**FOR 5/12/03 SMART GROWTH CONVERSATION:
BAY AREA ALLIANCE 3E CAUCUSES AND LOCAL
GOVERNMENT/REGIONAL AGENCIES INVITED TO PROVIDE INPUT,
DECLARE SUPPORT AND IDENTIFY CONCERNS ON**

POLICIES, INCENTIVES AND INVESTMENTS, AND BARRIER BUSTERS TO SMART GROWTH

The Bay Area Alliance Smart Growth Conversation participants support in large measure the recommendations based on the California Urban Land Institute Smart Growth Initiative:

- Encouraging Smart Growth planning;
- Providing Smart Growth incentives and targeted investments; and
- Reforming policies that impede Smart Growth.

The state should develop a set of voluntary principles that promote planning and encourage investments that advance Smart Growth goals. Using a variety of incentives, the state should encourage local governments to plan in a way consistent with the principles. The state also should use these principles to guide and coordinate decisions and actions by state agencies and departments.

Complementary to these principles, the state should direct its future investments to development consistent with Smart Growth principles.

The state should express its support for Smart Growth by defining guiding Smart Growth principles. In the case of the Bay Area, these voluntary principles are expressed in the *Compact for A Sustainable Bay Area* and the vision for land use described in the Smart Growth Strategy/Regional Livability Footprint Project. The principles cover such broad topics as housing, transportation, the environment, and education.

The following types of incentives should be pursued:

1. "Community Dividend" program. Provide additional state support to communities practicing Smart Growth.
2. Target Caltrans transportation dollars. Model on the Metropolitan Transportation Commission's Transportation for Livable Communities program.
3. Tax increment financing at transit-oriented development sites. "TIF for TOD". Enable tax-increment financing to go beyond the blight clause and be used for TOD, subject to certain conditions.
4. Fiscal incentives for housing. Allow local jurisdictions to swap sales tax for property tax.

Regulatory changes should also be made to eliminate barriers that impede Smart Growth such as:

1. CEQA modifications to encourage infill. Similar to CEQA streamlining bill passed a few years ago for projects in downtown Oakland. There remains question as to how to reform CEQA for greenfield developments that also are aligned with Smart Growth principles.
2. Construction defect litigation reform.
3. K-12 schools. Capitalizing on $13 billion bond passed in November 2002, and the companion $13 billion bond to be considered in November 2004:
    a. Use $100 million included in bond measure for flexibility in planning and developing joint facilities (e.g, school + community center, affordable housing).
    b. Alter state formula to enable flexibility in building design: build up instead of out.

    (*Note*: However, the location of schools (urban vs suburban) needs to be addressed to ensure that the changes support a Smart Growth land use pattern.)
4. Eliminate barriers to brownfields redevelopment.

Suggested General Intent and Overall Policy Statement

It shall be the policy of the State of California to encourage, promote and support Smart Growth. Smart growth ensures economic prosperity, environmental quality and social equity, enhancing the quality of life in a region. The construction and provision of sufficient housing to meet the needs of the population increases and to match the rate of job generation is a critical factor for Smart Growth to succeed. Therefore, it is the intent of the State of California to encourage, promote, and support the planning for and accommodation of a sufficient supply of housing affordable to the full population in close proximity to existing population and job generation centers in order to foster a more efficient land use pattern and reduce impacts on the environment resulting from development of valuable farmland and habitat, thus providing a solid foundation for "Smart Growth" that promotes: (1) Prosperous Economy; (2) Quality Environment; and (3) Social Equity. It is further the intent that these policies will provide consumers with greater choices and allow the housing market and homebuilding industry to operate in a manner to meet as much of the housing demand and need as possible.