

SB 375 Impacts Analysis Report, by the Urban Land Institute Summary and Key Findings

*In June 2010, the Urban Land Institute (ULI) released its **SB 375 Impact Analysis Report** reflecting the conclusions of a 16-member California-based panel of development, business and public sector leaders.*

Here is a summary of the report's conclusions. To obtain a complete copy of the report, visit: www.uli.org/SB375

California's Senate Bill 375 connects transportation funding to regional land use plans that enhance transit use and reduce automobile use by fostering compact development near transit. This approach to land use planning creates significant economic benefits for California's economy:

- 1. Household Cost Savings:** The number and type of housing units delivered in California over the past 20 years have not kept up with demand nor population growth. Compact land development patterns provide housing that responds better to market demand and specifically appeals to first-time renters and buyers and empty nesters who are currently underserved. SB 375 can encourage more compact and transit-friendly communities thereby reducing household transportation and housing costs. It can ultimately lead to more sites for development, not fewer, thereby balancing housing supply and demand.
- 2. Development Industry Recovery:** SB 375 can create greater certainty in the location and timing of future development resulting in lower entitlement risk to the development industry and better coordination of regulation and development funding that could increase the pace at which developments can occur. SB 375 also enhances California's eligibility for Federal transportation funding, thus enhancing California's ability to invest in new infrastructure.
- 3. Cities and Counties Long-term Savings:** SB 375 can result in lower municipal service costs by creating land use patterns that are less expensive to serve. SB 375 will not impose regional government on cities and counties, it simply create incentives for development that respond better to market and demographic trends.
- 4. Healthier communities:** SB 375 can result in more walkable communities, better air quality and more open space, translating into health and environmental cost savings.

But, to implement SB375 successfully there need to be changes in policy and funding:

- 1. Transit Funding Certainty:** There need to be more sources for transit funding, such as parking fees or gas taxes. More investment in "smart technology" is needed to manage traffic and transit flows. And, there needs to be a greater match between transit funding and desired land use patterns.
- 2. Consistency between Land Use and Public Services Funding:** There needs to be greater consistency for all public service categories (e.g., schools, water, sewer, etc.) between funding and desired land uses. The State must stop diverting funds from cities and counties to pay for its deficits. There needs to be greater openness and certainty on development approvals. Land use planning should be driven more by market and demographic data, not special interests. And, there needs to be better technical sharing of "best practices" among regions on matching funding to desired land use.
- 3. Enhance CEQA Exemptions for Development Consistent with SB 375 plans:** SB 375 starts the process of CEQA reform by creating greater certainty in approval and funding for development consistent with the regional plan. But, this falls far short of removing the barriers to sustainable development that CEQA can create. A coalition of environmental, business, public and development interests needs to focus on supporting a package of further reforms to make CEQA a means to enhance, not obstruct, investment in quality land use patterns.

ULI is a non-profit real estate research organization with nearly 30,000 worldwide whose mission is to provide leadership in the responsible use of land and in creating and sustaining thriving communities worldwide.