

May 5, 2017

Dear ARB Staff and Board members --

Thank you for your efforts to update the SB 375 regional greenhouse gas (GHG) reduction targets. SB 375 has the potential to not only reduce GHG but also encourage the adoption of land use and transportation policies that expand housing and transportation choices that families can afford, reduce air pollution and improve public health, and conserve natural and working landscapes.

We also wish to thank the staff and boards from Metropolitan Planning Organizations (MPOs) for their participation in this process. Your regional leadership is essential to implementing SB 375 and making California more healthy, equitable, and sustainable. We appreciate your diligent efforts to model one or more alternative scenarios to contribute to this process.

As active participants in this update process, our assessment is that the targets could be higher than recent submissions from MPOs suggest. A preliminary analysis suggests that the range could be 4-12 percentage points higher, e.g., targets for per-capita greenhouse gas reductions of 22-30% by 2035 (compared to 2005 levels) for the four most populous regions (the "Big 4"). We would recommend a 2035 target range of 15-20% in the San Joaquin Valley. However, we also ask that the Air Resources Board review whether reductions in the San Joaquin Valley could match those of the Big 4, particularly given the urgent need for air quality improvements.

We believe that strong targets can not only help meet the state's climate goals but can address important issues of regional equity. Increasing housing affordability, improving air quality, conserving natural and working lands, expanding transportation access and providing community infrastructure are critical strategies that will help each region meet its greenhouse gas targets.

We offer the following observations on the process so far, and recommendations for moving forward:

I. Policy and technology changes since 2010 make higher targets possible

Since targets were first passed in 2010, policies and technology around transportation have significantly shifted. Just last week, Governor Brown signed a \$5.2 billion transportation funding package that makes major new investments in transit, fix-it-first policies, active transportation, and local planning. Other components of the bill also make higher targets feasible, such as the integration of complete streets into the Highway Design Manual and the Solutions for Congested Corridors program. With proper implementation, SB 1 will be a new way forward in funding transportation in a way that furthers VMT reduction progress.

Passed nearly four years ago, SB 743 requires OPR to update the CEQA Guidelines to prescribe an analysis that better accounts for transit and reducing greenhouse gas emissions.

The current draft of these guidelines, when approved and implemented, will be a tremendous tool for the delivery of projects that meet reduce VMT by shifting away from the level of service metric.

New research referenced by Caltrans¹ has shown that roadway capacity expansion results in both short- and long-term net VMT increases. The [\\$1.6 billion expansion](#) of the 405 freeway in Los Angeles is a prime example. With this new research, MPOs have a major opportunity to reduce VMT by reassessing legacy projects with what is now clear evidence that roadway capacity is not a fuel efficiency or greenhouse gas emissions reductions strategy.

The explosive growth of shared mobility has also shifted mobility choices. Many transportation agencies and operators are looking at mobility as a service with the potential for VMT reduction. Even automobile manufacturers are investing in shared mobility. Cities are clamoring for funding for projects such as bikeshare and carshare that also have documented VMT reduction potential. NRDC and UC Berkeley's Transportation Sustainability Research Center will be releasing a study to both document the VMT/GHG impacts of transportation network companies, and to make policy recommendations to ensure these mobility companies contribute to cities' climate and sustainability goals.

II. The stress tests are not ambitious enough

Having now had a chance to review the stress tests, we believe that very few are adequately ambitious as a basis for setting the targets. They assume that there will be moderately slow progress on several strategies that we believe would advance public health, environmental sustainability, and social justice, when other state policy developments suggest that progress could proceed more rapidly.

ClimatePlan partners have advocated for the past year that MPOs develop forward-looking scenarios that make significant shifts in both land use and transportation to develop a scientific reference point for what is physically possible. These should be politically unconstrained (e.g., from local General Plans) but remain fiscally constrained, while shifting investments into existing communities rather than for expansive growth. Every region aside from the Bay Area includes significant amounts of greenfield development in their adopted plans. Even if considered hypothetical, an analysis of what is possible through increased densities and minimizing (if not eliminating) greenfield development -- while investing those funds in existing communities -- could provide a very powerful reference point for informing ARB's 375 target setting and future VMT reduction efforts. In addition, in most regions around the state, a lack of affordable homes near well-paying jobs, good schools, and other amenities is leading to long commutes. An ambitious stress test scenario would model significant efforts to address regional inequities.

¹ Handy, Susan. (2015). Increasing Highway Capacity Unlikely to Relieve Traffic Congestion. http://www.dot.ca.gov/newtech/researchreports/reports/2015/10-12-2015-NCST_Brief_InducedTravel_CS6_v3.pdf

While the analysis that the MPOs have provided in their “stress tests” is informative in many ways, they are far from illustrating a scientific base-line of what could be possible.

Most stress tests do not consider changes to land use

Very few stress tests consider changes to land use beyond the most recently adopted Sustainable Communities Strategy, despite the continuous process of land use planning in many jurisdictions. For instance, in the Southern California Association of Government’s most recent SCS, 50% of growth still would occur as greenfield development. Despite the great potential for more constrained land use in the plan, SCAG explicitly chose not to analyze land use alternatives at all in their stress test. As another example, the Sacramento Area Council of Governments chose only to use the “Alternative 3” scenario of their alternatives analysis of recently adopted plan as a basis for their stress test. This scenario has 37% of housing growth in greenfields, only 5% less than their current plan.

Only political constraints, not physical constraints, inhibit the analysis, or adoption, of more constrained land use footprints in most regions. A recent report by the Southern Sierra Partnership, “[Sustainable Communities Strategies and Conservation](#),” studied how regional agencies can better conserve valuable landscapes. Given the variety of approaches taken around the state, there is almost certainly something that each region could do that it is not doing now.

There are resources available at the state level, including the new Local Planning Grant program created by SB1 and the Transformative Climate Communities program’s investments in Fresno and Los Angeles, that could reasonably be expected to advance land use strategies. The recent passage of the Advance Mitigation Program provides innovative new tools that could reasonably be expected to increase conservation of farmland and natural landscapes. The Sustainable Agricultural Lands Conservation Program utilizes cap-and-trade funds for planning and permanent conservation easement purchases. We understand that land use is a matter of local control and that SB 375 does not dictate land use, but some regional agencies could also do more to incentivize jurisdictions to shift their land use toward more compact and sustainable patterns.

Stress tests do not address the benefits of affordable homes and preventing displacement

Throughout the state, regions have grown more segregated, as the housing affordability and displacement crisis has pushed low-income households to the fringes.² This not only fragments communities but leads to income-driven commuting that increases vehicle-miles traveled. Few MPOs have modeled -- in past SCSs or in these stress tests -- a significant effort to improve regional equity, particularly to make homes affordable at every income level near jobs.

² For instance, see Samara, Tony Rashan (2016). *Race, Inequality, and the Resegregation of the Bay Area*. Oakland, CA: Urban Habitat.

While some regions have explicitly addressed the impacts of displacement and income-driven commutes, every region could do more to provide planning incentives, data, and other forms of regional leadership to address this critical issue. This is both an interregional issue with people commuting or moving between regions, and also an intraregional, sub-jurisdictional issue with people commuting and moving between different parts of the region.

For example, the “Right Type, Right Place: Assessing the Environmental and Economic Impacts of Infill Residential Development through 2030” – the first comprehensive academic study of its kind – finds that encouraging new housing development in infill areas would spur economic growth, reduce monthly household costs, and cut greenhouse gas emissions, keeping the state on track to achieving its climate goals.³

This effect could be significant. One study of Bay Area jobs and housing growth, affordability, and commuting found that new San Francisco workers in the lowest wage category have to travel 4.4 times further than new workers in the high wage category, and that for San Jose, this figure was 3.6.⁴ More analysis is needed to fully understand the magnitude of this issue and identify solutions that also reduce VMT and meet the targets. But if commute distances are being tripled or quadrupled for certain population groups, enhanced affordable housing strategies could propel regions to greater greenhouse gas reductions.

In addition, state and local government bodies are also already hard at work finding solutions to this daunting challenge. For example, this year, there are dozens of housing bills, including ones that would significantly streamline affordable infill development. Regions should model the benefits of more equitable housing and take actions to make this become reality.

Not all stress tests adequately consider the potential to increase investments for public transit and active transportation

Some stress tests heavily weighted shifts away from driving to transit, walking and bicycling, yet this appears to be an overlooked strategy overall. While some did -- for instance, FresnoCOG assumes that transit frequencies would double -- other did not significantly increase transit frequencies in their analysis. The Southern California Association of Governments considered spending another \$10 billion on active transportation, with \$5 billion of it coming from the recently-passed Measure M in LA County, and SACOG also included some active transportation estimates in its stress tests. However, SCAG did not evaluate the more significant shifts of funding, away from highway expansion and toward improved public transit and active transportation infrastructure, that could be achieved if some of County Transportation Commissions were to re-evaluate long-term spending priorities. Overall, increasing

³ Decker, Nathaniel, Galante, Carol, Chapple, Karen, Martin, Amy, Elkind, Ethan, and Hanson, Marilee. (March 2018). “Right Type, Right Place: Assessing the Environmental and Economic Impacts of Infill Residential Development through 2030. Next 10.

⁴ Karner, Alex, and Benner, Chris (May 2016). “Job Growth, Housing Affordability, and Commuting in the Bay Area.” Bay Area Regional Prosperity Housing Working Group.

transportation choices by re-evaluating existing funding strategies does not appear to be identified as one of the key strategies to reducing greenhouse gas emissions and achieving higher targets, even though getting people to shift away from driving, especially on shorter trips, is essential.

Conditional targets would not be appropriate

A number of regional submissions included possible conditions for their adoption. We do appreciate regions' challenges and support many of the proposed conditions, such as increased funding for public transit and active transportation, we do not believe that conditional targets are appropriate, as they create uncertainty, and they risk double-counting of reductions from yet to be determined future strategies. While we welcome a conversation about how to bring additional funding and tools to support regional activities, we also believe that further progress can be made with the funding and tools that exist now.

For instance, some regions would require increased funding from the state, especially from grant programs such as the Affordable Housing and Sustainable Communities. But MPOs have an opportunity to reprogram transportation funding that they already have, rather than relying solely on external sources. Together, the five largest regions have budgets that exceed \$1 trillion, and as noted above, some regions have not explored the flexibility for those funds' planned use to be shifted. Such an assumption leads inevitably to the conclusion that additional funds are necessary. In addition, it is not clear how that condition relates to the recent passage of SB1, which has already begun to meet funding gaps. It would provide an annual \$750m for transit, \$100m for active transportation, \$82.5m for the regional portion of the State Transportation Improvement Program (which is flexible and could be used for certain public transit and active transportation investments), and \$25m for planning grants.

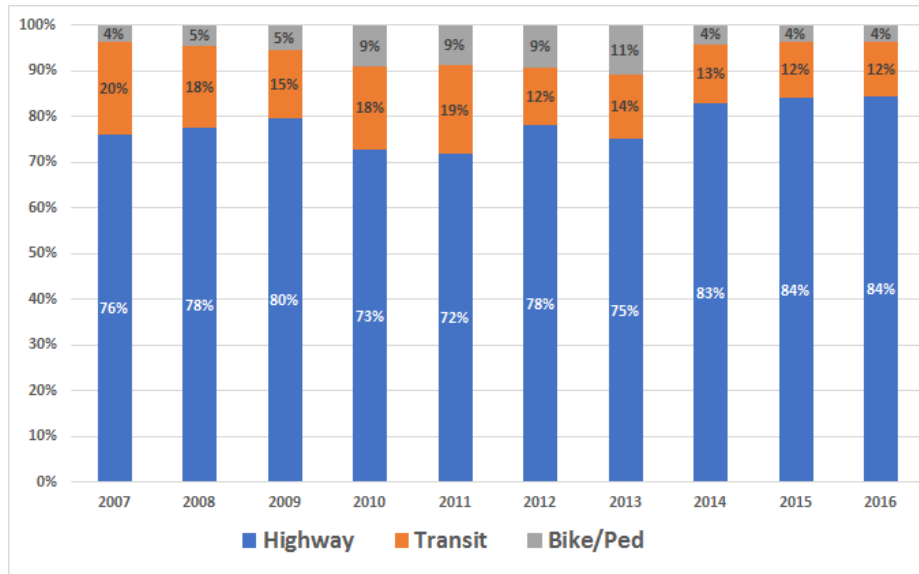
III. More stringent targets are clearly needed

Faster policy change is needed and possible

Around the state, communities urgently need cleaner air, greater housing and transportation choices, and increased conservation of natural and working landscapes. In fact, the American Lung Association's 2017 State of the Air report noted that California is home to some of the most polluted communities in the United States, with over 90 percent of residents living in a county that experiences unhealthy air. Transportation sources make up the largest share of harmful air and climate pollution in California, highlighting the urgency of reducing emissions and fostering healthier, sustainable communities for all Californians.

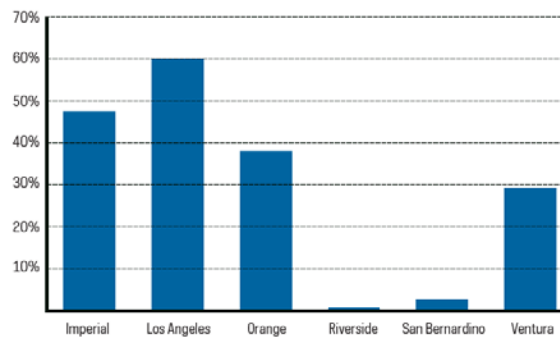
While we applaud the shifts that have occurred since the passage of SB 375, we also believe that the public policy shift needs to be proceeding more quickly in some areas. The intent of having ambitious but achievable targets is to spur innovation and progress at a reasonable pace, not to allow the status quo to be perpetuated. Yet, an analysis of ongoing decision-making suggests that in some ways, decisions have been shifting very slowly, if at all.

For instance, an analysis of the spending of the State Transportation Improvement Program, a flexible funding pool that can be used for road expansion and for investments in public transit and active transportation, shows that the regional share continues to be heavily dominated by spending on highway expansion.⁵



In Southern California, for example, there is a great difference in how transportation funds are being spent. Taking 2015 as an example, while in rural Imperial County, nearly half of the transportation budget was spent on public transit, the share of expenditures on public transit in the adjacent counties of Riverside and San Bernardino were significantly lower.⁶

FIGURE 3:
PUBLIC TRANSIT INVESTMENT AS A PERCENT OF TOTAL TRANSPORTATION FUNDS
(CAPITAL AND OPERATIONS) BY COUNTY, 2015



⁵ Note that each of these years represents 5 years of spending, e.g., the 2007 figures represent the spending planned for 2007-2011. Data was summarized using the California Transportation Commission’s “Orange Books,” which are the STIP county share reports produced annually.

⁶ ClimatePlan (2016). “Toward a Sustainable Future: Is Southern California On Track?” Oakland, CA. Available at: www.climateplan.org/wp-content/uploads/2015/12/ClimatePlan-On-Track-Report-for-Web.pdf

We are concerned that the current targets would allow the status quo to continue.

Targets should do more to help meet state climate goals

The Scoping Plan notes that the current targets would not be adequate to meet state climate goals. Higher regional targets are necessary to bring the state closer to its targets for 2030 and 2050. Both SB 375 documents and the final Scoping Plan should more fully explain the role of SB 375 in supporting the modeled VMT reductions needed to achieve a 40 percent reduction in greenhouse gases by 2030. An estimation of the range of greenhouse gas reductions contributed by SB 375 Sustainable Communities Strategies (versus other state VMT reduction strategies) will help to guide the Board's deliberations when considering the appropriateness of regional targets.

IV. ARB leadership is necessary

The target-setting process needs more public participation

One of biggest concerns is that the MPOs' stress tests were developed without meaningful engagement from community residents or key stakeholders. From our Leading the Way report, one of the key findings is that community voice is essential to create the vision for the region. Given that those who are affected most are often those with the fewest resources to participate in the process, we believe it is important that both the MPOs and ARB ensure there are multiple opportunities to weigh in for the target-setting process -- not only in response to the draft targets, but also stakeholders and residents should be a part of shaping the creation of the draft targets.

From our understanding, the primary goal of the stress tests is to understand how high the regions' GHG targets could be if there were no constraints on land use or transportation. The regions - and ARB - are using this data to shape the 2020 and 2035 GHG targets. We remain concerned that without engagement from stakeholders and community residents, these targets are being developed in a technical silo. Targets that will shape the regions' growth for the the next twenty years are created in this black box process, where MPOs are not revealing their assumptions, only showing the outputs -- and most importantly, MPOs and ARB are not providing stakeholders and community residents the opportunity to weigh in on the creation of the targets.

We recommend ARB create an RTAC or forum where MPOs, stakeholders, and community residents have the opportunity to discuss and make target recommendations.

The target-setting progress should carefully address social equity

Regional agency leadership and the investments in an RTP can play an important role in addressing regional segregation, access to educational and job opportunities, the need for more affordable housing, the displacement crisis, and concentrated areas of pollution. We ask that

the Air Resources Board use the target-setting process to highlight and maximize co-benefits, particularly economic, air quality, land preservation, climate adaptation, public health and social equity benefits. Greater attention to regional equity can help regions meet higher targets, as demonstrated by the Bay Area's Equity, Environment, and Jobs scenario for Plan Bay Area 2013, and Fresno COG's Scenario D for its 2014 RTP. At the same time, a focus on infill and transit-oriented development, without appropriate attention to displacement and to investments in disadvantaged rural communities, can lead to significant equity impacts. We ask that the Air Resources Board evaluate the health and equity impacts of the targets and evaluate strategies by which social equity, displacement, and affordable housing can be elevated as important considerations in the SCSs and/or monitored during their implementation.

The target assumptions should be transparent

The ClimatePlan network has consistently made the case for clear and transparent assumptions in all technical matters related to SB 375 targets and target setting. We have also called for travel modeling that avoids a "black box" approach. We are concerned that the stress test process, especially considerations of a rebound effect, do not follow the calls for transparency that we have voiced over the years. We base this concern in past advocacy regarding energy efficiency rebound effect, which did not materialize.⁷ While assertions about rebound effects have been around since the mid-nineteenth century, they have not impeded recent progress in improving the efficiency of energy use and reducing its environmental impacts. We would expect the same to be the in the case in VMT reduction. If the process had been more transparent, we could have had a more nuanced conversation. We ask ARB staff to rigorously review analyses from both a technical and real-world application perspective.

Target Recommendation

We recommend that the Air Resources Board explore targets that range from 4-12 percentage points higher than those being currently discussed in the Big 4 MPOs, i.e. 22-30% per-capita reductions in GHG by 2035 in the Big 4 MPOs. Removing consideration of the specious rebound effect would add 2-6%, and we believe an additional 2-6% could come from one or more additional strategies not yet thoroughly explored by the stress tests.

In the San Joaquin Valley, we would recommend a target range of 15-20% per-capita GHG reductions by 2035. Tulare County Association of Governments' anticipates reaching a 15% target, we recommend that ARB assess the other Valley MPOs' ability to reach the same level of greenhouse gas reductions at a minimum. We also ask that the Air Resources Board evaluate whether San Joaquin Valley MPOs must truly continue to lag behind the Big 4 MPOs or whether their targets could match. The San Joaquin Valley is the state's fastest growing region, making speedy progress to reduce per-capita VMT both possible and critical. It also has some of the state's most dire air quality concerns, making fast pollution-reduction efforts a necessity.

⁷ <https://www.nrdc.org/experts/david-b-goldstein/energy-efficiency-and-rebound-effect>

In discussing the target reductions that are possible, the example of Merced County Association of Governments' recent planning is illustrative. In 2014, their adopted RTP would attain reductions of only 4.5% per capita by 2035, requiring them to complete an Alternative Planning Strategy. Instead, in 2016, they amended the RTP to reach reductions of 12.7%, nearly tripling their expected reductions. To do so, they improved their plan in a number of ways that will help current residents and future generations.

Ambitious targets have the power to foster regional progress. Given the urgency of air quality and social justice concerns, and the need for greater reductions to meet our state's essential climate goals, we ask ARB to adopt strong targets to spur greater progress in every region.

Sincerely,

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