respectively without implementation of the plan;
- Despite projected population growth, congestion and commute time will reduce by 24% from 17.3 minutes today to 13.1 minutes by 2035 with implementation of the plan;
- Implementation of the RTP/SCS investment plan over 25 years will add an average of 174,500 jobs per year from construction and operations expenditures, and the resulting improved transportation network could generate an additional 354,000 jobs per year from congestion relief, increased labor mobility and efficient movement of goods;
- Implementation of the plan will provide a \$2.90 investment return for every \$1 spent;

- Implementation of the plan reduces all criteria pollutants, emissions and their precursors;
- Implementation of the plan projects a 24% reduction in health incidences related to regional emissions;
- Implementation of the plan will reduce land consumption by maintaining 408 square miles of vacant land;
- Implementation of the plan will reduce per capita GHG emissions by 9% by 2020 (vs. target of 8%) and 16% by 2035 (vs. target of 13%).

SB 375 Implementation – The First Half

As we near the “half-way point” of initial implementation of SB 375 towards achieving the desired GHG reductions by 2020, now is a very good time to look back at the implementation process to assess what has worked, what has not worked or could be improved upon, and what steps or actions might be needed going forward to most effectively implement the law.

SB 375 has been a success for the SCAG region and for regions in general, in achieving the State’s intended goals at the time it was enacted. The key point is that each region that has completed an SCS has demonstrated improved land use efficiency, reduced greenhouse gas emissions, developed other innovations, and has benefited from better engagement with stakeholders and the public.

The following highlighted examples demonstrate SCAG’s experience with the 2012 RTP/SCS, though each of the other major regions would have their own similar conclusions *including having met the State GHG targets*:

Areas of Positive Impact (Things that have worked)

- Smart Growth, Land Use Efficiency and Land Use/Transportation Coordination – the 2012 RTP/SCS maximizes the amount of growth in High Quality Transit Areas (those locations eligible for CEQA streamlining), increases the share of multi-family as a percentage of overall housing growth, and reduces the consumption of raw land.
- Greenhouse Gas Emissions – the 2012 RTP/SCS reduces GHG emissions for cars and light trucks by 8% in 2020 and 16% in 2035.
- Participation and Collaborative Process – the 2012 RTP/SCS *dramatically* increased in the overall interest and engagement in regional planning in Southern California.
- Active Transportation and Public Health – SB 375 created an interest in regional planning for Active Transportation and Public Health interest groups, and a reciprocal interest in those topics among the region’s elected leadership. As a result, the region more than tripled its investment in non-motorized modes compared to the prior plan, and has committed to on-going planning, collaboration, and implementation activities in these areas.
- Other Plan Innovations – The 2012 RTP/SCS included, of note, a groundbreaking transportation finance component that will advance the dialogue on mileage based pricing, address long-term funding issues, promote transportation alternatives, and reduce Vehicle Miles Travelled and Greenhouse Gas emissions.

Demonstrating Progress

SB 375 and the SCS have prompted focused efforts on implementation and collaboration beyond just adoption of the plan. For SCAG, this includes *the creation of MOU/ Joint Work Programs focused on RTP/SCS implementation and follow-up with the County Transportation Commissions in the region*. Currently SCAG has entered into three such MOU/Joint Work Programs – with the Los Angeles County Metropolitan Transportation Authority (LA Metro), the San Bernardino Associated Governments (SANBAG), and the Imperial County Transportation Commission (ICTC). Of note, the LA Metro Joint Work Program includes a now adopted an ambitious First-Mile Last-Mile Strategic Plan which will serve to expand the reach of transit in Los Angeles County, and can serve as a model for subsequent planning in other counties.

Each of these joint programs is unique and is tailored to the needs of each Commission's jurisdiction as well as for the region as a whole, and encompasses many programs and projects. Currently there are under development joint programs with the three other regional transportation commissions representing Orange, Riverside, and Ventura counties, which are expected to be in place prior to the next RTP/SCS.

The collaboration from development of the SCS has also spawned the creation of a \$10 million Sustainability Program that funds implementation planning at the local level. Program criteria require strong linkages to implementation of RTP/SCS strategies, and a commitment to implementation from recipients. The Sustainability Program significantly expands SCAG's previous Compass Blueprint effort which provides planning incentive grants to member agencies. The new program includes categories of funding supporting active transportation and overall sustainability planning. The 73 eligible submittals for the Sustainability Program demonstrate a broad interest among SCAG's member cities and counties in implementation actions in support of the RTP/SCS.

SCAG is also currently conducting a Local Implementation Survey from 197 local jurisdictions. The Survey will collect information on local implementation of the RTP/SCS through initiatives such as General Plan Updates, zoning updates, active transportation plans and local climate action plans. In addition to these core programmatic activities for SCAG and its partners, we have made progress in the following key areas:

- Transportation Finance: Completed Initial Pricing Study;
- Transit Expansion: Major transit infrastructure improvements in operations, or under construction;
- Over \$250 million programmed for Transportation Demand Management.

Finally, SCAG has retooled its own operations in line with RTP/SCS identified priorities by:

- Completing a round of ad-hoc subcommittee deliberations around key RTP/SCS policies;
- Creation of a permanent department on staff focusing on Active Transportation and Public Health.

Challenges (Things that are not working or are inconclusive)

- Ties to Funding – The State has not consistently taken advantage of opportunities to incentivize successful SCSs through its funding processes for transportation, planning, development, infrastructure, and GHG reduction. Additionally, it is apparent that the need for additional funding to implement identified programs and projects significantly exceeds current, available funding.
- CEQA Modernization – The CEQA benefits included in SB 375 have not, to our knowledge, been used in the region. Our interactions with the business community and other external stakeholders lead us to conclude that the provisions are too cumbersome, or potentially risky. More recent pieces of legislation (SB 226, SB 743) may have improved this situation, but it is too early to reach any conclusion. Modernizing CEQA provisions should clearly provide greater business *certainty* to incentivize making the long term investment decisions necessary to develop the kinds of projects that achieve GHG emission reduction benefits.
- Role and appropriateness of GHG targets – ARB is given broad discretion to establish GHG targets under SB 375. For the first round, the targets were largely effective in prompting aggressive action on the part of MPOs. However, due to the long lead time it takes to implement and see results of major components of an SCS, the initial SB 375 regional GHG targets should be maintained through the second round of SCS development for MPOs.
- Litigation – While SCAG was not sued on its RTP/SCS, we view the proliferation of lawsuits among the major regions of the State as an obstacle to long term progress on sustainability planning.
- Integration of Other Planning Issues – While SB 375 was successful in helping to integrate land use, housing, and public health within the transportation planning process, there are untapped opportunities to further integrate issues such as water, open space conservation, and technology.

SB 375 Implementation – The Second Half

The policies and actions implemented over the next six years by the state, regions and local governments will determine whether or not California reaches the GHG emissions reductions called for by AB 32 and directed through the provisions of SB 375. To fully implement these visionary plans, a greater partnership from the state is needed. A recent example of such a partnership is the Active Transportation Program which fosters even closer working relationships between MPOs and the county transportation commissions. Another example is the state taking a leadership role, in collaboration with MPOs and other stakeholders, to develop analytical tools on public health (related to Active Transportation) that could be used by all MPOs in their RTP/SCS development.

However, more partnership is needed. Based upon the summary above of the things that have and have not worked through the process of implementing SB 375 since 2009, we can offer the following suggestions for consideration by the Committee and the Legislature for actions we believe will most effectively meet the requirements set forth in both laws.

- Dedicated Funding. SB 375 calls upon the regional and local implementing agencies to achieve the required GHG emissions from the transportation sector, the largest single sector

emitter at approximately 40% of all GHG emissions - but provides no funding. Cap-and-Trade revenues are presumed to be the primary source of funding from the state to achieve SB 375 objectives, and the Governor's initial 2014-2015 budget proposal included an \$850 Million Cap-and-Trade expenditure plan, of which \$100 Million is allocated for Sustainability. SCAG, together with LA Metro, has called for an increase of this allocation to \$500 Million by repaying to the Greenhouse Gas Fund from the General Fund the monies previously borrowed, in order to effectively implement the sustainability and emissions reductions objectives of SB 375. Additionally, as the legislature considers how to best invest Cap and Trade revenue in the future, a dedicated and sustainable funding source for implementing sustainable communities' strategies should be a priority.

- Modernizing CEQA. Our interactions with the business community indicate that the most important single thing to their investment decision is *business certainty*. The streamline benefit currently afforded by SB 375 provisions do not provide this as they are viewed still as risky with the benefits not certain over the life of the development of the project, or the requirements to obtain the streamline benefits themselves are too stringent to be met by the great majority of projects.

Additionally, according to Caltrans, the average major transportation project takes 17 years to complete. SCAG engaged independent prominent economists from throughout the SCAG region to analyze the economic benefits from implementing SCAG's adopted Regional Transportation Plan/Sustainable Communities Strategy 5 years faster. This would not only accelerate the GHG reductions, but the result was a decrease in construction cost by \$1.25-1.95B, 5-9% of construction cost, per year and creating nearly 300,000 jobs from construction, enhanced economic competitiveness, and road safety and system preservation.

This is a policy area that calls for continued attention from the Legislature with the overarching objective to find way to accelerate project delivery in California and provide greater certainty to project developers to encourage private investment.

Thank you very much for your consideration of my testimony and including me in your important hearing today. I look forward to responding to questions at the hearing.



REGIONAL TRANSPORTATION PLAN
2012-2035 RTP
 SUSTAINABLE COMMUNITIES STRATEGY
 Towards a Sustainable Future

SOUTHERN CALIFORNIA ASSOCIATION OF GOVERNMENTS

www.scag.ca.gov/rtp2012

Economic Impact of the 2012–2035 RTP/SCS

Investing in the region's transportation system is critical to Southern California's economic prosperity. With a gross regional product of nearly \$900 billion, Southern California's economy is the 16th largest in the world behind South Korea. It is imperative to protect and strengthen the region's assets, maximize natural resources and invest in infrastructure to compete on a global scale in the 21st century. Long-term strategic investments in the region create jobs and ensure a competitive future both nationally and internationally.

SOUTHERN CALIFORNIA ECONOMY

- ▶ The region's population is projected to increase by 4 million to 22 million by 2035
- ▶ The region is projected to add 1.7 million jobs by 2035 totaling 9.4 million
- ▶ The gross regional product of nearly \$900 billion places the region's economy as the 16th largest in the world
- ▶ Southern California's top four industries are transportation dependent: trade, technology, tourism and entertainment
- ▶ The twin ports of Los Angeles and Long Beach together are investing over \$6.0 billion in infrastructure projects over the next decade to compete in a 21st century global economy
- ▶ The region's diversified industry base requires a multi-modal transportation approach
- ▶ California's unemployment rate was the second highest in the nation in 2010 and 2011
- ▶ Southern California has nearly one million unemployed two and a half years after the recession technically ended

ECONOMIC ANALYSIS

SCAG contracted four outside economic experts to review the 2012–2035 RTP/SCS and provide an independent economic analysis. The economic impact of the plan was calculated based on a leading economic-forecasting model that evaluates the economic impacts of transportation improvements called Regional Economic Models, Inc. (REMI).

- ▶ The 25-year investment plan generates an average of 174,500 jobs per year from construction and operations expenditures
- ▶ The improved transportation network will generate an additional 354,000 annual jobs through congestion relief, increased labor mobility and efficient movement of goods
- ▶ Every \$1 spent on infrastructure investments yields a return of \$2.90 (see Figure 1)
- ▶ The projected cost per day/per capita is less than \$2.00 (see Figure 2)
- ▶ The projected benefit per day/per capita exceeds \$5.00 (see Figure 3)

QUICK FIGURES

FIGURE 1

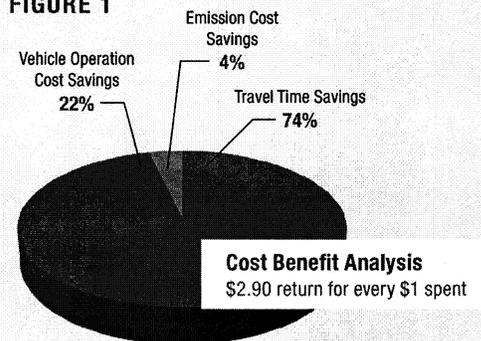


FIGURE 2

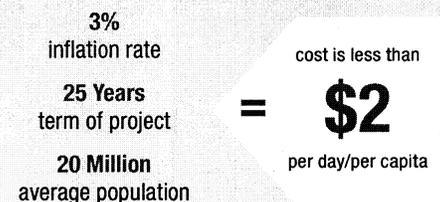
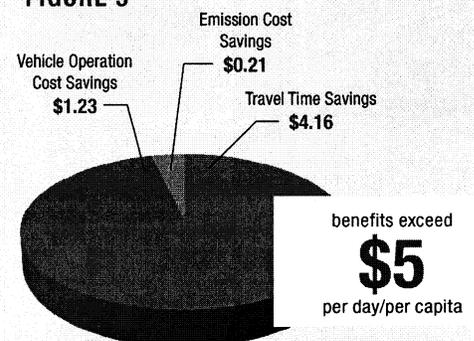


FIGURE 3



2012-2035 Regional Transportation Plan/ Sustainable Communities Strategy

The region represented by the Southern California Association of Governments is projected to add 4 million residents and 1.7 million jobs by 2035. To protect quality of life for future generations, the 2012-2035 RTP/SCS is presented as an economic development strategy as well as a transportation, infrastructure and sustainability investment plan.

MOBILITY BENEFITS

- ▶ The plan improves overall mobility and provides needed congestion relief by closing critical gaps in the network and an expansion of the system to accommodate current and future needs
- ▶ Implementation of the plan will result in a doubling of new households living near high quality transit areas from 25% to 51% in 2035
- ▶ By integrating land use and transportation, 53% of future jobs will be located near high quality transit areas in 2035 compared to 33% without the plan
- ▶ The per day/per capita delay due to congestion is projected to fall by 24% from 17.3 minutes today to 13.1 minutes by 2035

ECONOMIC BENEFITS

- ▶ The 25-year investment plan is projected to add an average of 174,500 jobs per year from construction and operations expenditures
- ▶ The improved transportation network will generate an additional 354,000 jobs per year from congestion relief, increased labor mobility and the efficient movement of goods
- ▶ The plan will provide a \$2.90 investment return for every \$1 spent
- ▶ The job growth will create wealth in the region, raise household income and enhance the region's economic competitiveness
- ▶ The plan reduces household costs associated with driving, energy and water use

HEALTH BENEFITS

- ▶ Improves air quality and public health by reducing all criteria pollutants, emissions and their precursors – reactive organic gases (ROG), oxides of nitrogen (NO_x), particulate matter (PM₁₀), fine particulate matter (PM_{2.5}), carbon monoxide (CO), and nitrogen dioxide (NO₂)
- ▶ Projects a 24% reduction in health incidences related to regional emissions
- ▶ Promotes active transportation (bicycling and walking) by providing \$6.7 billion in funding, a 270% increase over the 2008 RTP, for a 134% expansion of bikeway miles and improved sidewalk safety

SUSTAINABILITY BENEFITS

- ▶ Reduction of per capita GHG emissions of 9% by 2020 (vs. target of 8%) and 16% by 2035 (vs. target of 13%)
- ▶ The integrating of land-use, housing and transportation planning will result in the conservation of land-use and the reduction of transportation fuel, electricity and natural gas, saving households \$3,400 per year
- ▶ Compact and urban infill development will result in a 6% reduction in regional water use and 8% reduction in energy consumption



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Stephanie Pincetl
Director, Center for Sustainable Communities
Institute of the Environment and Sustainability
UCLA
May 13, 2014

Thank you for inviting me to comment on SB 375 today. My back ground is in urban planning and I work on urban environmental issues including urban metabolism which quantifies the energy, water, materials and other flows into cities, how these are used where and by whom, and the waste flows out. The urban metabolism approach is a sophisticated multidimensional platform that can integrate sociodemographic factors, parcel data like size and age of building, building shell as well as other factors such as transportation flows and embedded energy. Understanding the patterns of flows at a disaggregated level and their interaction allows the targeting of areas of the urban fabric and activities whose GHG emission and criteria pollutants can be reduced to ensure we are moving toward a more sustainable use of resources over time.

A quick word on my background. My main area of expertise has been land use. Writing my book, *Transforming California, a Political History of Land Use in the State* allowed me to understand the history of attempts to manage and to control urban growth, combat segregation and protect agricultural lands and habitat over the course of the 20th century. SB 375 is a major step in this historical interest and concern about how our communities and the **state** have grown.

Efforts to address urban growth really started under Pat Brown with his Metropolitan Government Commission that recommended state oversight over annexations and incorporations to guide orderly growth, and regional elected institutions to address cross jurisdictional issues such as water management, and land use. These failed due to opposition by local governments and the Chamber of Commerce. Fast forward 50 years and we are still confronting the fundamental tension – local control over local land use – exacerbated by deep challenges in financing programs due to Proposition 13, 26, 218. How do we move forward from here?

Clearly SB375 has played an important role in further explicitly connecting land use and transportation and their interwoven impacts on GHG emissions. It has heightened – again – awareness of a number of other externalities due to current land use such as high costs of infrastructure development to accommodate sprawl, inefficient land uses, segregation between rich and poor, and unnecessarily high water and other resource use. Yet we know that to achieve the goals of SB 375 by 2050, fundamental changes need to occur. And we know what those are.

Current urbanized areas must accommodate future growth, through significant changes in zoning and in the provision of affordable – more broadly defined -- housing. Jobs – as the recent PPIC report points out – need to be located where there is housing as well. Exurban or distant new office parks can no longer be permitted. Essentially a transformation of the urban fabric over time is what is called for. We have 40 years to do this to comply with SB 375, but the climate change that is taking place heightens the urgency to make more livable and resilient communities that use less resources overall and are built at a human scale.

I would suggest that the fundamental missing component is a candid acknowledgement of what, in old fashion terms, could be called “the land question.” Due to the price of real estate and current zoning regulations, affordability is an enormous problem, coupled with historic fear of mixed use and densification of neighborhoods. These have led to our doing a poor job of building *complete neighborhoods* that provide residents the ability to walk to basic services and to jobs, to integrate schools and community activities all within reach.

It is obvious that for our urban regions to reduce GHG emissions from transportation, they must be far less automobile dependent. Yet during the real estate bubble, and the far flung suburbanization that occurred, we have now an even greater challenge than before as land has been developed and people are stuck with mortgages that many still struggle to afford, far from services, jobs and schools and by and large devoid of basic services. Take the *NY Times* article on Saturday – one of many now -- about growing

poverty in the suburbs. Jobs are scarce, and transportation expensive. Suburbs are becoming the homes of low income people since many of the newer ones offered illusorily cheaper housing – drive to you quality – and now these places are traps, places where people are isolated and scrambling to survive. And land is still a speculative investment. This land use pattern must stop.

I can speak to the thirst for this land use from Los Angeles. Anywhere there is a small commercial strip – and not a strip mall – and decent housing, people are buying houses and apartments, hungry to walk to local services, driving real estate prices through the roof. There is simply not enough to meet demand. These are not TOD neighborhoods, they are ones with mixed densities and mixed use, quite the opposite of plunking a giant development down on a corner with expensive retail space that can only be afforded by chain brands. Such pressure on so few walkable and human scale neighborhoods shows that, transit oriented development is only one piece of the puzzle; its about increasing livability and access throughout the urban fabric. Greater overall densification and mixed use will make more of the urban region transit friendly. Imagine complete neighborhoods where -- like in Vancouver and older neighborhoods in SF and many of our cities in CA for that matter where land use patters were set pre-auto -- single family residences are mixed with modest apartment buildings and services: the dry cleaners, hair dresser, bank, neighborhood fresh food store, coffee shop and small restaurant we all crave. This will dramatically reduce – over time – automobile dependencies and create vibrant neighborhoods. But affordability is a big issue.

The following are several suggestions that go straight to the land question:

- Require GHG and CAP emissions estimations of new development compared to infill, including water provision, electricity and VMT impacts. A holistic accounting.
- The new General Plan Guidelines to include a complete neighborhoods element, neighborhoods where services such as dry cleaners, hair dressers, neighborhood stores and cafes, small parks and schools are within a ½ mile walking distance.

- RHNA reform to exclude building of housing isolated from transit, basic services and jobs.
- Develop a financing mechanism for city and housing land banking by state law to ensure affordability into the future and better control over land use for complete neighborhoods. We can create Development Corps like Civic SD a possible vehicle that could be given additional “powers” <http://www.ccdc.com/>
- School routes must have safe routes for walking and biking and personnel to administer and implement ~ to current crossing guards.
 - Consider using SB 39 funds to reduce GHG emissions from automobile trips to schools
- Reform zoning codes to require mixed use by state law
 - Encourage densification beyond TODs by encouraging neighborhood commercial hubs, more aggressive implementation of granny flat ordinances and multi-generational housing.
 - Develop community based engagement and decision making for location and mix of neighborhood serving commercial and fund with cap and trade funds. Great example of transition plan: <http://saha.org/Choice/Wheatley-Choice-Draft-Transformation-Plan.pdf>
 - Retrofit streets to be complete streets
- Address NIMBY challenges to TOD and other proposals by developing a coordinated statewide program to address the structural issues that favor opposition to change:
 - Create infrastructure finance districts that apply only to complete neighborhood proposals, or areas with a complete transit oriented neighborhoods. This should include complete streets.
 - Level the CEQA suit playing field by requiring greater transparency. Large developers can placate Home Owner Associations through payments. Small infill developers cannot.
- Reform and reduce parking requirements by state law

- Require urban limit lines for all communities, cities and counties. Require counties to justify community boundaries and boundary adjustments through LAFCO
- Develop strict criteria for new Service Districts such that they do not support development or new towns disconnected from existing urban areas, transit and jobs.

The state should fund pilot programs to engage communities in planning these neighborhood hubs, in conjunction with public/private development partners. Such hubs will add value to neighborhoods. Pick right first pilots through competitions, grants to communities.

There is so much more that we could discuss today, but I thank you for the opportunity to make some initial remarks. I believe we are ready for the changes we need to make not only to address the need to reduce greenhouse gas emissions, but also to create beautiful, livable and vibrant neighborhoods. We built extraordinary cities and communities in the 20th century, based on seemingly limitless resources – land, fuel, water and materials. These were enormously successful, but today we have reached the limit of that paradigm in so many ways. We have the knowledge and the tools to shift the direction; we now need the leadership to mobilize the widespread desire that exists, to do so.

Chair DeSaulnier, Honorable Committee Members

Good afternoon

My name is Amanda Eaken, I am Deputy Director of NRDC's Urban Solutions Program.

Last week the White House released a new National Climate Assessment affirming that climate change has "moved firmly into the present," and we're already feeling its effects, especially here in California. With transportation responsible for 40% of California's carbon pollution, now is a perfect time to discuss the implementation of California's Sustainable Communities and Climate Protection Law. I want to thank the committee staff for convening this hearing, and thank all of you for your leadership to advance this program.

I was given a simple task today: tell you what's worked, what hasn't and what's needed going forward, so let's get right to it.

First – what has worked?

- 1) The real breakthrough of SB 375 is that we made the connection for the first time, in statute between land use decisions, transportation investments and greenhouse gas emissions. It also lends itself well to integration of SB 535's focus on putting California's climate strategies to work in disadvantaged communities.
- 2) The fact that 18 metropolitan planning organizations now have a specific, measurable GOAL to achieve has in my experience transformed the regional transportation planning process because the regions are now looking for strategies to reduce their

greenhouse gas emissions. And key to this success is local flexibility to innovative locally appropriate solutions.

- You've heard other speakers re-inforce this, but I'll give a few examples to illustrate that this is happening all over the state:
 - In Kern County, they are planning a 10 fold increase in funding for safe biking and walking, and there has been a significant new focus on transportation choices.
 - In San Diego, nearly a billion dollars that was previously slated for a widening of interstate 5 was re-allocated to smart growth incentive programs.
 - And one of the most innovative examples we've seen so far—the Bay Area pioneered a program called Project Performance Assessment in their Sustainable Community Strategy. Here's the basic idea—
 - i. Analyze ALL of your money for how well it aligns with your goals.
 - ii. They set 10 clear goals—reduce household transportation costs for low income families, improve public health, strengthen the regional economy, and they analyzed 1000 transportation projects for how well they align with these goals.
 - iii. And it turns out, some changes were needed and some changes were made.
- This program has also enhanced our understanding of the co-benefits of better land use planning and transportation investments, for example air quality and efficient urban water use.

- What we see is regions helping citizens and stakeholders to make sense of the process
- Which growth scenarios improve public health? What are the impacts on farmland and the agricultural economy? How do certain investments move us towards, or away from the goal of creating equitable communities?
- The degree of stakeholder engagement and partnership has truly exceeded my expectations.
- There is of course room for improvement, but it's very clear that every region is experimenting with scenarios to reduce its greenhouse gas emissions, and that alone, is progress.

3) So, what do we need to do going forward?

- I'm going to lay out three top priorities I hope we can focus on to ensure this program achieves its potential.
- **First** we need to make sure sufficient resources exist to implement these sustainable communities strategies.
 - i. NRDC joins our Transportation Coalition for Livable Communities partners in supporting significant cap and trade proceeds for 375 implementation, and we believe such investments must be structured to incentivize a race to the top competition at the regions so that the most cost-effective projects come forward and are funded.
 - ii. But I also have to say, while there is an appropriate emphasis on identifying *new* resources to support sustainable transportation choices, from my experience, it appears to me that *not* ALL of the

regions are spending all of their existing dollars as efficiently as possible.

1. We would like to see all regions undertake an analysis similar to the Bay Area's Project Performance Assessment so that we can all understand how well existing funding is aligned with sustainability goals
 2. There has been a lot of talk about sales tax projects and the constraint posed by sales tax measures. But I think both the fiscal crisis faced by local governments as well as the climate crisis demand that we re-open some of these measures to understand whether these lists of projects are still serving our communities.
- **Second**, as the legislature looks beyond 2020, NRDC urges you to work, in partnership with the Air Resources Board and the regions, to analyze whether, in light of recent climate news, and in light of all of the modeling improvements and best practices from regions around the state, 375 can in fact deliver greater greenhouse gas reductions.
 - i. Its perfect timing, because the Air Resources board is due, to update the targets this year under the law.
 - ii. If you think about it—the world has changed SIGNIFICANTLY since we set the first GHG targets in 2010.

- iii. We all know the phones in our pockets have transformed our lives, and some are postulating that they may be able to similarly transform transportation.
 - iv. It's my hunch that the convergence of new technology, new transportation choices, millennial transportation preferences and the emergence of the sharing economy could mean that we have a new set of strategies to help us reduce vehicle miles traveled, that we could not have imagined four years ago, and I'm very interested to see how we could update the targets in light of all of this new information. We need to consider all of these factors as we look to set new GHG reduction targets beyond 2020.
 - v. We also need to continue to build the capacity at ARB to review these plans, understand the complex interaction between land use and transportation, including induced demand, so that we can have even greater confidence that as ARB is approving these plans, that they will deliver the intended GHG reductions.
- **Third, and finally** – Some of the most important work ahead is to continue to align state programs and policies to support the successful implementation of SB 375 moving forward. The legislature saw and seized such an opportunity last year, when it enacted legislation to eliminate level of service from CEQA. The legislature recognized that level of service—a measure of delay to automobiles-- was no longer the

appropriate planning metric to use in our goals to create sustainable communities with transportation choices.

- i. There has been some excellent work of late to examine whether our state department of transportation priorities are aligned with our climate goals, and the recommendations of the SSTI report deserve our immediate attention.
 - ii. I would also note that the California Transportation Commission – which oversees nearly \$10 billion a year in revenues could benefit from greater expertise in the areas of sustainable transportation, affordable housing and social equity. A bill to do so last year – AB 1290 – was vetoed by the governor, but would have moved in the right direction.
- We're proud that California continues to lead the nation in pioneering a new approach to smarter land use and transportation planning to address climate change, we are grateful for your environmental leadership and look forward to working with you in the months and years ahead to ensure California continues to set the standard for the rest of the country.
 - Thank you.



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Senate Transportation and Housing
Informational Hearing: SB 375: From Vision to Implementation
Tuesday, May 13, 2014

Richard Lyon
Senior Vice President
California Building Industry Association

Thank you for the opportunity to appear here today. Your interest in seeing the promise of SB 375 move from planning to successful implementation is one we mutually share. I was part of the homebuilder/developer team that negotiated SB 375. The homebuilding industry believes that engaging a regional conversation about how we grow and that nudge the envelope to encourage greater efficiencies in the alignment of transportation, land use and housing decisions to achieve good economic and environmental goals is eminently achievable if done realistically, transparently and in a way that accommodates consumer needs and policy flexibility.

Urban forms that respond to real preferences are resilient and have the greatest chance for local success. Policies that are not realistic or that look to challenge people's preferences have less of a chance of success. The fine line to walk with SB 375 is to ensure that the regional "vision" and the local realities are in alignment when it comes to implementing strategies and making local decisions and approvals.

The Current Condition of Housing in California

New residential construction is one of the most visible and widely dispersed industries in California. Even with the precipitous drop in permit activity and home sales from the top of the last market (2005) to present, the economic benefits of new housing construction contribute over \$20 billion to the California economy, support over 122,000 jobs per year, and constitute 0.3 percent of the state's economic output.¹

Statewide, the median price of an existing single family home in California thru the 1st quarter of 2014 was \$435,000.² That's up over 14% from the same time one year ago and by over 30% from prices at the depth of the recession in 2009.

¹ *The Economic Benefits of Housing in California* updated August 2012, prepared by the Center for Strategic Economic Research, Sacramento, Ca.

² California Association of Realtors, 2014 *Market @ A Glance*.

California's homeownership rate in 2013 was 54%. The national rate is 65%. While this is not necessarily good news, looking on the brighter side we know there is a strong consumer desire for homeownership. Because homeownership rates had fallen so low, there is a lot of room for growth and improvement.

Included in your materials is a graph showing housing production activity from the years 2004 thru 2013--- with a forecast for 2014 -- expressed in annual permits issued. The chart also shows the breakout between single-family and multi-family. What isn't readily apparent is where those units are being built.

Of the total permits issued in 2013, fully 65% (over 54,000 units) occurred in six specific areas: the job-rich, higher per-capita income coastal areas of Los Angeles, Orange County, San Diego, San Francisco, along with the Santa Clara Silicon Valley, and parts of Riverside County. Multi-family activity (primarily rental) predominated in these higher-cost areas where less than one-third of households can afford the median-priced home.

In areas such as the Central Valley, the Sacramento region and other inland areas of California housing is more affordable and traditional single-family opportunities predominate.

Overall, the California housing recovery has been slow and uneven. Recent gains in home prices and in construction have been driven mainly by restricted supply rather than by growth in first-time homebuyers. Clearly, we need to bring more buyers into and back into the market. Looking forward, we see population groups with Latino and Asian surnames as an emerging force in the consumer markets. Both population groups tend to be family oriented, educated (in many cases highly educated) and very interested in realizing the California and American dream of homeownership.

As to the pace of the housing recovery in California, we are guardedly optimistic that key pieces are coming together to help that happen. As hiring picks up, buyers may be more likely to jump in as they see employers add to the rolls. Additionally, as the supply of distressed properties shrinks and as refinancing slows, we anticipate that lenders will turn to originating more purchase loans ... signaling that would-be buyers may have greater access to credit. Finally, interest rates are still historically low levels. Assuming that the Federal Reserve maintains a measured and strategic approach as it backs away from its asset purchases, interest rates should not jump exponentially. This will lead to greater consumer confidence and, hopefully, bring buyers off the sidelines.

The Challenge: Moving From Vision to Implementation

To date, SB 375 is being implemented in four major metropolitan areas of the state --- San Diego, the six-county Southern California region, the nine-county Bay Area, and the six-county Sacramento region. The real results will only be known over time, but it's safe to say that significant challenges remain to fully realize the goals of SB 375. Underlying the sustainable community strategies are ambitious growth and land use forecasts that envision higher and denser levels (in some cases significantly higher levels) of development within the region.

Given the slow and uneven pace of the housing recovery and the uncertainty of the forecasts underlying the plans it is essential that the Legislature and the air board allow for a full eight-year implementation cycle to occur before considering any adjustments to SB 375.

During this time we believe it wise for regions to “ground-truth” the assumptions contained in their plans by monitoring actual development compared to the projections contained in the SCS. Likewise, we believe it important for regions to track and quantify the number of units that were effectively able to utilize the CEQA streamlining provisions of SB 375. As regions move forward in the next update of their SCS the information gained from these processes will help to shape the reliability and feasibility of land use policies, financing and infrastructure needs, market demand and other critical considerations. This information should be published and readily available prior to the release of the next draft SCS.

Additionally, for SB 375 to effectively move from vision to implementation regions and localities must have a broad-based and effective set of tools to finance the rehabilitation, re-sizing and modernization of old and, in many cases, antiquated infrastructure in existing metropolitan areas. With the loss of redevelopment, that job has become significantly more challenging. This is not something the private markets or private financing alone will be able to shoulder.

The same holds true for financing of our transportation and transit systems. Metropolitan planning organizations and local transportation planning agencies alike face capital funding shortfalls to carry out their programs. For nearly a century the gas tax has been a reliable and relatively stable source of funding for our road and transit networks. While it remains a primary source, there are many who fear the gas tax is not sustainable over the long term as vehicles become more fuel efficient.

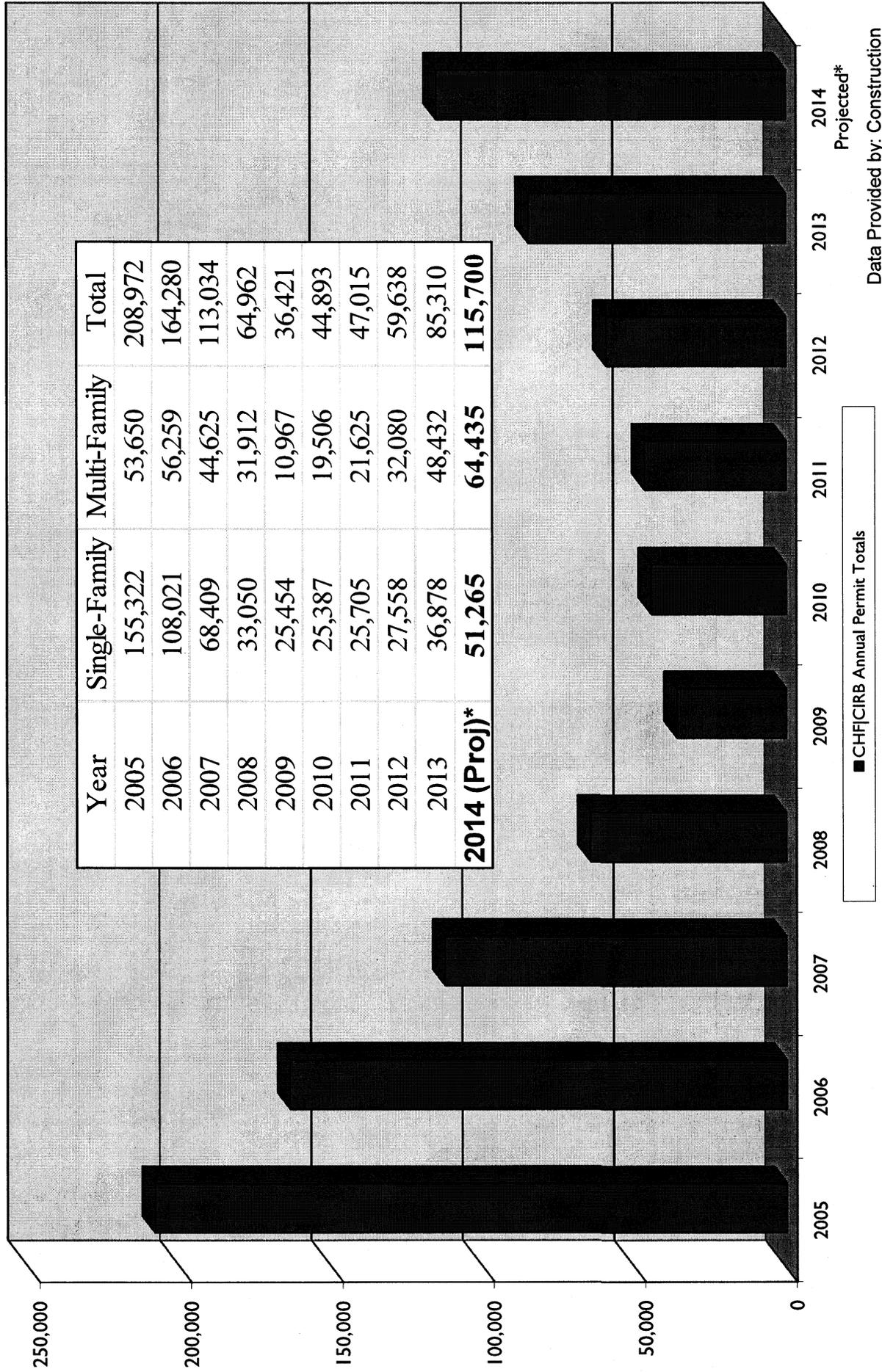
California remains a high-cost housing state and there is a pressing need to provide affordable housing for individuals and families at the middle-and-lower ends of the economic spectrum. We need to establish an ongoing and equitable source or sources of funding to help finance our state’s affordable housing needs.

The need to better balance appropriate environmental review under the California Environmental Quality Act (CEQA) with the goal of providing meaningful streamlining for projects determined by the local lead agency to be consistent with the regionally-adopted SCS is essential to the successful implementation of SB 375.

Finally, in order to realize the housing goals of SB 375 we need to address the construction liability barriers to the provision of attached housing such as condominiums and townhomes that provide necessary entry level opportunities and help us achieve our greenhouse gas reduction goals.

Thank you for the opportunity to offer these comments.

HOUSING PRODUCTION IN CALIFORNIA 2005-2014 (Projected)



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