



SB 375

IMPACTS ANALYSIS

SPUR / June 16th 2010



Policy Debrief of SB 375

- **SB 375 Purpose**

- Helps implement AB 32 GHG reduction goals by integrating regional land use, transportation and housing planning
- Discourages sprawl development and dependence on car and light truck travel
- Offers incentive-based legislation providing financial, planning and environmental review



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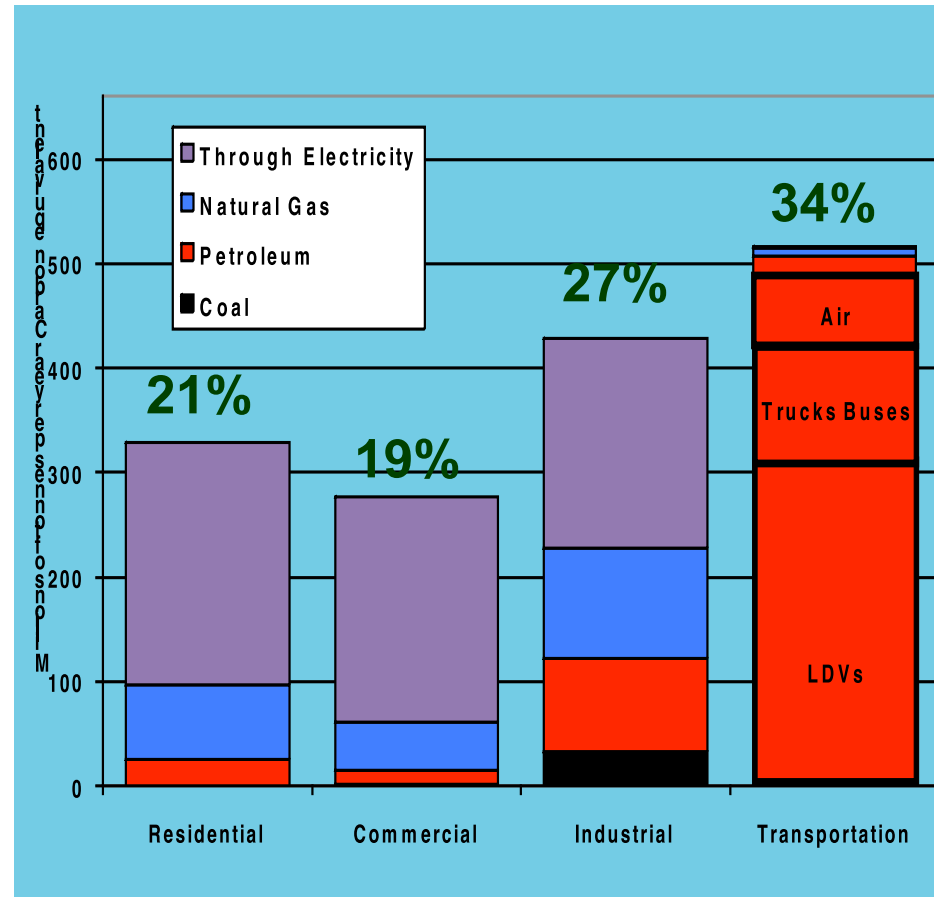


SB375: Connects transportation funding to land use plan = reduces VMT



- GHG emission reduction targets 2020 and 2035 under AB32.
- 18 MPOs prepare Sustainable Communities Strategy (SCS) linked to Transportation Plan & Housing Allocations.
- Projects consistent with SCS exempt CEQA review
- Projects inconsistent with SCS denied funding.

U.S. CO2 emissions = 1.51 billion tons/year (CE)



Source: Precourt Institute



Responsible Land Use: A Path to a Sustainable California by 2020

Civic leaders, environmentalists, business leaders, planners, architects, labor leaders, housing advocates, and builders have come together to provide a clear vision of how to improve California through responsible land use decision-making. This paper describes the four cornerstones of that vision:

- **Five livability goals for 2020;**
- **Ten Principles to govern land use decision-making.**
- **Ten high-priority actions to achieve these goals; and**
- **Local Responsible Land Use Policies.**

Land use decisions affect California in manifold ways: housing for working families, economic vitality, opportunities for advancement for all State residents, and the quality of the environment. In short, land use policy is economic policy, environmental policy, housing policy, and transportation policy. The State, regional agencies and local government must work more closely together to advance and protect the economic vibrancy and environmental health of our communities.

CALIFORNIA 2020 GOALS

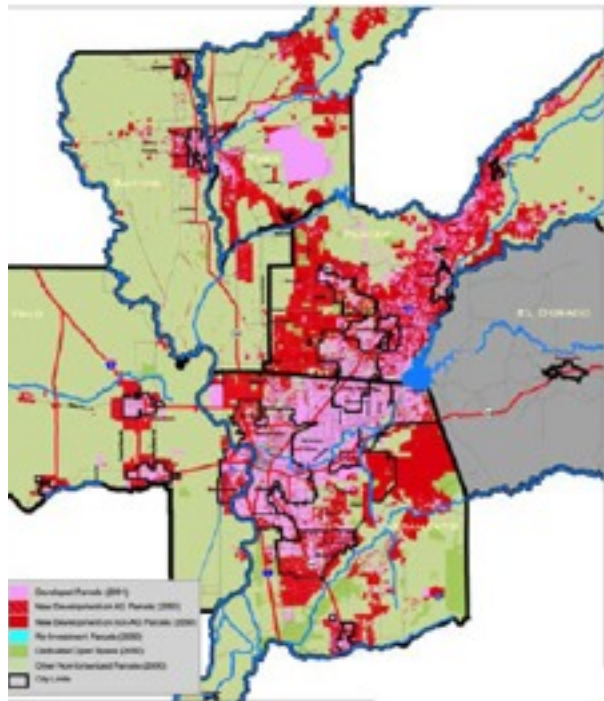
There is widespread agreement about the California we envision for our children and grandchildren. This continuing California Dream can be summarized in five goals:

1. **Create thriving and sustainable communities.** Ensure communities remain or become vital and healthy places that provide opportunities for residents to live, earn a living wage, recreate, obtain a good education, and raise a family.

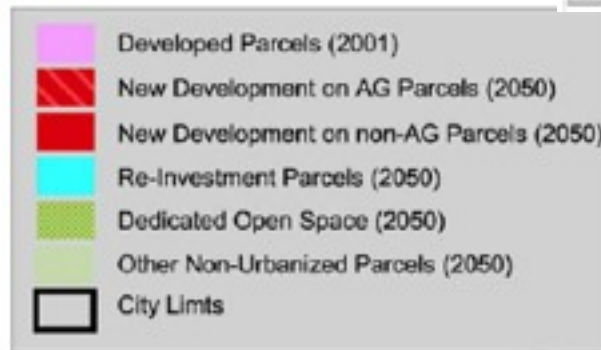
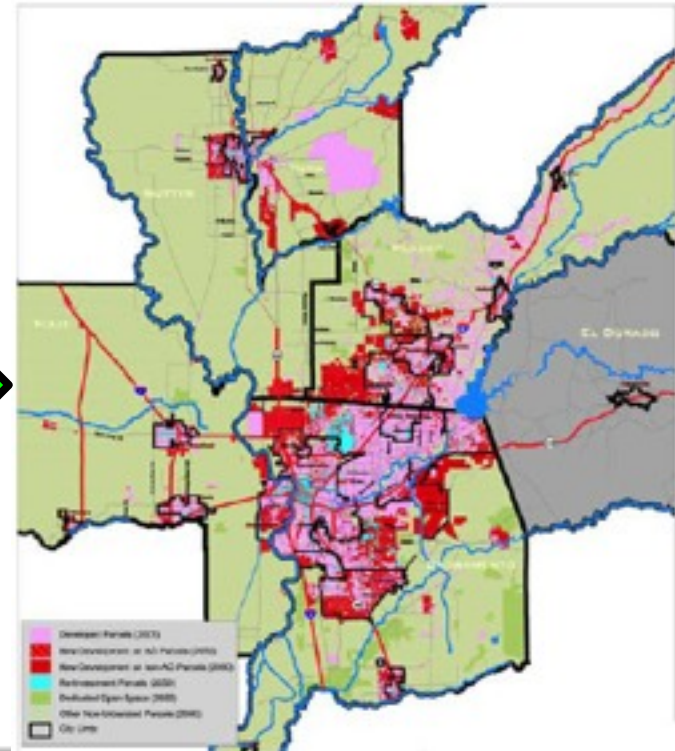
2. **Enhance California's economic competitiveness.** Ensure that California remains an innovative leader in the global economy and builds commercial and residential development to support such economic prosperity and competitiveness so that our children will have rewarding career opportunities. California should continue to be a leader in the expansion and evolution of green industry and development.
3. **Enhance housing opportunities.** Increase the supply and affordability of housing to meet the needs of Californians. Without housing that is affordable, many Californians will struggle to pay for basic necessities of shelter, food, clothing, and transportation.
4. **Preserve open space, natural resources, farmland, and the environment.** As much as possible, locate new development in, or adjacent to, existing communities to protect air and water quality, conserve wildlife habitat and natural systems, provide green space for recreation and make the most of scarce water, energy, and other resources.
5. **Reduce greenhouse gases by reducing per capita vehicle miles traveled (VMT).** Transportation is one of the largest source of greenhouse gases in California. Responsible land use decisions can reduce per capita VMT.

These goals are consistent with AB 857 passed in 2002, which encouraged State agencies to promote infill development in existing communities, protect the State's most valuable environmental and agricultural resources, and encourage efficient development patterns in both infill and greenfield contexts. California's leaders need to take further action to achieve these goals by 2020.

Some regions created regional land use plan urban growth boundaries



Development area reduced from 661 to 304 square miles

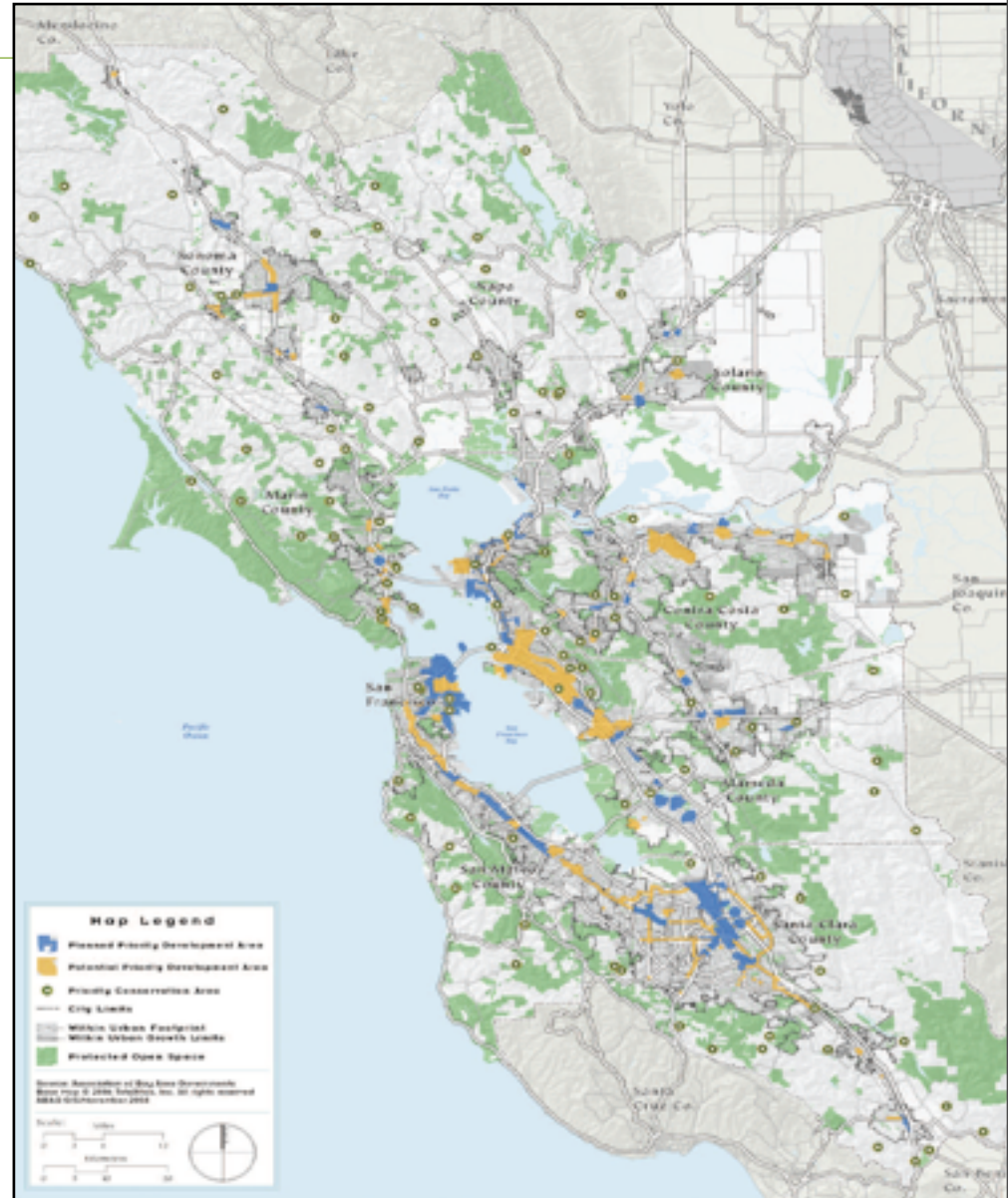


SACOG Land Use Plan

Some regions already allocate transportation money based on land use



San Diego Smart Growth Areas



ABAG/MTC Priority Development Areas

But, SB375 faces challenges

- Cities/counties angry unfunded mandates
- Not enough resources
- How to connect housing to job development?
- The Great Recession





Will AB32 be suspended?

Initiative to suspend AB32 may affect SB375.

(09-0104) SUSPENDS AIR POLLUTION CONTROL LAWS REQUIRING MAJOR POLLUTERS TO REPORT AND REDUCE GREENHOUSE GAS EMISSIONS THAT CAUSE GLOBAL WARMING UNTIL UNEMPLOYMENT DROPS BELOW SPECIFIED LEVEL FOR FULL YEAR. INITIATIVE STATUTE. Suspends State laws requiring reduced greenhouse gas emissions that cause global warming, until California's unemployment rate drops to 5.5 percent or less for four consecutive quarters. Requires State to abandon implementation of comprehensive greenhouse-gas-reduction program that includes increased renewable energy and cleaner fuel requirements, and mandatory emission reporting and fee requirements for major polluters such as power plants and oil refineries, until suspension is lifted. Summary of estimate by Legislative Analyst and Director of Finance of fiscal impact on state and local government: Potential positive, short-term impacts on state and local government revenues from the suspension of regulatory activity, with uncertain longer-run impacts. Potential foregone state revenues from the auctioning of emission allowances by state government, by suspending the future implementation of cap-and-trade regulations.

With SB375 under threat, ULI convened an Advisory Panel

Co-Chairs

Dan Kingsley
Managing Partner
SKS Investments
San Francisco

Michael Woo
Dean, Environmental
Design
Cal State
Pomona



Panel Members

Joe Brown
Chief Exec
AECOM

Bob Burke
General
Manager
Shea Properties

Christopher
Cabaldon
Mayor
West Sacramento

Bruce Griesenbeck
Principal Transp.
Analyst
SACOG

Rick Holiday
President
Holiday
Development

Curt Johansen
EVP
Triad
Development

Meea Kang
President
Domus
Development

Patrick Kennedy
Owner
Panoramic Interests

Jennifer LeSar
President and CEO
LeSar Development
Consultants

Kevin Mathy
Transportation
Manager
Google

Mike McLaughlin
Former chief planner
SANDAG

Mitch Menzer
Partner
Paul Hastings LLP

Will Schroeer
Policy Director
Smart Growth
America

Renata Simril
SVP
Forest City
Development

DEVELOPER

Process



1 **Briefing book existing literature**

2 **Panel met May 10-11, 2010**

3 **Interviewed key informants**
Homebuilders
City Government and Redevelopment Officials
Environmental Groups

4 **Reached Consensus**

5 **Final Report Issued June 4th**

6 **Public Release/Information Campaign**



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Economic Elements Driving SB 375



Demographics & Consumer Preferences

Job Creation



Property Values



Municipal Services



Transportation & Infrastructure



Public Health



Environmental Quality





DEMOGRAPHICS AND CONSUMER PREFERENCES



Demographics Change (2010 – 2020)

- **Near-term decline in traditional move-up housing market segment, increase in renter/first-time homebuyer and empty nester housing market segments.**



Demographics Change

- **Changing household formation (US)**
 - HH without children: 2/3 of population
 - Single Person HH: 26%
 - HH with kids: declining share – now 1/3 of population from half in 1960



Consumer Preferences

- **Housing Production**

- SFR have been the dominant product type, currently ~67% of all housing units.
- Since 1993, the share of new MFR homes (measured by residential building permits) built as % of total generally been on the rise



Consumer Preferences

- **Consumer Priorities**
 - Top 3 Priorities: Neighborhood **Safety**, **School** quality, Home **Price**
 - Similar findings for TOD home purchasers: home **quality**, **cost**, and **neighborhood**
 - High density is often equated with low urban quality of life
 - Low-income, women, immigrants, renters: more supportive of compact dev.
 - Self-identified conservatives: lowest support
 - **Age** not a conclusive factor




JOB CREATION AND PROPERTY VALUES




Job Creation

- Opinion differs as to the causality of economic development benefits and Smart Growth.
- Urban growth is related to the exercise of individual preferences, but it cannot be reduced to these preferences
- **Case Studies**
 - Isolated case studies suggest positive connections between Smart Growth and economic development

A photograph of a rural landscape with a field of tall, golden-brown grass in the foreground and a blue sky with light clouds in the background.

Workers in 10 *least* densely populated states

\$32k

A photograph of a city skyline at night, with illuminated buildings and streets, viewed from an elevated perspective.

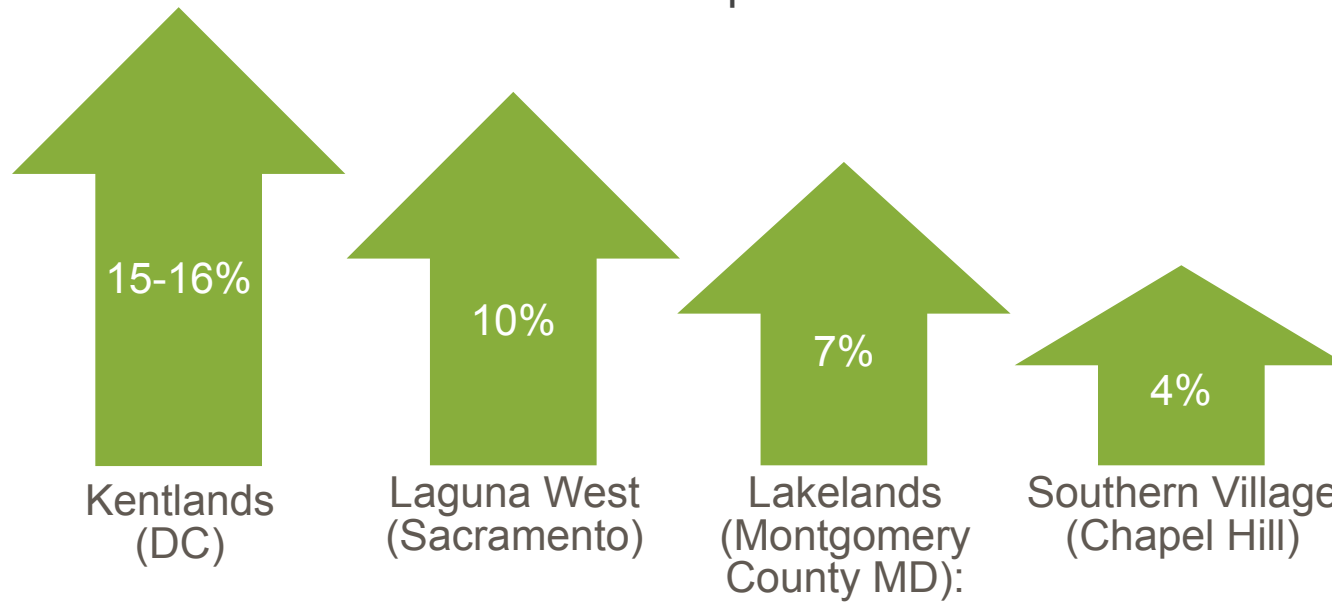
Workers in 10 *most* densely populated states

\$39k



Property Values

- **Premia on Single Family Homes in New Urbanist Developments**
 - Consumers pay more for SFR homes in new urbanist communities than for homes in conventional suburban development.



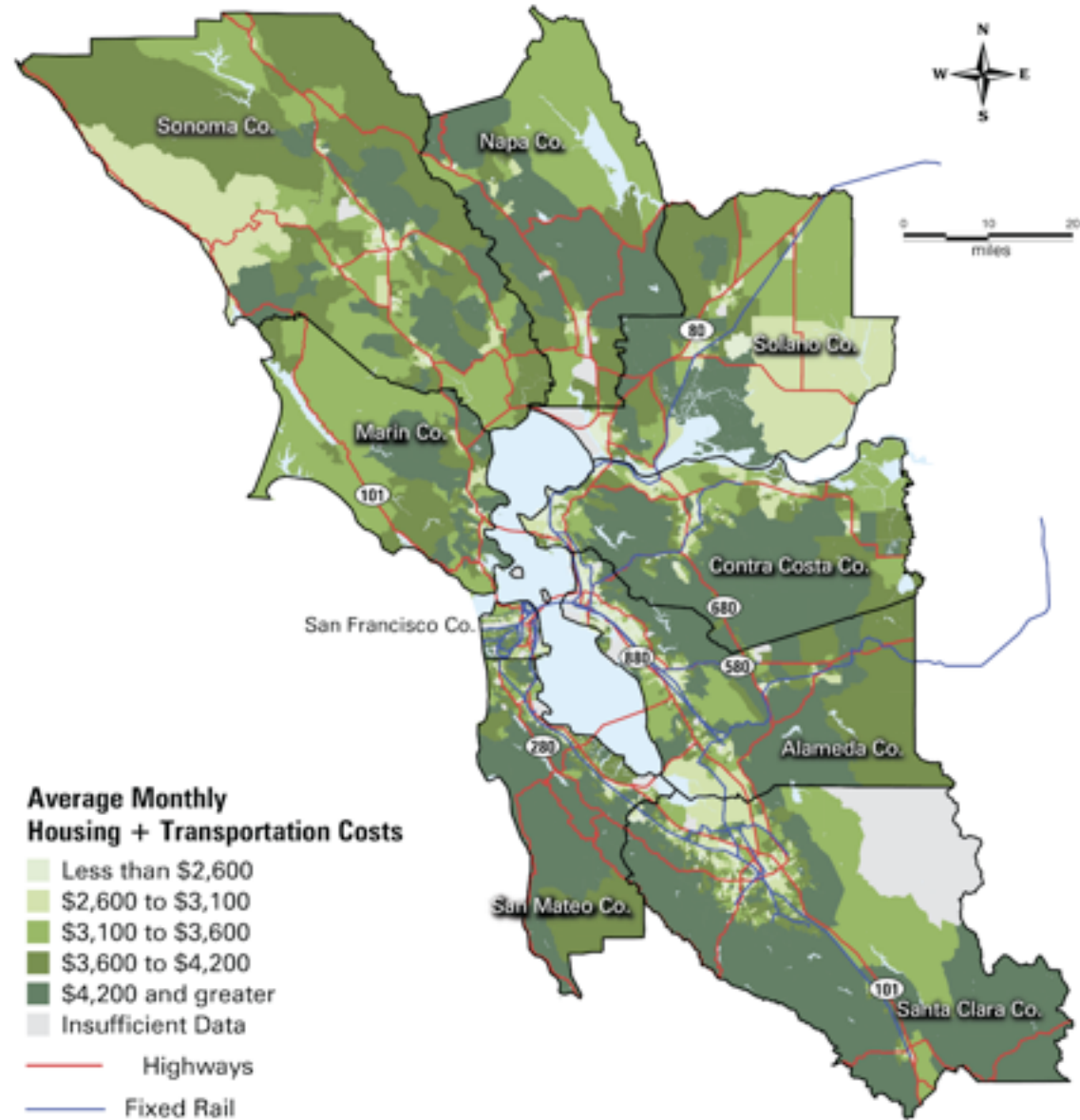


Property Values

San Francisco/Bay Area

- HH spend more than \$28K annually on housing (39% of AMI)
- HH spend nearly \$13K annually on transportation.
- Combined, this cost burden represents 59 percent of AMI income in the Bay Area.

Cost of living may be lower in a more dense environment





MUNICIPAL SERVICES, TRANSPORTATION, AND INFRASTRUCTURE

Municipal Service Costs – Example: City of Calgary



City of Calgary Public Service Capital and Operating Costs (in billion dollars)

Capital Costs

Operating Costs

Source: IBI Group, 2008

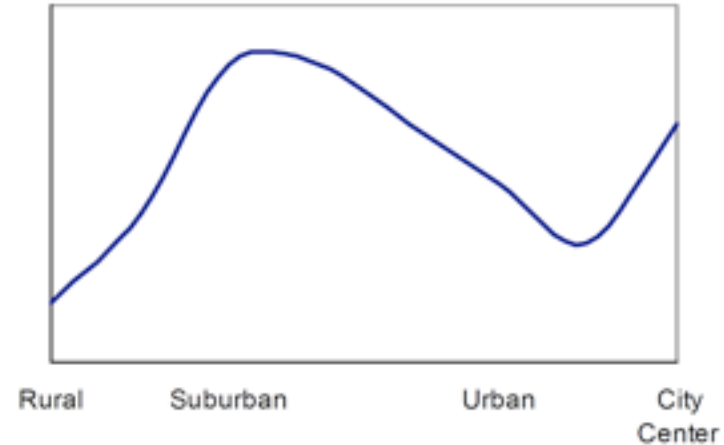
Municipal Service Costs



- Municipal costs tend to **increase with sprawl**, and can be **reduced with Smart Growth**.
- **Sprawl raises per capita spending**
-Variation in how the density and the spatial extent of development influence different types of services



Land Use Impacts on Public Infrastructure and Service Costs



- Public costs tend to be **low in rural areas, increase in suburban areas, decline with increased clustering, then increase at very high densities.**



PUBLIC HEALTH & ENVIRONMENTAL QUALITY

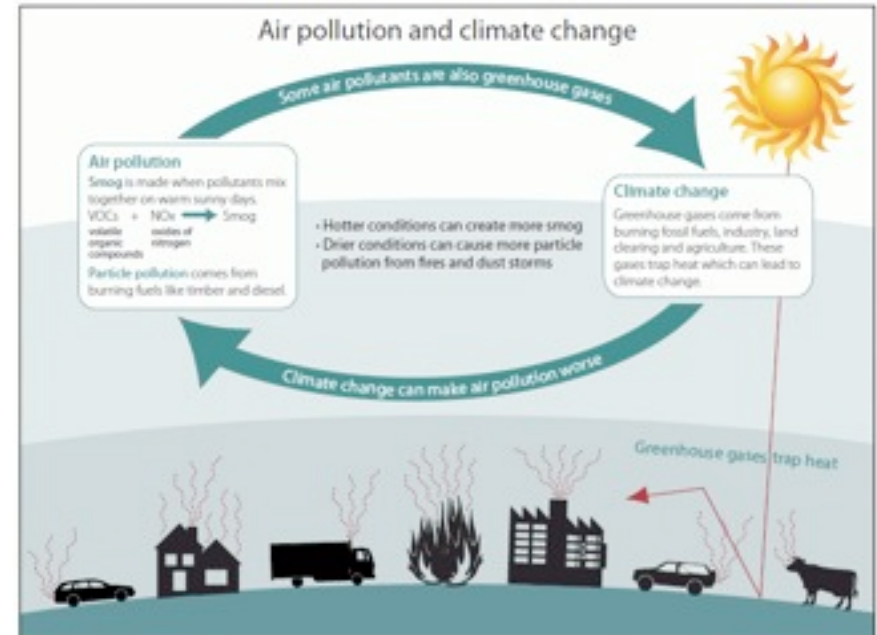
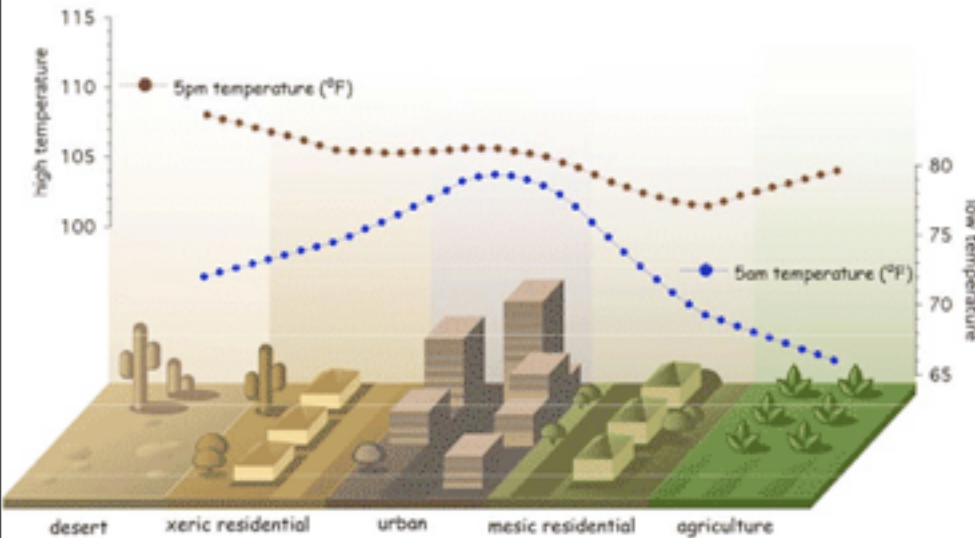


Public Health

Public Health Risk and Climate Change: \$3.8B-\$24B in damage costs/year

Heat: **\$3.3B-\$13.9B**

Ozone and particulate matter: **\$0.5-\$10.2B**



Adapted from State of the Environment NSW 2000

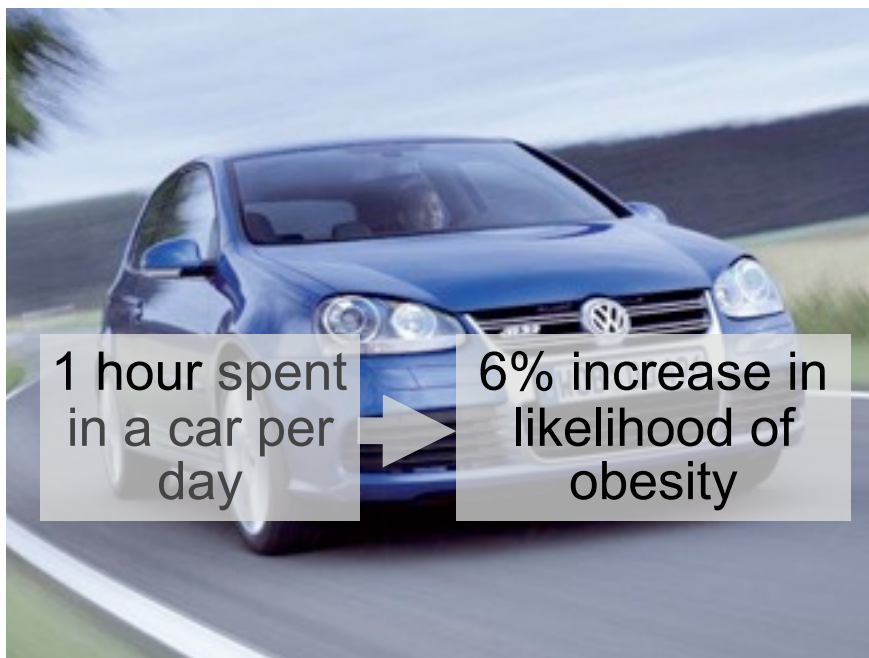
Improved Public Health: Sustainable, mixed-use communities designed around mass transit, walking and cycling have been shown to **reduce a range of adverse health outcomes including traffic injuries, cancers, lung and heart disease, obesity, diabetes, and other chronic health conditions.**



Public Health – Community Design and Active Lifestyles



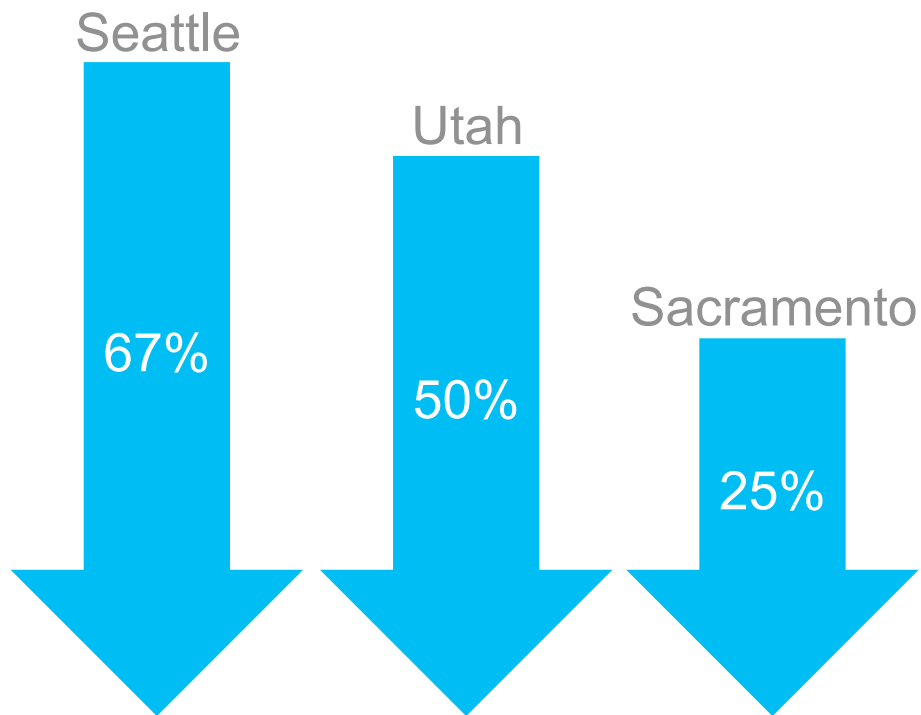
An American who switches to mass transit for daily commute can be expected to reduce lifetime medical expenses by \$5,500.





Environmental Quality – Water Demand

- Low-density development patterns tend to increase water demand and usage and infrastructure costs.
- Evidence points to significant reductions in water demand with increases in the density of development





Environmental Quality – Infrastructure Savings



**Highly dispersed
development**

\$472 per household

\$122,000/mile



**Centrally located,
Dense Development**

\$283 per household

\$50,000/mile

Compact growth could save 6.5 percent of total water infrastructure costs.



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QUESTIONS - SPUR / June 16th 2010

The Panel's Consensus

- The cohesive regional approach of SB375

Creates



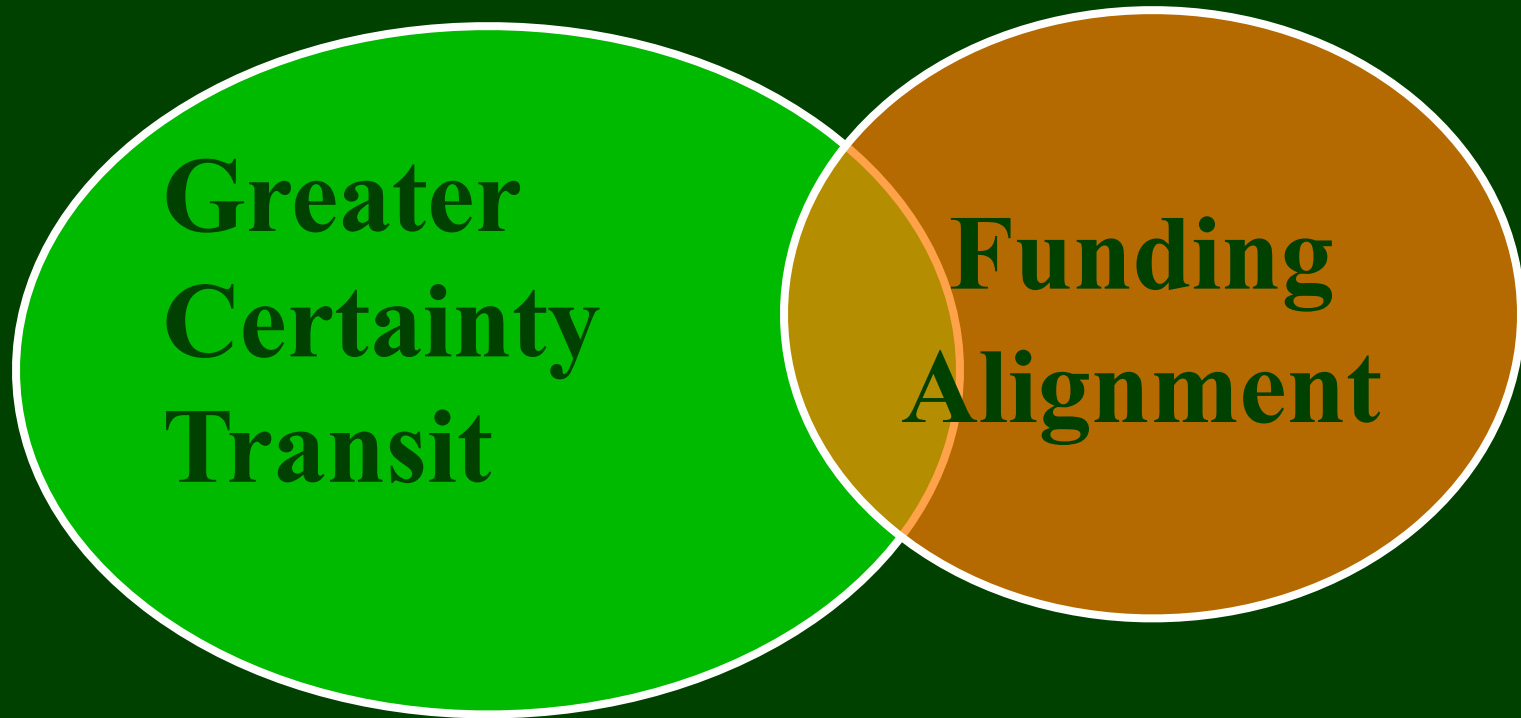
- Economic benefits for:
 - regions
 - cities
 - households

Value of SB 375 realized only with:

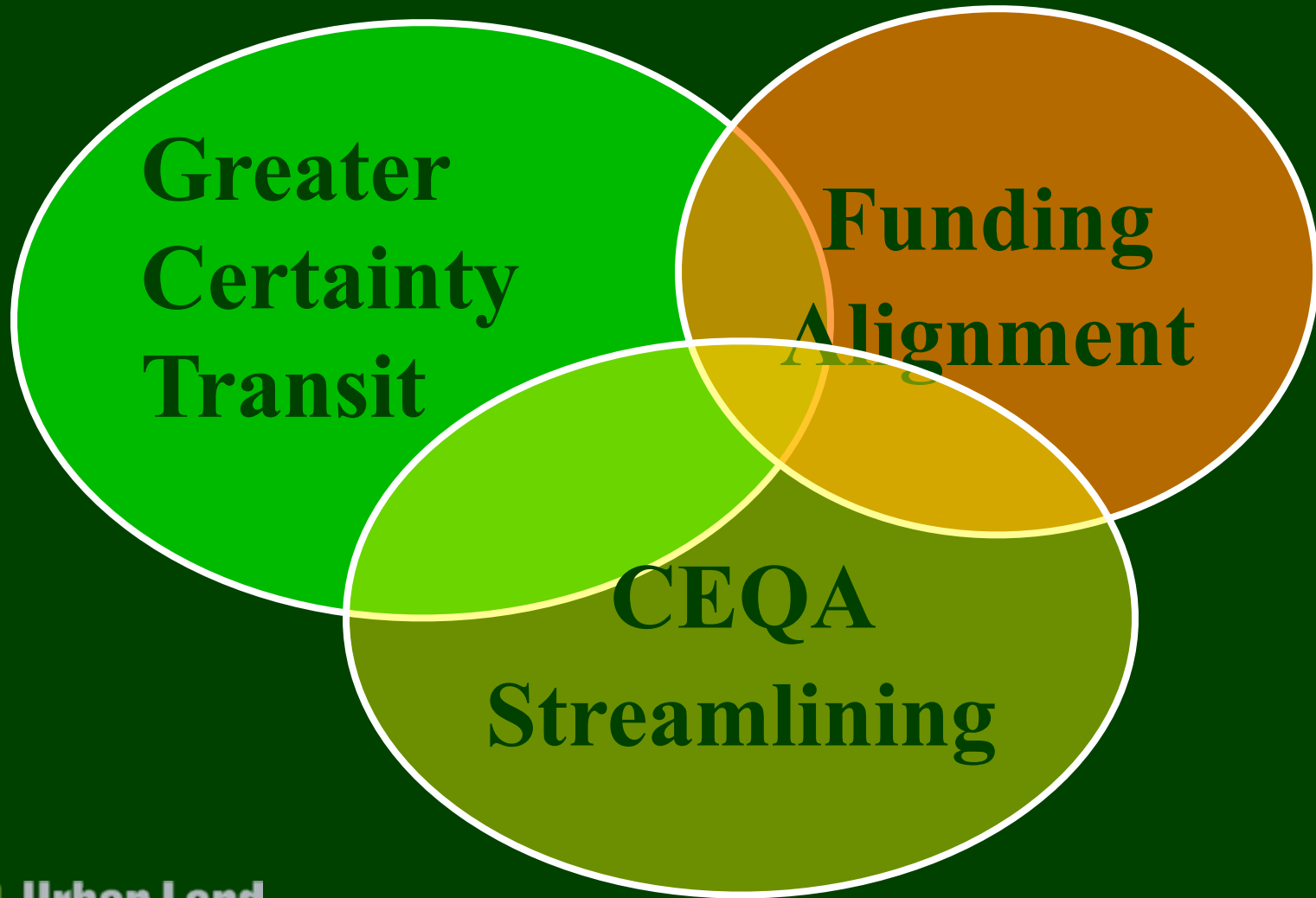
Value of SB 375 realized only with:

**Greater
Certainty
Transit**

Value of SB 375 realized only with:



Value of SB 375 realized only with:



Getting it done! Transit Certainty

Getting it done! Transit Certainty

- Fund transit to match desired growth

Getting it done! Transit Certainty

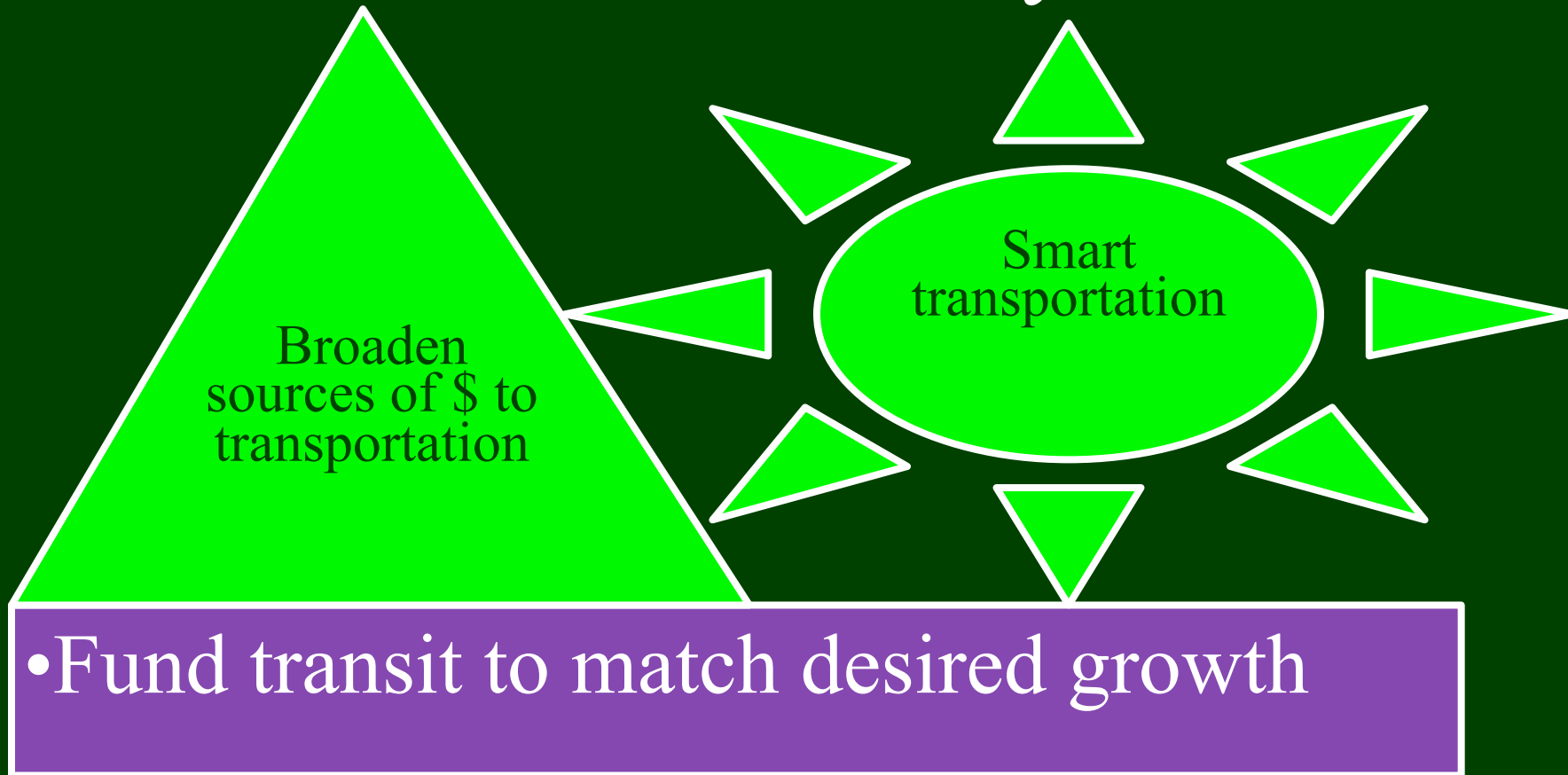


Broaden
sources of \$ to
transportation

- Fund transit to match desired growth

Getting it done!

Transit Certainty



Getting it done!

Align policy and funding

Getting it done!

Align policy and funding

Getting it done! Align policy and funding

Funding at all levels needs to reinforce land use goals

•SCS

Getting it done!

Align policy and funding

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Land use responds to market and demographics

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Connect the engineering of all systems to the land use

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Stop robbing local jurisdictions to pay for state services

•SCS

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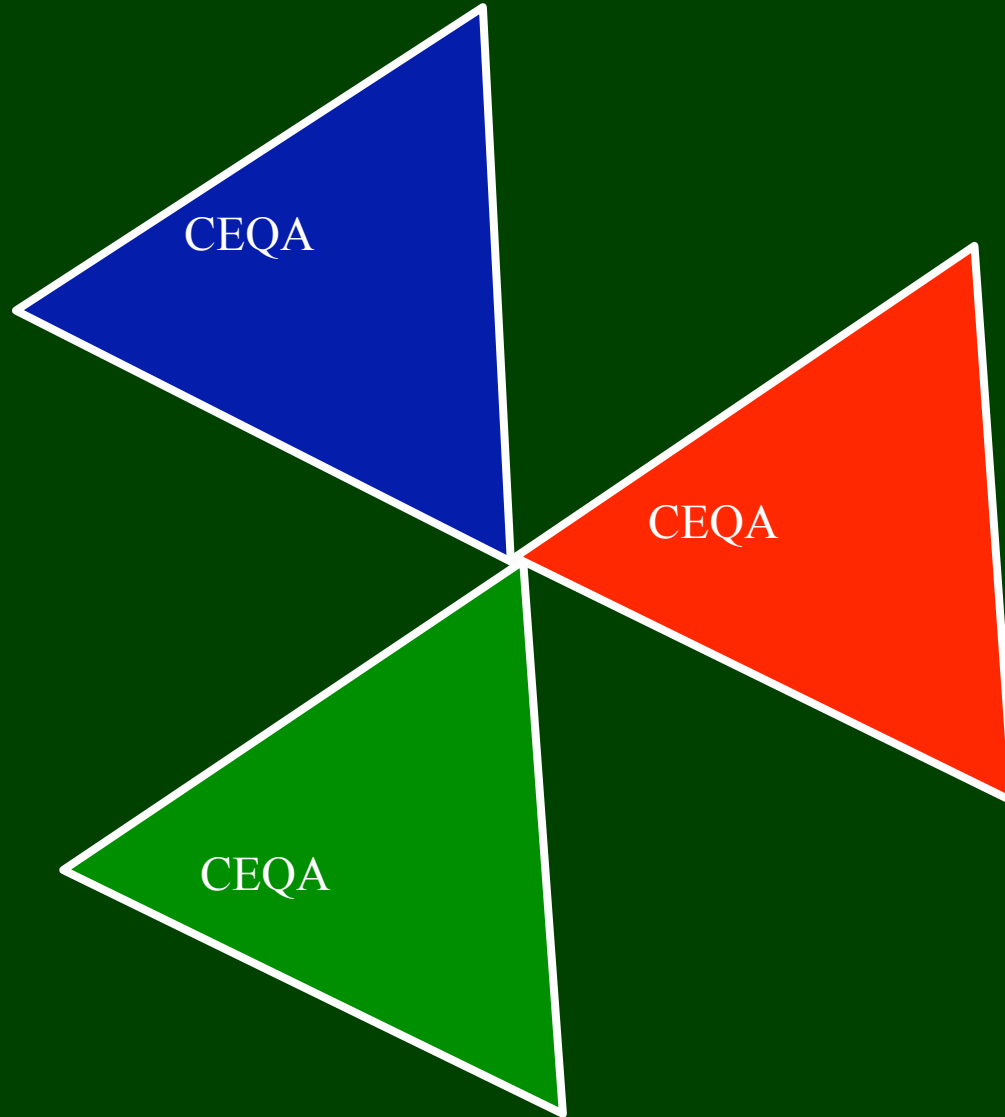
Stop robbing local jurisdictions to pay for state services

Share modeling costs and practices across MPO's

Getting it done! Really streamline CEQA this time

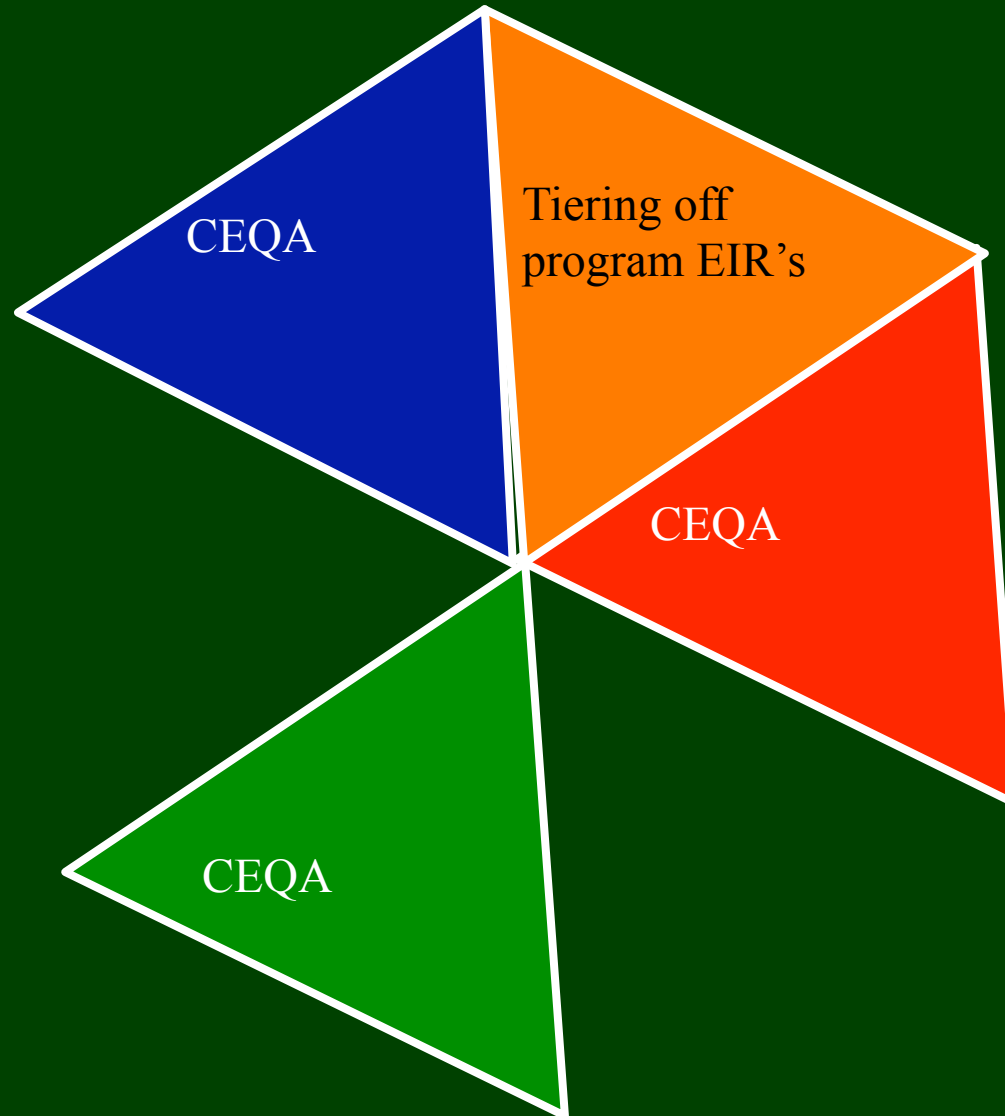
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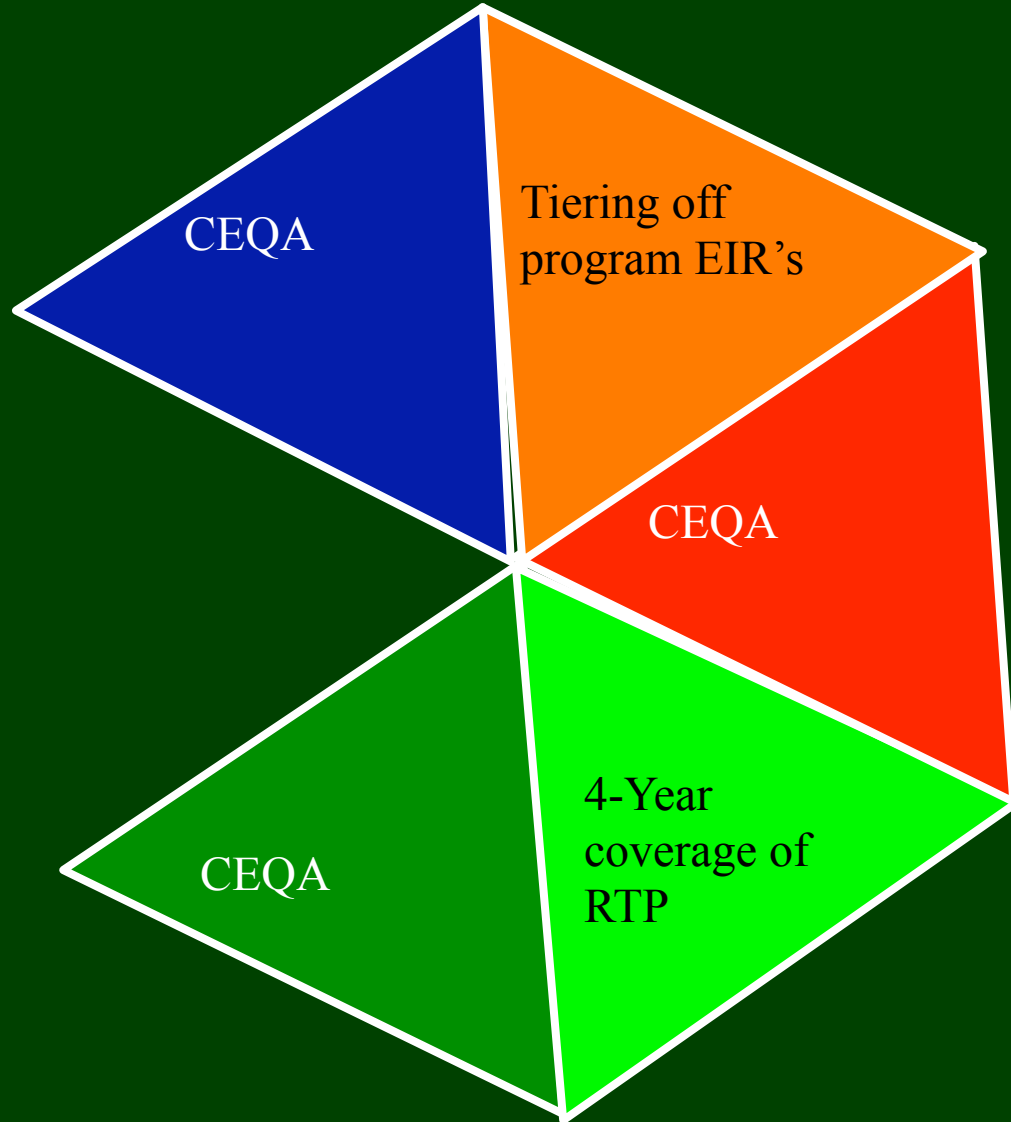
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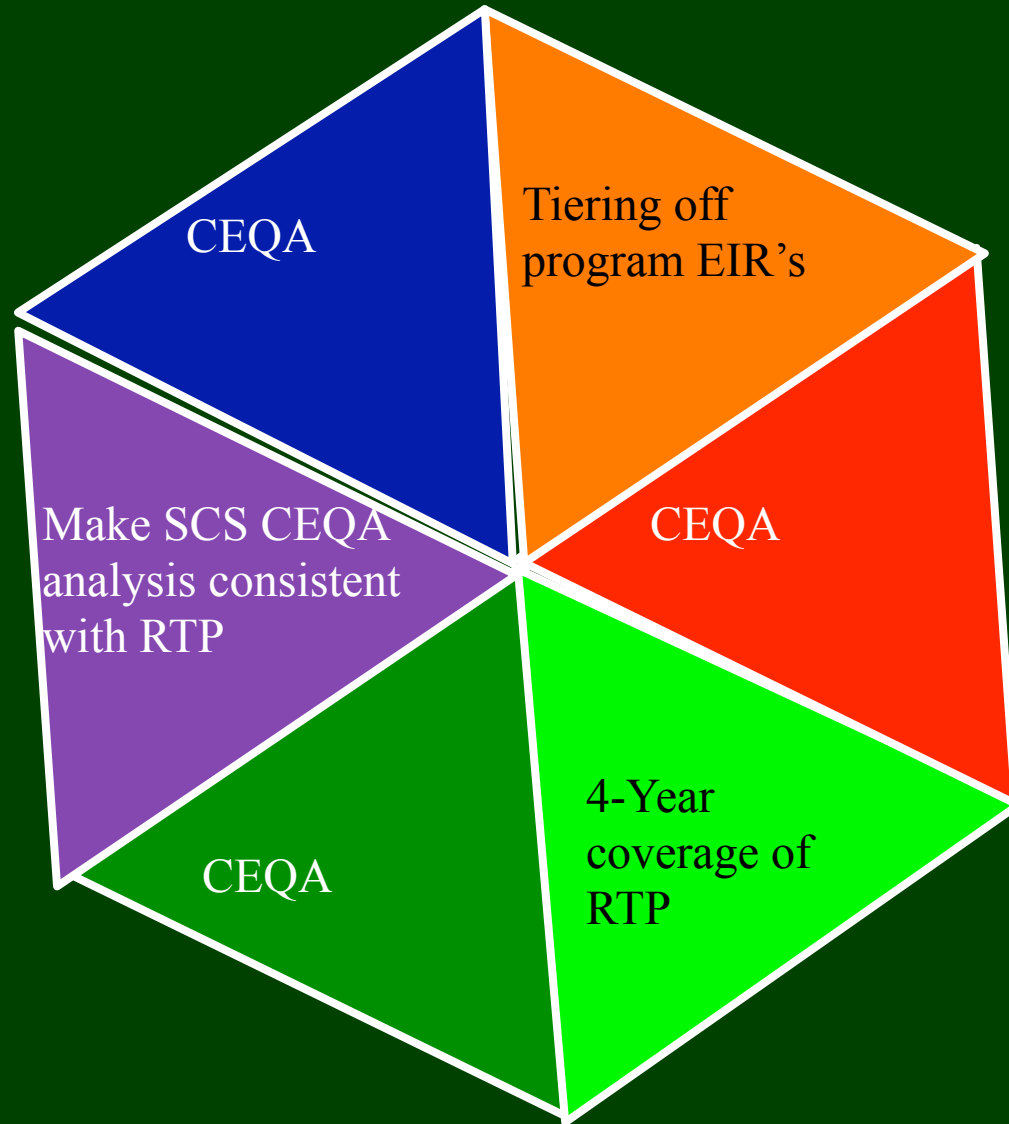
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ULI Next Steps

- Press coverage
- Report distribution
- Meet decision-makers
- Engage Sustainable Communities Strategies regionally



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