

Matt Regan
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Chair Mary Nichols and Members of the Air Resources Board
California Air Resources Board
1001 I Street
Sacramento, CA 95814

RE: Proposed Update to the SB 375 Greenhouse Gas Emission Reduction Targets

March 20, 2018

Dear Chair Nichols and Members of the Air Resources Board:

Let me begin by congratulating you, the California Air Resources Board, Governor Brown and our legislative leaders for continuing to make the fight against climate change a top priority and for making California a recognized global leader in this effort. The Bay Area Council stands with you, and it has been our great privilege to have worked with Governor Brown on hosting the 2016 Clean Energy Ministerial (CEM 7) in San Francisco and on coordinating activities at the 2017 Clean Energy Ministerial (CEM 8) in Beijing.

It is now a decade since the passage of SB 375 (Steinberg) and the time has come to not just update Regional Greenhouse Gas (GHG) targets, but also to make a comprehensive review of the law and identify where changes need to be made. Senator Steinberg acknowledged in 2008 that "clean up legislation" would be required, but that has not really happened.

SB 375's central objective was to shape a future for California based upon smart growth principles, where infill transit oriented and walkable communities would become the norm rather than the exception and where California residents could become less dependent on cars. The law was always intended to be a starting point, and that appropriate course corrections would be made over time as we learn from our successes and failures.

As you know, the Bay Area Council was the first major state business organization to support AB 32, The Global Warming Solutions Act (Pavley) in 2006. We were also early and enthusiastic supporters of SB 375 and were instrumental in the effort to have Governor Schwarzenegger sign the bill into law. We remain committed to the central premise of both pieces of legislation: that unless we take all reasonable and necessary steps to reduce our GHG production, the consequences will be dire for our state and the world.

We have been watching the implementation of both laws and, while AB 32 appears to be succeeding, we are falling far short of subsequent GHG reduction targets set for 2030 and 2050. We also have great concerns that SB 375 is failing to meet its stated objectives. It is our belief that unless the California Air Resources Board takes some immediate actions to allow this law to function as intended, in years to come we will look back on SB 375 as a missed opportunity to effect real and lasting behavior change.

During the AB 32 (Pavley) drafting process, the Bay Area Council advocated strongly for a robust cap and trade mechanism that created incentives and other tools to encourage emitters of GHGs to change their

practices and make the appropriate investments reduce their emissions. It is safe to say that this process has worked and California's overall emissions as well as per capita emissions and emissions per unit GDP have all been consistently trending downwards. This is in large part due to significant investments made by California's businesses and utilities in clean energy and energy efficiency technology. Save for some difficult and seldom used CEQA streamlining provisions, no such incentives or mechanisms exists in SB375. We have, for all intents and purposes, been leaving it up to the good graces of individual cities to approve and permit the necessary transit-oriented developments and reduce vehicle miles travelled (VMT); and the dismal results unfortunately speak for themselves.

Emissions from the "transportation" sector remain by far the largest source of GHGs in California at 37%, almost double the emissions that come from power generation. Since 2014 our total GHG production from on road vehicles has seen a marked upward trend and emissions from passenger vehicles have remained largely unchanged since the passage of SB 375 in 2008, despite tens of millions of dollars being spent on Sustainable Communities Strategies across the state and a huge increase in low and zero emission vehicles. Something is not working. Something needs to change.

In our region, the Bay Area, the data mirrors and is in many instances worse than the overall state numbers. Our residents and businesses have been reducing their electricity and natural gas consumption, but per capita production of GHG from surface transportation remains stubbornly high and rising at 3.1 metric tons in 2015. Our per capita daily VMT has remained largely unchanged since 2008 at 23 miles. Our single occupancy vehicle mode share remains stuck at over 70%. Total per capita highway delay has risen to almost 9 minutes. Per capita transit ridership is down 11% since 1991. Perhaps most telling, we are seeing a huge increase in the number of people driving into our region every day, from homes in the lower cost and easier to develop Central Valley, to jobs in the Bay Area. In 2015 the Metropolitan Transportation Commission (MTC) recorded over 625,000 vehicles entering our region every day from neighboring areas. Over half of these commuters were registered at just two gateways: I-80 and I-580/205. Both serve as connectors to large, reasonably affordable and auto dependent housing tracts in the northern San Joaquin Valley.

When the original iteration of our Sustainable Communities Strategy (SCS), Plan Bay Area, was published it was determined that, in order to meet our VMT and GHG reduction goals, we would have to locate 80% of all future growth in just 5% of our land mass. Bay Area cities would self-select "Priority Development Areas" (PDAs) that were transit served and suitable for higher densities and the creation of sustainable walkable communities. Priority Development Areas would prevent sprawl and reduce VMT, at least that was the plan. At the conclusion of the 2007-14 Regional Housing Needs Allocation cycle an assessment was made of the overall performance of our SCS and in particular PDAs. The Bay Area missed its overall housing allocation by a very wide margin, permitting just 57% of the units needed to meet projected population growth. Not only did we build far fewer units than needed, we failed to build them in Priority Development Areas, with just 54% of new homes being permitted in these supposedly high priority zones. Perhaps in recognition of this failure, and with the lack of available tools to have a chance at success, planners reduced the PDA housing target to 70% in the revised version of Plan Bay Area.

A 2016 report *Another Inconvenient Truth: To Achieve Climate Change Goals, California Must remove barriers to Sustainable land Use* published by the Bay Area Council Economic Institute, laid much of the blame for these failures at the feet of local governments who have failed to approve much needed housing. "A lack of housing supply in desirable regions and job centers causes prices to rise and residents to look farther and farther from central cities, to outlying areas, which are often less served by

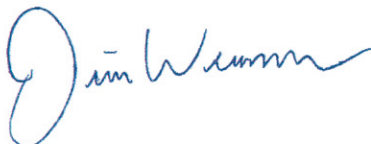
transit.” In 2015 alone, the nine county Bay Area added 133,000 new jobs and just 16,000 units of housing. The results speak for themselves; not only are we forcing many lower and middle income workers into ever lengthening commutes , many others are fleeing the state altogether in search of a more affordable life.

According to US Census Bureau data, roughly 40,000 people are leaving California each year for just one state, Texas. When they arrive their per capita GHG production jumps from just over 9 tons in California to almost 27 tons in Texas. Pushing lower income Californians out of our state and taking their carbon off our books is not the answer to this global problem. We cannot and must not become a state where low emissions are achieved at the expense of social equity and a sustainable economy. California cannot survive long term as the 6th largest economy in the world without teachers, childcare, agriculture or hospitality workers.

We are calling on the California Air Resources Board to examine all and any tools at your disposal to reward cities that are doing right thing and permitting more infill housing, incentivize those that are trying, and hold accountable those that refuse to recognize that any change to the status quo is required. If necessary, CARB can mandate that cities approve plan-compliant housing in jobs rich and transit served communities and implement the vision of “by right” housing laid out in Governor Brown’s 2016 Budget May Revise which was supported by the Bay Area Council.

We are asking that you work with our legislative leadership to fulfill Senator Steinberg’s vision and put real teeth into this law. The Bay Area Council continues to sponsor legislation—SB 680, SB 1069 and SB 831—(Wieckowski) and support legislation—SB 827 (Wiener)—that will enable more infill housing adjacent to transit without parking requirements. However, without leadership from the California Air Resources Board, these battles remain difficult to win. Cities must want to play a role in solving this crisis, but they must also be given the tools to do so.

Addressing climate change is the challenge of our generation and we remain squarely committed to the objectives of AB 32 and SB 375. We look forward to working with you to make those objectives a reality. Sincerely



Jim Wunderman
President & CEO
Bay Area Council

Cc: Governor Jerry Brown
Mayor Darrell Steinberg
Senator Fran Pavley
Senator Bob Wieckowski
Senator Scott Wiener