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August 11, 2008

Mary Nichols
Chair, California Air Resources Board
P.O. Box 2815
Sacramento, CA 95812

RE: Comments on Draft Climate Change Scoping Plan

Dear Ms. Nichols:

The Urban Land Institute District Councils of California request that you give consideration and emphasis to the significance of land use and urban development as a key contributor to climate change, and as an essential factor in combating it.

While ULI does not lobby, we believe that addressing these issues are vital to fulfilling our mission to provide leadership in the responsible use of land and creating and sustaining thriving communities worldwide. The Institute has sponsored a number of publications that highlight an array of best practices and provide information we believe may be of value in your deliberations. They stress the need, importance and opportunity for state leadership to promote responsible land use, thereby reducing automobile use, leading to reductions in greenhouse gas emissions.

Based on these publications, we encourage the following state actions to reduce greenhouse house gas emissions:

- 1) Adopt and Sub-allocate VMT Reduction Targets.
- 2) Align State Spending with Performance in Meeting GHG and VMT Reduction Targets

- 3) Reward Local Governments for integrating smart-growth practices into their planning and development processes.
- 4) Explore Tax-Increment Financing for Transit-Oriented Development.
- 5) Streamline Environmental Review for Infill Developments.
- 6) Blueprint Planning Support

Each of these proposed actions is highlighted in greater detail in the attached summaries and supported in the findings from the publications.

We ask you to consider them and to give greater emphasis in the Scoping Plan on ways that the state could reduce vehicle miles traveled and greenhouse gas emissions through progressive land use strategies.

The Urban Land Institute currently has over 7,000 members statewide which is a significant constituency. As leaders of all 5 California ULI District Councils, we want to participate in an active and useful way as you prepare the final Climate Change Plan for the State of California.

If you have questions or would like additional information or assistance, please contact Gary Binger at garybinger@yahoo.com, (510) 985-1490.

Sincerely,

Richard Dishnica, Chair, ULI San Francisco
John Hodgson, Chair, ULI Sacramento
Jeff Mayer, Chair, ULI Orange County/Inland Empire
Tony Pauker, Chair, ULI San Diego
Wayne Ratkovich, Chair, ULI Los Angeles

Cc: Each Member of the California Air Resources Board

How Key Changes in Land Development Patterns Could Reduce Vehicle Greenhouse Gas Emissions

ULI's 2007 book *Growing Cooler: The Evidence on Urban Development and Climate Change* surveys research on the link between urban development trends, land use patterns, transportation alternatives, and greenhouse gas emissions. It also identifies state policies that can promote more compact and energy-efficient development patterns and expand transportation choices including rail, transit, cycling, and walking.

It reviews recent research on the relationship between urban development, travel, and CO² emitted by motor vehicles. Evidence is presented about how much CO² savings can be expected from compact development, how compact development is likely to be received by consumers, and what policy changes will make compact development possible. The researchers make it clear that their definition of "compact development" does not imply high-rise or even uniformly high density, but does include a mix of land uses, development of strong population and employment centers, interconnection of streets, and the design of structures and spaces at a human scale.

It concludes that technological progress in vehicles and fuel emissions may unfortunately be offset by the growth in vehicle miles traveled (VMT). Since 1980 the number of miles Americans drive has grown three times faster than the U.S. population, and almost twice as fast as vehicle registrations. Evidence on land use and driving shows that compact development will reduce the need to drive between 20 and 40 percent, as compared with development at the outer suburban edge with isolated homes, workplaces, and other destinations.

Researchers conclude that in addition to being in line with market demand, compact development provides many other benefits. These include preservation of farmland and open space, protection of water quality and quantity, and reduction of road and other infrastructure costs.

State Actions Recommended in *Growing Cooler*

- *Adopt and Suballocate VMT Reduction Targets.* State goals for GHG reduction, and translated into VMT reduction targets, could be proportionally allocated to metropolitan regions within a state, and each regional transportation agency could be charged with developing a plan for meeting its respective target. These VMT targets could be suballocated to localities.
- *Align State Spending with Performance in Meeting GHG and VMT Reduction Targets.* States could assure that funding programs – whether carried out directly by the state or executed through grants to regional and local governments – support such targets. This could begin by analyzing the criteria used to distribute all state and federal funds in housing, economic development, water and sewer

infrastructure, schools, transportation, and recreation, and then earmarking and distributing at least a portion of these funds according to performance.

State Land Use Actions that California Leaders Have Endorsed

In 2002, a ULI report entitled *Putting the Pieces Together: State Actions to Encourage Smart Growth Practices in California* called for specific state economic incentives and regulatory reforms that would accommodate projected growth, while preserving our quality of life. These recommendations were agreed to by a group of more than 30 leaders from the business, development, environmental, social justice, civic, and state and local government throughout California. This effort was co-chaired by Fritz Grupe, Chairman and CEO of The Grupe Company, and Will Rogers, President of the Trust for Public Land.

The group concluded that it was essential to encourage future development to locate in existing urbanized areas, and for new development in nonurbanized areas to be more compact, of a mixed-use character, and served by public transit. Also that jobs and housing must move closer together, and that open space and important natural features and environmental systems must be preserved. Finally, in order to begin to deal with regional issues and solve regional problems—such as traffic, environmental quality, and the economy—planning and infrastructure investments needed to be better coordinated across jurisdictional boundaries.

Examples of Specific State Actions Recommended in *Putting the Pieces Together*

- *Reward Local Governments for Integrating Smart-growth Practices into their Planning and Development Processes.* The program would have two parts: 1) grants and forgivable loans for planning activities that help encourage smart growth, and 2) awarding priority status for future infrastructure funds to localities that meet defined smart-growth criteria.

The program's goals would include improved growth patterns throughout the state, the provision of needed planning funds to localities, the more efficient use of state infrastructure funds, the provision of infrastructure that supports smart-growth projects, and support for localities that accommodate a share of the growth that is projected to occur in the state and growing regions. In order to establish this program, state administrative and legislative leaders would need to take the following actions:

1. Establish a pool of funds to support the planning assistance aspect of the program.
2. Direct that the policies of all state agencies involved in funding infrastructure—including agencies that fund transportation improvements, sewer and water facilities, open-space acquisition and natural resource preservation, and economic development—incorporate criteria to support the priority infrastructure funding aspect of the program.

3. Link new funding initiatives for public facilities, including bond acts, to the objectives of this program.

Any city or county opting to participate in the planning assistance or the priority infrastructure funding portion of the program would need to support specific smart-growth practices and policies. Actual program eligibility criteria and the process for determining eligibility for priority funding would need to be established through a collaborative effort involving state and local government officials.

- *Explore Tax-Increment Financing for Transit-Oriented Development.* Under California redevelopment law, local redevelopment agencies are authorized to use tax-increment financing (TIF) together with land assembly powers to assist in achieving redevelopment objectives in areas determined to be blighted. The state could authorize localities to use TIF powers in nonblighted areas near rail facilities and along major bus corridors to achieve transit-oriented development (TOD) objectives.

The use of this tool could be limited to those corridors having minimum peak period transit ridership, as well as assurances that:

1. the area is predominantly urban;
 2. critical county and other services dependent on property tax growth are protected;
 3. the hoped-for development would not reasonably be expected to occur through private enterprise or government action, or both, without tax-increment financing assistance;
 4. density standards within TIF areas are sufficiently high, parking requirements are sufficiently reduced, and a mix of housing types is permitted;
 5. a variety of nonresidential land uses, including transit-oriented retail and commercial development and civic uses such as daycare and libraries, are allowed within the TIF area; and
 6. sufficient affordable housing is included.
- *Streamline Environmental Review for Infill Developments.* While the California Environmental Quality Act (CEQA) offers important environmental safeguards, it also can inhibit infill development. The state could streamline environmental review for urban infill projects in order to promote infill development in urbanized areas.

In 2008, the ULI sponsored another collaboration involving California leaders. These leaders developed a report titled *California 2020 – Responsible Land Use: A Path to a Sustainable California by 2020* that built on the findings and recommendations developed in 2002. It cites the Global Warming Act as a critical and positive sign of state leadership, and establishes goals, principles and high-priority actions to achieve a set of

goals. In fact it sets, as one of its goals, reducing greenhouse gases by reducing per capita vehicle miles traveled (VMT), and points out transportation as one of the largest sources of greenhouse gases in California.

These recommendations were formulated and agreed to by a group of more than 50 leaders from the business, development, environmental, academic, and civic sectors from throughout California. The initiative was conceived, and led over a 2-year period, by Doug Abbey, ULI Trustee, and Founder, AMB Property Corporation.

Selected Specific High-Priority State Actions Recommended in *the California 2020 Report*

Members of the California 2020 Initiative reinforced their support for recommendations advocating state performance-based rewards to promote responsible land use, and for amending the California Environmental Quality Act by streamlining environmental review for infill developments. In addition, they endorsed:

- *Blueprint Planning Support.* It was pointed out that California is a state of regions and many of the goals in California 2020 should be addressed at a regional scale. Specifically they referred to investment in infrastructure and transportation and locating all projected housing within the region. Participants concluded that current blueprint planning efforts have been reasonably effective, and that the state should adopt this model as a framework for regional planning in all of its metropolitan regions, specifying regions, identifying managing entities and allocating implementing powers so that the agency using the plan may influence patterns of development and projects with regional impacts including specific means to meet the region's housing needs. Support should be accompanied by adequate state financing.

In addition, participants in the California 2020 Initiative recommended: a) a performance-based approach to addressing housing supply and affordability, b) permanent sources of funding to build subsidized housing and to reduce the cost of building housing, c) the encouragement of secondary “granny flat” units, d) protection of important farmland, open space, and natural resources, and e) modifying state tax policies that create a significant incentive for local communities to promote development of retail and other sales tax generating projects instead of housing and other commercial uses that produce jobs.

Linking Future State Funding to Local Responsible Land Use Actions

Participants in the California 2020 Initiative also recommended that any locality wishing to receive future planning grants or discretionary infrastructure funding from the State should clearly demonstrate support for policies from among the following (from the *California 2020* paper):

LOCAL RESPONSIBLE LAND USE POLICIES

Any locality wishing to receive planning grants or discretionary infrastructure funding from the State would need to clearly demonstrate support for the following policies:

SUPPORT DEVELOPMENT OF BALANCED AND WORKFORCE HOUSING

In support of meeting diverse housing demand, the locality:

- master plans and zones land to meet or exceed its share of projected regional housing needs;
- encourages higher-density development in areas close to transit, employment centers, and community facilities;
- encourages the creation and legalization of accessory (granny) units particularly in jurisdictions where new development is likely to be limited;
- promptly uses redevelopment tax increment housing set-aside funds;
- gives priority and density bonuses to projects that include below market rate affordable or mixed-income housing;
- removes unnecessary discretionary approvals and expedites environmental review for proposed infill housing projects that meet zoning requirements; and
- approves specific neighborhood plans and comprehensive EIRs with appropriate zoning.

PROMOTE TRAVEL CHOICES TO REDUCE VMT

In support of the expansion of travel-mode choices, the locality:

- establishes residential areas that are within walking distance of transit stations and are of sufficient density to support local bus service;
- provides local funding contributions for transit infrastructure;
- adopts street design standards – such as continuous sidewalks, on-street parking, crosswalks, traffic calming, and landscaping – that give priority to pedestrians and encourage walking;
- reduces minimum residential parking requirements in neighborhoods where it is convenient for people to travel without cars and for housing with low car usage (i.e. seniors);
- encourages convenient pay-per-use services such as car-sharing; and
- builds a robust bicycle lane network.

PROMOTE INFILL DEVELOPMENT

In support of infill development, the locality:

- inventories and prepares specific reuse strategies for its vacant and underused urban land surplus;

- determines high-priority areas for infill growth and initiates funding to upgrade infrastructure, i.e. water and sewer systems, lighting, and transit;
- collaborates with agencies affected by infill development or redevelopment, including transportation agencies, school districts, and various other service providers;
- streamlines the permit process for the reuse of underused urbanized land;
- avoids the use of industrial zoning for uses that are not economically viable as a means to prevent development in infill areas; and
- Prioritizes for maintenance and expansion of existing infrastructure.

SUPPORT COMPREHENSIVE HIGH QUALITY MASTER PLANNING FOR GREENFIELD DEVELOPMENT

While infill development must be encouraged, it can meet only a portion of the at least 750,000 acres required for California's increased population. Recognizing this need the locality:

- encourages master planning for areas of 500 or more acres to provide housing diversity, economies of scale for infrastructure and community facilities, open space preservation and comprehensive design standards; and
- calls for property owners of smaller parcels in close proximity to existing urbanized areas to work together on development, land use planning, financing, value allocation and entitlement.
- in new community master plans, design infrastructure for expansion, evolution, and adaptation such that inevitable new growth can build on the efficient land use practices of that community, as opposed to starting anew elsewhere.

ENCOURAGE ACTIVITY IN DOWNTOWN AND AROUND TRANSIT FACILITIES

In support of increased activity in downtown and around transit stations, the locality:

- encourages high density for new residential and commercial development within walking distance of commuter-rail stations or bus-transit hubs;
- permits a mix of uses and the highest appropriate intensity of residential and commercial use in downtown and transit-station areas as well as appropriate neighborhoods; and
- adopts development regulations and establishes funding programs that encourage community-serving facilities, i.e. child-care centers, libraries, social services centers, senior housing, and medical facilities – to locate in downtown and transit-accessible areas.

LOCAL RESPONSIBLE LAND USE POLICIES CONT.

ENCOURAGE MIXED USES

In support of a mix of uses within both infill and new greenfield communities, the locality:

- plans for a complementary mix of land uses;
- permits residential uses in all zones (except industrial and service commercial-type zones), convenience retail uses within employment areas, and neighborhood-serving commercial uses in residential zones;
- relaxes parking requirements or encourages shared parking for residential development above or adjacent to office and retail uses;
- programs school sites as centers of community activity, with a particular focus on the joint use of facilities; and
- Aligns master plans and building codes so that overlapping building codes do not prevent vertical mixed use development.

PRESERVE OPEN SPACE & NATURAL RESOURCES

In support of the preservation of open space and the protection of natural resources, the locality:

- identifies agricultural land and natural features, i.e. wetlands, wildlife habitat, waterways and other features based on sound scientific and legal bases – that should be protected, and establishes plans and policies and funding strategies that provide the protection necessary;
- provides parks, recreation facilities, and open space in built-up and revitalizing communities;
- identifies priority sites for future parks, and develops a financial strategy for acquiring and maintaining parks;

- establishes policies promoting compact development and clustering on less environmentally sensitive land;
- discourages estate and ranchette parcelization in the general plan and utilizes more compact zoning and thoughtful masterplanning;
- plans for water conservation;
- provides dedicated funding for open space acquisition and agricultural land preservation; and
- encourages green certified buildings and neighborhoods through an accelerated entitlement process, tax abatement, special financing, etc.

PROVIDE CERTAINTY IN THE DEVELOPMENT REVIEW PROCESS

In support of providing more certainty in the development review process, the locality:

- relies on the use of General and Specific Plans, together with thorough front-end environmental assessments and clearances, as well as fees to mitigate impacts, and then allows development consistent with these plans to proceed without further environmental review.
- establishes standards assuring that parking requirements will not constrain multi-family housing or mixed-use development located near transit;
- streamlines permit and planning review;
- prevents approved projects from costly and lengthy appeals where issues have been adequately addressed by planners and elected officials;
- provides flexibility for developers to respond to changes in market conditions with a mix of uses within an approved density envelope; and
- discourages referendum on land use decisions that have met zoning, planning, environmental and public official approval.



About the Urban Land Institute

The Urban Land Institute (ULI) is a nonprofit education and research institute that is supported by its members. Its mission is to provide leadership in the responsible use of land and in creating and sustaining thriving communities world wide. The ULI sponsors education programs and forums to encourage an open exchange of ideas; initiates research that anticipates emerging land use trends and issues and proposes creative solutions based on that research; provides advisory services; and publishes a wide variety of materials to disseminate information on land use and development.

Established in 1936, the Institute today has more than 40,000 members and associates from some 91 countries representing the entire spectrum of the land use and development disciplines. Over 7,000 of these members are in California. There are 5 District Councils, located in California; Sacramento, San Francisco, Los Angeles, Orange County/Inland Empire, and San Diego, that offer training and assistance to ULI members.