

Policy for Land Use and Infrastructure to Achieve Smart Growth in the Bay Area

**To: Bay Area State Legislative Delegation and
Governor's Office of Planning and Research**
From: The Undersigned Bay Area Alliance for Sustainable Communities' Members
Date: TBD

For over 10 years the Bay Area has been struggling to come to grips with unacceptable and unsustainable growth patterns. As is common in other metropolitan regions in California, our job growth is outstripping our housing development, our cities and public transit systems depend on sales taxes and other unreliable sources of revenue, and our cities plan without incentive or need to consider the consequences in their neighboring jurisdictions.

Why the Status Quo is Harmful

The people who live and work in the Bay Area are experiencing a shrinking of opportunity, choice, and quality of life. ~~Our~~ **The Bay Area** housing market is accessible to only 13% of all households, and although ~~we boast~~ **there is** a strong nonprofit housing network, the housing market will only grow less accessible for low- and moderate-income levels. Only a thin supply of housing is being planned, approved or produced, leading to both the affordable housing crisis and a regionwide jobs-housing imbalance. Less than six percent of all commuters now use public transit, and despite \$88-billion of transportation investment, public transit ridership is projected to rise to a mere 6.2 percent by 2025. Eighty-three thousand acres of open space and agricultural land will be developed under current trends.

The Roots of the Problem

Our region's future is at risk because we are failing to connect transportation and land use in everyday planning decisions. The State of California can help by addressing the following fundamental issues:

- Municipal revenue is unreliable. Limits on property tax, overreliance on sales tax, and a general anti-tax political climate all contribute to cities' challenges in raising revenue that would support infrastructure improvements and community amenities.
- Cities are fiscally rewarded for single-purpose land use planning. Big box retail brings sales taxes, low-density subdivisions bring higher-income households, and office parks bring jobs. Without a realignment of financial incentives, fiscal rewards will continue to drive land use decisions more than any other factor.
- Existing neighborhoods are unwilling to accept new housing. Infill and refill are the primary techniques used for compact development patterns, but without a complementary investment in public infrastructure and community amenities, residents react by opposing new development.
 - The need vastly exceeds currently available land. Local governments do not have a sufficient time horizon to designate and plan developable land, leaving the market without land supply with which to produce the needed magnitude at affordable price levels.

Smart Growth is a Viable Alternative

The Bay Area Alliance advocates a Smart Growth framework to address this web of issues. While the framework is broad and multi-pronged, the 2003 legislative session and Office of Planning and Research activities offer an opportunity to enact specific reforms that will make important strides toward Smart Growth for Bay Area and other regions. To that end, members of the Alliance have agreed upon the following set of policy concepts. Each concept and its strategy meet one philosophical condition and one strategic condition. *Philosophically*, the policy must have a positive impact on each of the three 'Es' – a

prosperous economy, a quality environment, and social equity – of sustainability. *Strategically*, the policy must be limited in scope, so that it can only be used for the purposes of achieving Smart Growth.

Smart Growth Policy Concepts for the Bay Area

The following concepts are supported by equity, environmental, and economic representatives in the Bay Area Alliance, and the attachment to this document further defines each one. Support by the undersigned for these concepts should not be taken at this time as support for any particular legislation.

- 1) **Stabilize local revenue through fiscal reform.** Enable local governments to establish greater certainty and alignment over raising and spending local revenue.
Strategy: Return a greater share of property taxes to local jurisdictions.
- 2) **Reward sound land use planning.** The state's adoption of higher standards for planning and building infrastructure can create new avenues for the public and private sectors to plan and build along Smart Growth principles.
Strategy: Target a greater share of Caltrans dollars for transportation projects that comply with local Smart Growth plans or respond to Smart Growth principles.
- 3) **Create incentives that complement infill and refill development.** Neighborhoods and local governments can develop infill housing that meets higher standards if infrastructure dollars are more readily available for community amenities.
Strategy: Reward local governments with infrastructure funds for building high-density housing close to transit.

Diverse Support for Smart Growth is Key

Smart Growth will only succeed in California by building broad support for step-by-step reforms. The above policy concepts have won support from economic, environmental, equity, and local government representatives within the Alliance, and Alliance members are prepared to work with Bay Area legislators and the Governor's Office of Planning and Research to further detail these concepts through strategies, more specific policy language, and implementation programs.

The Broader Framework

The concepts in this memo are drawn from several years of dialogue and consensus-building among Bay Area Alliance members. The documents below express Bay Area Alliance's broader framework for change:

- *The Compact for a Sustainable Bay Area.* The Bay Area Alliance's first regional document identifying key regional challenges and strategic recommendations to put the Bay Area on a more sustainable path. At www.bayareaalliance.org/compact.
- *Smart Growth Strategy / Regional Livability Footprint Project.* A regional public process led by the Bay Area's five regional agencies, the Alliance, and other stakeholders to build broader public consensus about a change in regional growth patterns. Final report at www.abag.ca.gov/planning/smartgrowth.
- *Community Capital Investment Initiative.* Private-sector investment funds for real estate development in low-income neighborhoods, aimed at reaping social, environmental, and economic benefits. Information at www.bayareacouncil.org
- *Regional Sustainability Indicators.* Measures of the region's progress toward sustainability. At www.bayareaalliance.org/indicators.