

ClimatePlan

Addressing the land use decisions that shape our climate and our lives

August 20, 2008

Mary Nichols, Chairman
California Air Resources Board
1001 I Street
Sacramento, CA 95812

RE: ClimatePlan Recommendations on Draft AB 32 Scoping Plan and Appendices

Dear Chairman Nichols,

ClimatePlan, a network of leading environmental, public health, civic and social equity organizations, urges the California Air Resources Board (CARB) to adopt a higher target for land use in the draft Scoping Plan, coupled with a more robust framework that encourages regions, localities, and individuals to reduce vehicle miles traveled (VMT) and GHG emissions through improved land use and transportation decision-making.

Our key recommendations are:

1. Adopt a 2020 target of at least 10 MMT for the land use sector.
2. Create a broader land use and public transportation framework with both short-term and long-term tools to achieve the 2020 and 2050 targets.
3. Adopt a statewide Indirect Source Rule and Pay As You Drive Insurance as short-term tools to help achieve the 2020 target.
4. Prioritize funding for public transportation and implementation of regional plans.
5. Strengthen and refine the regional planning policy to achieve greater long-term reductions.
6. Fully analyze and address public health and social equity impacts of land use and transportation policies.
7. Conserve natural and working landscapes and provide for the greening of urban neighborhoods.

The Scoping Plan Must Do More to Address Land Use and Transportation

Climate change poses grave environmental, economic and health threats to California. California's response to climate change must be equal to that threat, and the state has taken an historic leadership role by passing AB 32. However, the draft Scoping Plan fails to provide strong direction on land use and transportation, potentially undermining the plan's overall effectiveness. The draft Scoping Plan significantly underestimates the level of emissions reductions that can be achieved by 2020 and the importance of acting now to achieve the 2050 target. Greater reductions in both timeframes can be achieved by adopting a more robust framework that combines long-term regional planning and infrastructure investment strategies and near-term actions such as a statewide Indirect Source Rule and Pay-As-You-Drive Insurance which can be implemented quickly and will achieve substantial emissions reductions by 2020.

Land use and transportation decisions have profound impacts on public health, social equity, and the health of California's environment, and those impacts will be compounded by climate change. Sprawl and the resulting dependence upon automobiles is a key driver of asthma and other respiratory illnesses, obesity, diabetes, cardiovascular disease, vehicular accidents, decreasing water and air quality, and the loss of natural and working landscapes. It also exacerbates inequities by concentrating harmful impacts in low-income communities and communities of color, and by limiting access to education, employment, services, clean water, healthy food, physical activity, and recreation. The adoption of an aggressive, robust land use framework in the draft Scoping Plan can help address these problems by fostering land use and transportation patterns that are climate-friendly, equitable, and healthy.

Encouraging more efficient land use and better transportation will also help speed the recovery of California's housing market and meet consumer demand for transit-oriented development close to job centers. In the Sacramento region, for example, the share of new residential construction that is small-lot or attached has exploded from 20 percent to 70 percent of the market over the last three years. Many California cities and counties are leading the way towards building more sustainable communities, but they are handicapped by limited budgets, outdated zoning and parking codes that make it illegal to build climate-friendly development, perverse financial incentives, and state and federal infrastructure spending formulas that reward sprawl. Without strong leadership from the State, municipalities will have no incentive to ensure that future growth is consistent with the Governor's goals for environmental and economic sustainability.

Californians recognize the relationship between land use and climate change. A July 2008 poll by the Public Policy Institute of California found that 81% of adults now favor encouraging local governments to change land use and transportation patterns so that people can drive less.¹

Californians need strong leadership from the state to address the climate crisis, and that is what the AB 32 Scoping Plan must provide.

The 2020 Target for Land Use Should be Raised to at least 10 MMT

We strongly urge CARB to set a higher target for land use, one that reflects the importance of land use as a primary driver of California's GHG emissions. The target should be at least 10 MMT, and it should incorporate reductions from the regional planning policy, smarter transportation investments, and adoption of additional policy tools such as Indirect Source Rule and Pay As You Drive Insurance.

There is ample evidence that a much higher target is easily achievable. According to Caltrans, driving on California's highways has declined by one billion miles in the last year - that's a savings of 500,000 tons of CO₂ in one year - solely because of high gas prices. Professor Jim Sweeney of the Precourt Institute for Energy Efficiency at Stanford University conducted an analysis of smart growth scenarios in the four major California regions (excluding the San Joaquin Valley) and found that these plans alone could reduce emissions by 7 MMT by 2020.² The Sacramento Area Council of Governments projects that they will achieve 0.75 MMT of reductions through smarter land use measures by 2020, and they account for only 6% of the state's population.³ There is no doubt that California can do much better than the reductions called for in the draft Scoping Plan.

1 Public Policy Institute of California. *Statewide Survey of Californians and the Environment*, July 2008.

2 Sweeney, J. *A Cost-effectiveness Analysis of AB 32 Measures*. Presentation to CARB, June 2008.

3 Sacramento Area Council of Governments, June 2008.

The regional planning framework envisioned in the Scoping Plan is similar to that proposed in SB 375, and both rely on having CARB set aggressive targets that will spur regions to plan creatively and think beyond business-as-usual planning. By rewarding local governments who implement regional plans with transportation dollars, SB 375 creates the State's biggest incentive for smarter growth. As the first bill in the nation to align housing policy, transportation funding and climate policy, SB 375 is a much needed first step that lays the groundwork for additional measures that will improve the efficiency of land use planning and achieve additional environmental benefits. In order for SB 375 to achieve its full potential, we believe a number of complementary and supportive measures should be enacted.

A Framework for Achieving the Target

The draft Scoping Plan currently relies upon regional planning to achieve the modest goal of 2 MMT. We support the concept of regional planning and believe it is an essential tool for reducing GHG emissions, but it must be integrated into a broader framework of short-term and long-term policy tools and incentives that will change the way regions, local governments and individuals make decisions around land use and transportation, now and into the future.

We suggest that the Scoping Plan's land use component be restructured into a single framework that includes the regional planning policy and changes in infrastructure spending, which will achieve maximum benefits over the long-term (2050). In addition, the framework should include supportive policy tools that can be implemented quickly and will help the state achieve greater reductions in the short-term (2020), including Indirect Source Rule and Pay-As-You-Drive Insurance.

Broadly, we believe this framework must set the bar high for GHG reductions, and provide a suite of tools and revenue sources to local and regional agencies to achieve that goal. It must include flexibility to allow regions and localities to adapt to different circumstances. The framework must also include milestones for measuring progress, rewards for good behavior, and consequences for failure to act.

Priority for technical assistance, planning grants, and other resources should be given to municipalities that demonstrate financial need and a willingness to adopt aggressive VMT reduction policies consistent with adopted regional plans.

Key components of this framework should be:

1. *Regional Planning Policy (long term)* – We recommend that CARB adopt a schedule for the creation and implementation of regional plans, and set milestones every 2-4 years that regions must achieve. Regions that fail to achieve milestones should be required to recalibrate their plans and adopt different or stronger tools.
2. *Prioritize Funding for Public Transportation and Implementation of Regional Plans (long term)* – CARB should work with state agencies to shift transportation dollars to public transportation and infrastructure investments that support regional plans. Public transportation should also be prioritized in the assignment of any new climate protection program revenues.
3. *Indirect Source Rule (short term)* – A statewide Indirect Source Rule (ISR) for GHG emissions should be adopted by 2012 that will begin achieving reductions right away and will make a significant contribution to 2020 reductions.
4. *Pay As You Drive Insurance (short term)* – PAYD is another tool that can be implemented right

away and will achieve substantial reductions by 2020.

5. *Pricing Mechanisms for Local and Regional Agencies (short and long term)* – CARB should work with the Legislature to make it easier for regions, cities and counties to adopt pricing programs such as gasoline fees, parking fees, vehicle license fees and congestion pricing. These will achieve direct reductions in driving in the short-term, and create local revenue streams to implement regional plans.

Each of these components of the framework is discussed in greater detail in the sections that follow.

Prioritize Funding to Improve Public Transportation and Implement Regional Plans

Transportation investment is a key driver of land use patterns in California, and is one of the most powerful tools the state has to influence California's growth. It is critical to prioritize transportation funding for maintenance of the existing highway and public transportation systems (fix it first), as well as expansion of public transportation and bicycle and pedestrian infrastructure. To ensure the success of the regional planning policy, it is important to direct transportation funds to projects consistent with adopted regional plans. These investments are critical to the broader goal of reducing transportation-related GHG emissions because they revitalize existing communities while creating the infrastructure for infill development.

The Draft Scoping Plan neglects the critical role that public transportation plays in designing communities that are climate-friendly and equitable. California's public transportation agencies already contribute significantly to reducing transportation-related CO₂ emissions. In 2004, California public transportation reduced CO₂ by 3.5 MMT,⁴ and recent record-breaking ridership levels promise to provide even greater savings this year.

But perhaps the greatest climate benefit of public transportation is its long-term interaction with land use and development. The availability of public transportation in a neighborhood correlates with reduced household automobile travel. The mere presence of public transportation correlates with households that can also conveniently walk and bike, and, when they choose to drive, drive shorter distances. A study earlier this year by ICF International estimated this "secondary" effect to be roughly twice what public transportation saves in direct emissions.⁵ That means that the 3.5 MMT number above actually understates the emissions reductions achieved by public transportation. The measured 3.5 MMT direct reductions translate to a total of 10.5 MMT of total reductions. Because these reductions are derived from the interaction of transportation and land use, they are long-term savings.

Public transportation also has profound consequences for social equity and public health. Many low-income Californians, as well as seniors and youth, are wholly dependent upon public transportation for access to jobs, education, health care and other basic needs. Almost one-third of Americans who commute via public transportation meet their daily requirement for physical activity (30 or more minutes per day) by walking as part of their daily life, including to and from the transit stop. The Scoping Plan should address the importance of ensuring that Californians have access to safe, reliable and affordable public transportation.

⁴ US PIRG Education Fund, *The Carbon Boom: State and National Trends in Carbon Dioxide Emissions Since 1990*, April 2007.

⁵ ICF International, *The Broader Connection between Public Transportation, Energy Conservation and Greenhouse Gas Reduction*, February 2008.

We encourage CARB to work with appropriate state agencies and the legislature to address public transportation and infrastructure investment through the following actions:

- Prioritize state transportation funding for public transportation and maintenance of the existing system.
- Tie infrastructure funding to projects that are consistent with adopted regional plans.
- Direct a portion of climate protection program revenues toward public transportation, both for capital improvements and operating expenses, with a particular focus on providing access to under-served, transit-dependent communities.
- Promote private mass transportation options that allow a tailored approach to transit. For example, company-based transportation systems such as that employed by Google in the Bay Area can fill short-term gaps in the public transportation system.

Adopt Statewide Indirect Source Rule

The Scoping Plan should direct all California air districts to adopt an Indirect Source Rule (ISR) for GHGs by January 2012. ISR complements the regional planning framework envisioned in the draft scoping plan and SB 375, because it will begin reducing land use-related GHGs and shift development patterns right away, while regional planning will have a longer lead time. And while the regional planning approach is incentive-based, the ISR sets a minimum standard for projects across the state. ISR is a proven measure that will achieve reductions. Several California air districts have already adopted ISRs for criteria pollutants, and others are in the process of developing them.⁶

CARB should have a rulemaking process to develop guidelines for the ISR, setting a minimum standard that uses the best elements of the landmark San Joaquin Valley rule for criteria pollutants. The guidelines should require the use of advanced modeling to estimate emissions, and mitigation of those emissions through a combination of onsite and offsite mitigation, including fees to be paid to the air districts to identify and fund offsite mitigations in the project vicinity.

Adopt Pay As You Drive Insurance

We support the inclusion of Pay-As-You-Drive (PAYD) Insurance in the Proposed Scoping Plan, as a measure which can be implemented right away and achieve substantial reductions by 2020. The price of car insurance can create a strong incentive for California drivers to reduce their driving. A recent analysis of PAYD in California by the Brookings Institution⁷ finds that 64% of California households would save money on their car insurance. The Brookings analysis also projects 2020 GHG emissions reductions of up to 11.8 MMT, but we believe that NRDC's analysis, which projects a reduction range of 1.3 – 2.6 MMT in 2020, is more realistic. PAYD would also be an important policy tool to advance equity. Because low-income Californians tend to drive less, they would benefit substantially and no longer subsidize higher income drivers. PAYD would also generate significant cost savings and public health benefits resulting from fewer traffic collisions and increased physical activity.

⁶ Frank, Lawrence. *Reducing Global Warming and Air Pollution: The Role of Green Development in California*. A peer-reviewed report prepared for Environmental Defense Fund. July 2008.

⁷ Bordoff, J and Noel, P. *The Impact of Pay-As-You-Drive Auto Insurance in California*. Brookings Institution, July 2008.

Empower Regions and Localities to Adopt Pricing Mechanisms

The Scoping Plan fails to address the important benefits of local pricing mechanisms in directly reducing GHG emissions and generating local revenues to achieve even greater reductions. Local pricing mechanisms, which can take the form of gasoline fees, bridge tolls, vehicle license fees or congestion fees, can directly reduce GHG emissions by reducing congestion and discouraging driving. These fees also provide a locally-controlled revenue stream which can be used to fund public transportation, bicycle and pedestrian improvements, carpool programs, and a host of other activities to further reduce transportation-related GHGs. Currently, regions wishing to impose gasoline fees, vehicle license fees, or bridge tolls must often go through an onerous legislative process before they can even ask voters to adopt new fees. CARB should work with the Legislature to make it easier for regions, cities and counties to adopt pricing programs.

We recommend that CARB work with the Legislature to pass legislation to facilitate adoption of regional and local pricing mechanisms tied to GHG emissions. CARB should design guidelines for how these fee programs are structured and implemented, as well as the use of revenues, to avoid regressive impacts on low-income drivers and ensure that revenues flow to proven VMT reduction programs and projects.

Comments on Regional Planning Policy

ClimatePlan broadly supports the regional planning policy envisioned in the Scoping Plan. We have the following broad recommendations on how to ensure the regional planning policy is effective. We have also included more specific recommendations in an attachment to this letter.

- The regional planning framework should apply to all regions of California, not just those which are part of Metropolitan Planning Organizations (MPOs). Otherwise, the regional planning policy could have the unintended consequence of driving growth out of MPOs and into non-MPO counties.
- The regional planning policy should be designed to ensure that regions and local jurisdictions cannot meet GHG-reduction targets simply by not allowing any growth, or by avoiding meeting the range of affordable housing needs as reflected in their housing elements.
- We encourage CARB to examine other possible incentives to help local governments and developers grow in a manner that is consistent with the regional plans.
- CARB should adopt specific goals and protocols for the creation of regional plans.

Please see Attachment A for more details on each of these recommendations.

Fully Examine Public Health and Social Equity Impacts

Land use and transportation have profound implications for public health and social equity. The draft Scoping Plan fails to adequately address these issues. The draft plan limits its public health assessment to asthma and respiratory disease from air pollution. While these are important impacts that deserve serious attention, CARB must undertake a more robust and comprehensive analysis to account for the full range of potential public health benefits related to reductions in Vehicle Miles Traveled (VMT), and the costs associated with failure to act. In addition, CARB should not limit the public health

assessment to the measures included in this draft of the scoping plan, but should also consider the potential for increased benefits as the plan is strengthened. We encourage CARB to reach out to the California Department of Public Health, local Health Officers, and other public health professionals and organizations to assist in developing a robust analysis of the public health benefits that could be achieved with a much stronger framework for land use as outlined in this letter.

Requiring better land use and transportation planning will improve air quality and physical activity levels, improve traffic-related safety and reduce obesity-related illnesses such as diabetes and cardiovascular disease. If the Scoping Plan assigns only minimal emission reduction targets to land use and transportation policies, California would miss a critical opportunity to spur meaningful change in the built environment to mitigate climate change and improve the public's health. As currently written, the scoping plan *significantly* underestimates the public health costs of failure to take action and the savings realized from an effective mitigation strategy.

There is a strong correlation between low incomes, poor health and environmental burden. Many of California's low-income communities are heavily burdened by chronic disease, premature death, asthma and high levels of pollution. The draft Scoping Plan should adopt strategies that will protect overburdened communities and allow them to accrue benefits, while reducing emissions. Advancing equitable, climate-friendly development and increasing access to public transportation is one such strategy. Safe Routes to School is another. If every school in California was funded to operate a Safe Routes to School program similar to one adopted in Marin County, this strategy alone could annually reduce 468,156 tons of CO₂ while providing substantial public health and safety benefits for California's children.

The Scoping Plan should also ensure that economic and environmental co-benefits associated with reducing GHG emissions, such as green jobs, healthier air, and urban greening programs, are directed to overburdened communities. These programs can all be funded through the use of climate protection program revenues, as well as local revenue sources described in other parts of this letter such as fees on automobiles and the Indirect Source Rule.

Conservation of Natural and Working Landscapes and Greening of the Urban Environment

The draft Scoping Plan correctly recognizes that forests have an important role in sequestering carbon, and the conversion of these lands results in direct GHG emissions and a loss of sequestration value. Other landscapes also provide important climate benefits, not only by sequestering carbon, but also by limiting sprawl, providing a local source of food and fiber (thereby reducing emissions associated with goods movement), and capturing and delivering drinking water. Urban parks and forests also reduce GHG emissions through the reduction in use of cooling systems, improving walkability (thereby reducing vehicle miles traveled) and carbon sequestration. Parks also provide an important opportunity for physical activity, improving public health. Under most adaptation scenarios, California will experience more extreme heat days, our water supply will become less predictable, and wildfires will become more frequent. All of these factors will increase the importance of protecting healthy natural landscapes and making our cities greener and healthier.

The draft Scoping Plan's regional planning policy is an appropriate mechanism for addressing some of these issues, and many of our recommendations are included in that section. In addition, we also have the following suggestions that merit separate consideration and inclusion in the Scoping Plan:

- Create a statewide program to inventory and assess the carbon sequestration and storage of

natural and working landscapes across the state. Develop protocols for measuring sequestration and stocks and assist local and regional agencies in implementing the protocols.

- Create a statewide program and/or guidelines to mitigate for the GHG emissions and loss of sequestration resulting from conversion. There are a number of possible mechanisms for implementing this strategy, including CEQA, ISR and regional planning. Mitigation can take the form of conservation easements, fee title acquisition, and funds to manage and restore protected lands.
- Provide for the equitable distribution of conservation resources, so that park-poor communities have increased access to preserved landscapes.
- Maintain the resiliency of protected landscapes over the long term, to ensure they continue to provide climate benefits under a variety of scenarios.
- Develop protocols to help cities, counties and regions quantify the climate benefits associated with urban parks, forests and other greening projects.
- Make a portion of the climate protection program revenues available for urban parks and urban greening programs.

Conclusion

Thank you for the opportunity to submit these comments on the draft Scoping Plan. We look forward to working with you to implement these concepts over the coming months. For additional information, please contact ClimatePlan Director Autumn Bernstein at 530.544.1092 or autumn@climateplan.org.

Sincerely,

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ATTACHMENT A

Detailed Recommendations **for Implementing a Regional Planning Policy**

1. **The regional planning framework should apply to all regions of California, not just those which are part of Metropolitan Planning Organizations (MPOs).** Otherwise, the regional planning policy will have the unintended consequence of driving growth out of MPOs and into non-MPO counties. The San Joaquin Blueprint is a useful model of how regional planning can be done outside of MPOs. In addition to the San Joaquin Valley, the Northern Sacramento Valley, the Sierra Nevada, and Central Coast are all rapidly-growing regions outside of MPOs. The Sierra Nevada Conservancy has adopted subregional boundaries for the Sierra Nevada, which could provide a useful starting place for regional planning in the Sierra. In other parts of the state, Integrated Regional Watershed Management Plans (IRWMPs) have created multi-county planning partnerships focused around water resources, and these too could provide useful foundations for regional planning in these non-MPO areas.
2. **The regional planning policy should be designed to ensure that jurisdictions cannot meet GHG-reduction targets simply by not allowing any growth.** CARB regulations should ensure that regions and local jurisdictions cannot meet GHG-reduction targets simply by not allowing any growth, or avoiding meeting the range of affordable housing needs as reflected in their housing elements. This is a substantial risk in many jurisdictions located in areas close to job centers and public transportation but that have slow-/no-growth political agendas. A per-capita target may be the best approach.
3. **We encourage CARB to examine other possible incentives to help local governments and developers grow in a manner that is consistent with AB 32 goals.** Possible incentive mechanisms include:
 - Narrow, focused CEQA streamlining for projects that meet appropriate standards.
 - Reduced parking and traffic Level of Service (LOS) requirements for projects in locations where overall mobility is high due to walkability and access to public transportation.
 - Financial incentives for builders and communities that are building compact, mixed-use, walkable and affordable development. Incentives can take many forms, including upgrades of aging infrastructure, planning charrettes for TOD sites, purchase and assembly of infill sites, and updating zoning and parking codes. These incentives can come from climate protection program revenues, or from new revenues generated by an Indirect Source Rule or fees linked to automobile emissions (such as congestion pricing or gasoline fees).
4. **CARB should adopt specific goals and protocols for the creation of regional plans.**
 - CARB should adopt specific, clear goals for regional plans related to GHG and VMT reduction as well as complementary goals such as preservation of natural and working

landscapes, housing affordability, air quality, transit accessibility, public health, greening the urban environment (e.g. through urban parks and forestry programs), and addressing the needs of low-income communities.

- CARB should also adopt guidelines and protocols for the process of developing regional plans, including standardization of data collection and modeling, ensuring effective public participation, and developing protocols for quantifying the carbon sequestration benefits of preserving working and natural landscapes, and emission reductions of different land use patterns.
- Regional planning guidelines should also provide flexibility for addressing issues that are unique to certain regions in California, such as wildfire, earthquake and flood hazards, cultural and historic preservation, tourism, and agriculture.
- The plans should include mechanisms for encouraging local governments to comply their General Plans to the adopted regional plan and support the updating of local zoning codes and other planning policies.