

Settlement With Farmers Clears Way for High Speed Rail Construction

BY LARRY SOKOLOFF

Plans are underway for a symbolic groundbreaking in early July on the controversial California High Speed Rail project. But whether the project moves beyond a few shovelfuls of dirt is still in question.

From a land use perspective, a recent settlement between High Speed Rail (HSR) and farmers in Madera County offered clues on how the railroad will impact land use in the Central Valley. The settlement involved the first part slated for construction, a 29-mile section of the railroad between Madera County and Fresno. As part of the settlement, HSR agreed to pay \$5 million

to preserve additional farmland in Merced and Madera Counties and to buy up land that is impacted by the route of the railroad.

HSR was first approved by California voters in 2008, and since then its cost has mushroomed from \$33 billion to \$68 billion. The railroad is supposed to carry riders between Los Angeles and San Francisco in three hours, and extend throughout the state to other major cities. Much of the railroad would be built in the Central Valley, carrying passengers at speeds of up to 220 miles per hour.

On the positive side, HSR Chair Dan Richard told a May 28 congressional field hearing, “Over the last year, we have taken

— CONTINUED ON PAGE 6

insight
WILLIAM
FULTON

California’s Density Continues to Buck the National Trend

It’s no secret that California’s urban areas are denser than the rest of the country. Downtown Los Angeles may not be as dense as Manhattan, but in the aggregate, the Golden State – with its eight-to-the-acre subdivisions and its coastal condos – is a pretty urban place.

And two new reports – one from the state and one from the feds – remind us just how urban California is – and how much more urban it is than most of America.

The state Department of Finance’s Demographics Research Unit recently reported that more apartments have been built in California in the last two years (2011-2013) than single-family homes. Statewide, the margin isn’t much. But in Los Angeles County, the figure was 87%.

Meanwhile, the Census Bureau – using a different measure of density in a different time period, 2000-2010 – has found a remarkable difference in the trend between California and the rest of the nation. Using a metric called “weighted population density” at the census tract level, the U.S. Census Bureau found that density in the nation’s metropolitan areas as a whole dropped by 6% – and in many metros the decline was much greater. But in California, the trend was reversed. Two-thirds of California’s metropolitan areas (as defined by the Census Bureau) saw population density increase between 2000 and 2010.

What’s going on here? The simplest explanation is this: The big coastal metros are running out of land and real estate market

— CONTINUED ON PAGE 9

IN BRIEF

Plan Bay Area sparks controversy everywhere.....Page 2

LEGAL DIGEST

Zone out those pot dispensaries!!.....Page 4

FROM THE BLOG

Eric Garcetti’s moment.....Page 10

FROM THE BLOG

The fiscal case for smart growth.....Page 11

inside

HOT DEBATE: PLAN BAY AREA.

Plan Bay Area – the Bay Area’s regional sustainable communities strategy – is stimulating a pretty big debate.

First, in response to San Francisco’s approval of the city’s 10-year capital plan, [Supervisor Scott Wiener](#) claims that Muni will only get worse if officials do not initiate more funds for the underfunded transit system. Under the current proposed spending plan, Muni would get an allotted \$300 million, an amount well below SFMTA’s estimated need of \$510 million per year. In addition, [MTC recently released its draft for Plan Bay Area](#), which promotes the widening of highways to create high occupancy toll lanes rather than using existing lanes. Critiques of this plan argue that this logic follows outdated Caltrans practices that cannot be used to solve 21st century transit problems and falls short of addressing other exasperating issues, such as decreasing traffic crashes by 50% and improving walking and biking by 70%.

Meanwhile, both north and south of the city, Plan Bay Area’s plan to identify priority growth areas has triggered predictable [opposition from Marin County](#) and [San Mateo County](#), where local officials fear intrusion into their land-use power.

And across the bay, [Walnut Creek Councilmember Justin Wedel](#) had the opposite concern – expressing a fear that the plan won’t be able to reduce

greenhouse gases even as it threatens local agencies’ control over planning and development decisions.

The comment period for the plan’s draft EIR has since closed and the final draft is scheduled for adoption this summer.

THE PLANNING SHUFFLE IN SAN DIEGO AND L.A.

Outgoing Los Angeles Mayor Antonio Villaraigosa has formally proposed merging several agencies departments, while new San Diego Mayor Bob Filner appears ready to separate planning from permitting.

[Villaraigosa’s budget proposes](#) consolidating the Department of Planning and the Department of Building and Safety, and the creation of a new Economic Development Department that would aim to replace the functions of the (now defunct) CRA. The City Council will hold public hearings before voting on the budget next month.

Meanwhile, in San Diego, Filner appears to have an opening to create a separate planning department, which was folded into the Development Services Department in 2009. The recent departure of Development Services Director Kelly Broughton – who left for Chula Vista – provides Filner with the opportunity. This separation would task development services with approving permits, which would allow the planning department to focus on neighborhood-

level decisions and prioritize for a more efficient community plan update process. Director Broughton is planning to stay on for another month while the mayor looks for an interim director and works out the details for the department’s new arrangement.

AND ... CONTROVERSIAL PLANS AND DEVELOPMENT PROJECTS ...

In [Pasadena](#), after four years of work on the [city’s updated general plan](#), the Pasadena City Council has green-lighted moving to the environmental review phase. Among its updated elements, perhaps the most praised is the addition of a component that focuses on promoting the city’s public education system, and the most controversial being development caps for Old Pasadena- 3,750 residential housing units and 2.5 million square feet for commercial development. Those who oppose the caps say the proposed limits will also cap economic development potential and conflict with the plan’s guiding principle for a lively and walkable downtown. Another highly contested issue included proposals to increase density and allow for mixed use projects in commercial to residential transition areas, specifically in the North Lake commercial district. Council is expected to finalize the plan next summer.

Meanwhile, in [Hollywood](#), is 55 stories too high for a building in the ‘hood?? Neighbors think so -- especially when

– CONTINUED ON PAGE 3



is published semi-monthly by

Solimar Research Group
Post Office Box 24618
Ventura, California 93002

Telephone / Fax: 805.652.0695

Subscription Price: \$238 per year

ISSN No. 0891-382X

Visit our website:
WWW.CP-DR.COM

You may e-mail us at:
INFO@CP-DR.COM

William Fulton
Editor and Publisher

Josh Stephens
Associate Editor

Susan Klipp
Circulation Manager

Morris Newman, Kenneth Jost
Contributing Editors

Abbott & Kinderman, LLP
Legal Digest

— CONTINUED FROM PAGE 2

it will dwarf the iconic Capitol Records building next door. Opponents recently [circulated an online petition](#) called “Stop the Millennium Hollywood Project”, which calls for the project to be modified “to a reasonable scale”. You can also hear a debate about the project -- featuring *CP&DR* Publisher Bill Fulton -- on a recent episode of [Which Way LA?](#)

And in **Fresno**, despite a smart growth-oriented general plan, the City Council supported the [developer’s plans](#) to build outside the city’s limits at Millerton Lake. According to the project developer, the space needed for the campus is larger than any downtown site can provide. Council’s support for the project (location) also added to the divide between Council Members and the Mayor’s efforts to focus new development in Downtown Fresno. The new university will open next year and the city will still be able to weigh in on the project during the

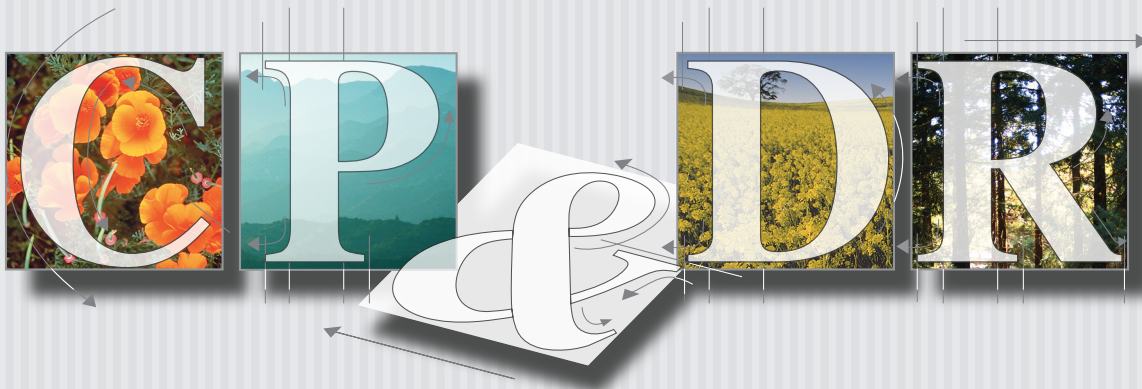
planning process. Millerton Lake was one possible site for the the campus that eventually became UC Merced.

Alhambra says it’s time to complete the 710 freeway. With Measure R money on the table and the political backing of regional and state transportation agencies, the city of Alhambra has once again affirmed its support to finally complete the [710 Freeway by way of a freeway tunnel](#). For decades the 710 Freeway has been “incomplete” as strong community opposition has caused the seemingly permanent delay for the construction of the segment between Alhambra and Pasadena. The Los Angeles County MTA is currently undergoing an environmental study that options different strategies to relieve traffic congestion in the “gap” area, including a freeway tunnel and public transit options. To raise awareness for the effort, Alhambra’s mayor has proclaimed July 10th as “710 Day”-

a day dedicated to public outreach efforts for the 710 Freeway. The first draft of the MTA’s environmental study is expected to be out sometime next year.

And finally, is **L.A.’s Union Station** ready for that close-up? Preliminary plans were recently revealed for Los Angeles’ [77 year-old union station modernization](#) project. The plans (including four design concepts) focus on the integration of the state’s High Speed Rail system with the city’s historic transit hub. Additionally, the improvements aim to enhance the passenger experience by adding restaurants and retail, centralizing alternate terminals, and improving connectivity and accessibility to its surrounding neighborhoods. The project team hopes to present its final design plan to the MTA board next year. ■

Join us online ...



Is now on TWITTER
and FACEBOOK!



Follow our tweets @Cal_Plan and search
for us to become a fan on Facebook

legal digest

Supreme Court Gives Cities Power to Zone Out Pot Dispensaries

BY WILLIAM FULTON

The California Supreme Court's recent ruling on medical marijuana dispensaries put a longstanding legal dispute to rest and gave cities the green light to zone out such establishments.

The question of whether cities can use zoning powers to ban pot dispensaries has been a growing battle in municipalities around California in the last few years. Some cities created headaches for themselves by attracting dispensaries because they failed to pass a ban – witness the spectacle of Los Angeles having to shut down 800 dispensaries by holding hearings one-by-one. Many cities endured lengthy hearings to pass temporary moratoria, angering local medical marijuana advocates and gambling that in the end the courts would uphold a ban. But just as frequently cities had to try and figure out what to do with dispensaries

that opened up in defiance of a local ban.

That's the situation that the city of Riverside faced in the case decided by the Supreme Court. A dispensary opened up in Riverside in 2009 even though the city had banned such establishments. The city then had to sue the dispensary to shut it down and the case went all the way to the Supreme Court.

In ruling for the city, the unanimous Supreme Court concluded that neither the 1996 ballot initiative that legalized medical marijuana, nor the 2003 statute allowing dispensaries, preempts the power of local governments to use land-use regulations to ban the dispensaries from within their borders.

"We have consistently maintained that [the initiative and the statute] are but incremental steps toward freer

access to medical marijuana, and the scope of these statutes is limited and circumscribed," wrote Justice Marvin Baxter for a unanimous court. "They merely declare that the conduct they describe cannot lead to arrest or conviction, or be abated as a nuisance, as violations of enumerated provisions of the Health and Safety Code. Nothing in the CUA or the MMP expressly or impliedly limits the inherent authority of a local jurisdiction, by its own ordinances, to regulate the use of its land, including the authority to provide that facilities for the distribution of medical marijuana will not be permitted to operate within its borders.

The case began in 2009 when Inland Empire Patients Health and Wellness Center opened a medical marijuana dispensary in Riverside despite the fact that the city had passed a ban. The city

– CONTINUED ON PAGE 5



**ABBOTT &
KINDERMANN, LLP**
ATTORNEYS AT LAW

Abbott & Kindermann, LLP
Land Use, Environmental and Real Estate Law
Counseling, Advocacy and Litigation

2100 21st Street, Sacramento, California 95818
916-456-9595

– CONTINUED FROM PAGE 4

successfully obtained an injunction against the establishment's operation and the case went up the chain all the way to the Supreme Court.

The issue before the Supreme Court was whether either the initiative or the statute explicitly or implicitly prohibits a zoning ban on pot dispensaries.

The explicit question was easily dealt with by the Court. As Baxter, noted, the initiative does not mention dispensaries, while “no provision of [the statute] explicitly guarantees the availability of locations where such activities may occur, restricts the broad authority traditionally possessed by local jurisdictions to regulate zoning and land use planning within their borders, or requires local zoning and licensing laws to accommodate the cooperative or collective cultivation and distribution of medical marijuana.

Regarding the possibility of an implicit preemption by the state, the Court rejected that as well, concluding “there

“The issue before the Supreme Court was whether either the initiative or the statute explicitly or implicitly prohibits a zoning ban on pot dispensaries.”

appears no attempt by the Legislature to fully occupy the field of medical marijuana regulation as a matter of statewide concern, or to partially occupy this field under circumstances indicating that further local regulation will not be tolerated.” Indeed, quoting an amicus brief from the League of California Cities, the Court bought the argument that communities are different and whereas pot dispensaries

might be fine in one city, they could well create blight in another.

Of course, there is nothing in the ruling that would prevent the state legislature from passing another law preempting local regulation of pot dispensaries. The state has done so with regard to other land uses – schools, for example – and could do so here.

Justice Goodwin Liu wrote a concurring opinion arguing for a very broad interpretation of the Court's language about implicit state preemption, essentially arguing that there should be a very high bar.

The text of *City of Riverside v. Inland Empire Patients Health and Wellness Center*, No. S198638, can be found [here](#). ■



is now on Twitter and Facebook!

Please follow our tweets @Cal_Plan,
and search for us and become a fan on Facebook.



>>> Settlement With Farmers Clears Way for High Speed Rail Construction

– CONTINUED FROM PAGE 1

a number of tangible steps forward and made tremendous progress.” Richard, who was appointed chair in 2011 by Gov. Jerry Brown, pointed to a new direction the board had taken since then by working with existing passenger rail programs and developing a phased implementation plan for the massive project.

The lawsuit with farmers was settled on April 18. Farmers in Merced and Madera Counties brought suit under CEQA to challenge the project, claiming that mitigation measures were inadequate. The fund to preserve farmland (which is \$4 million after attorney fees are subtracted) is called a mitigation fund.

“They’re basically admitting that there are unforeseen impacts they can’t predict,” said Anya Raudabaugh, Executive Director of the Madera County Farm Bureau, which was one of the plaintiffs in the suit.

Under the settlement, parcels of 20 acres or less that are crossed by HSR would be purchased under strict guidelines intended to provide the farmer a higher price. Parcels of over 20 acres or more could also be purchased if, according to Raudabaugh, the landowner can prove that the railroad impacts use of the farmland. This might include disruptions like tracks disrupting irrigation systems and water supplies.

A key feature of the settlement is that HSA has agreed to provide 25-foot buffers on each side of the track. That will provide turning room for large agricultural vehicles, such as spray rigs and tractors, she explained. Before the settlement, the high speed rail authority was only going to pay for the 100 to 300 feet of a farmer’s field that it would need for the track project, she said.

The guidelines set out in the settlement are expected to impact further expansion of the rail in the Central Valley, Raudabaugh said. She called the settlement “a valley-wide precedent.”

“We don’t want any farmer to be in our shoes and negotiate this again,” she said.

Federal aid is a huge funding source for the project. In order for the state to receive the money, work needs to begin soon. The Federal Railroad Administration has pledged over \$3 billion to the rail efforts, but the money must be spent by late 2017.

The Fresno Bee reported in late May that another delay in the project might come from the federal Surface Transportation Board. The board ruled that it has authority over the project, and could delay the project if the state is forced to comply with federal railroad regulations.

Nationally, Republicans have opposed the California project

“The settlement means the precedent of cutting through farms is going to prevail.”

and similar high speed rail projects that were proposed in other states. A May 28 hearing in Madera gave them a chance to further question the project. Rep. Jeff Denham, (R-Turlock), said at the hearing that he would continue to block any additional federal money for the project.

At the hearing, Denham complained how the project had veered off course from the project that voters approved in 2008.

It’s an argument that will be heard again in Sacramento County Superior Court on May 31, when arguments begin in a case challenging HSR, brought by Kings County. The lawsuit claims that voters are not getting what they approved in 2008 and asks a judge to halt sale of bonds for the project. Two contentions made in the King County case are that the statewide HSR system will not be completed by 2020, and that riders will not be able to take trips between San Francisco and Los Angeles in two hours and forty minutes.

Actual construction of the HSR is at least a year away, said Gary Patton, a Santa Cruz attorney and former head of the California Planning and Conservation League. Patton has worked with two groups opposing HSR.

“The settlement means the precedent of cutting through farms is going to prevail,” Patton said. “There’s nothing significant here in preserving the land.”

Patton added, “Huge agricultural areas are really being made dysfunctional. ... Maybe in 20 years things could be done to put it back together.”

But Patton said the Madera and Merced farmers probably had no choice but to settle. “It’s really rolling the dice to think you’ve going to beat the high speed rail authority in court.”

Attorney Barry Epstein, of Fitzgerald Abbott & Beardsley of Oakland, lead counsel for the farm plaintiffs, called the recent settlement “a real improvement.”

“This is one of those cases where litigation was needed to accomplish the core CEQA purpose of reducing impacts when public agencies chose to undertake environmentally harmful projects,” he said.

At the congressional hearing, Denham questioned where the route will go in the Central Valley.

“Roughly a month from when the Authority intends to break ground and no right of way has been acquired, no agreement is in place with freight rail regarding its assets, and landowners still don’t know if train tracks are coming straight into their living room,” he said. ■

>>> California's Density Continues to Buck the National Trend

– CONTINUED FROM PAGE 1

economics are driving new development in the direction of very dense apartment projects. But that's not the whole story. Even in inland areas where the state's numbers say the the single-family home still reigns supreme, the Census Bureau's numbers say that density is going up.

Let's begin with recent construction trends as documented by DOF. Between 2011 and 2013, statewide about 40,000 multifamily housing units were constructed compared to 39,000 single-family units. And of the single-family units, 3,000 were townhomes.

Although this makes a good headline, it shouldn't be very surprising. There's been a general trend toward multifamily construction in California since the 1990s – it was temporarily reversed during the housing boom of 2000-2006 – and in the last couple of years rental apartments have been virtually the only housing product for which California developers can obtain financing. Of course, the overall numbers are very low compared

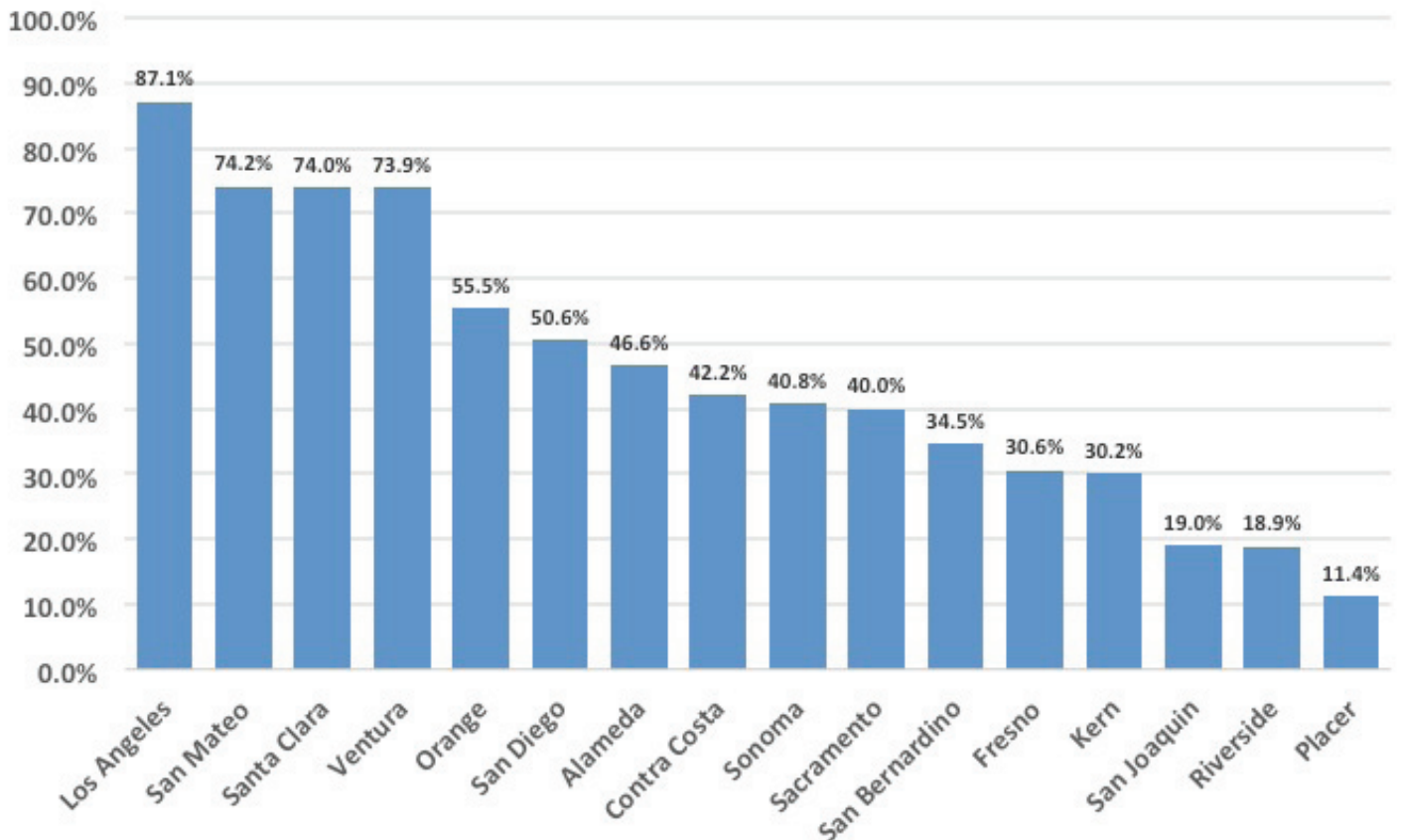
to the boom when 200,000+ housing units were being constructed per year.

The breakdown by county, detailed in the chart below, shows that there is still a big difference between coastal and inland counties – but there's now a big difference between working-class inland counties and more affluent inland counties. For example, while Riverside County constructed only 18% apartments, the figure for neighboring San Bernardino was 35%. Placer County in suburban Sacramento had only 11% apartment construction, but the figure for Fresno was almost half and for Kern was 30%.

These numbers would seem to contradict the Census Bureau numbers, which show big density increases in the inland areas and even some declines in the coastal metro areas. But this seeming discrepancy, partly explained by the different geographies involved – counties at the same level, metros (some of which involve multiple counties) at the federal level – suggest some subtle trends toward more density in the inland areas.

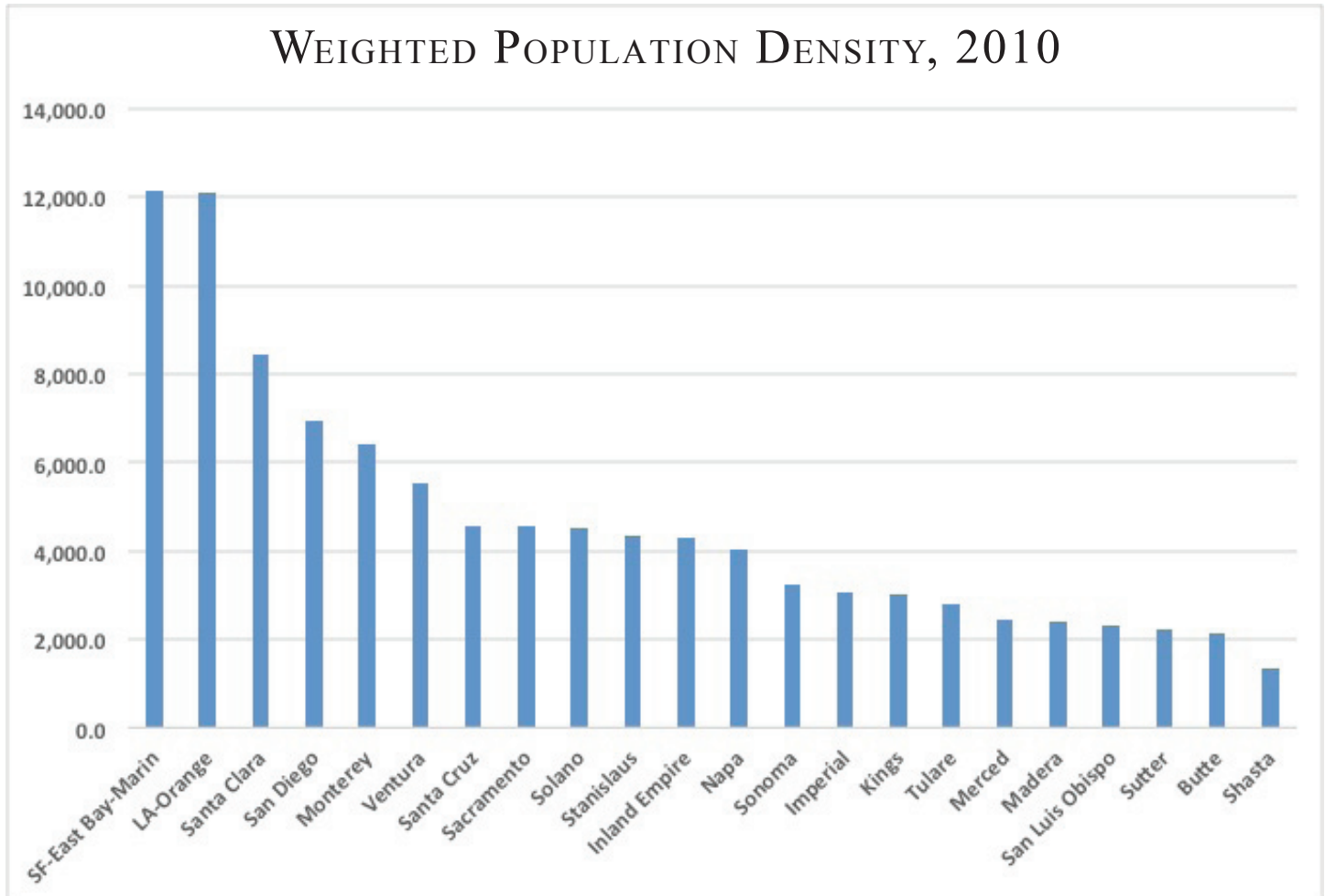
– CONTINUED ON PAGE 8

% MULTIFAMILY CONSTRUCTION, 2011-2013



– CONTINUED FROM PAGE 7

WEIGHTED POPULATION DENSITY, 2010



The Census Bureau’s numbers are based on a new methodology – a technique it calls “population-weighted density”. It’s the average population density from across all Census tracts in a particular geography – the nation, the state, the metro area, whatever. Some demography nerds are excited that the Census Bureau has finally adopted this approach. And, indeed, since every Census tract has about the same population (around 4,000 people), an average across all Census tracts ought to be pretty revealing.

Nationwide, the Census Bureau found that, by this measurement, density dropped 6.0% in all metropolitan and micropolitan areas combined, and 5.5% in all metro areas. (Micropolitan areas are very small population centers that function like metro areas. Both metropolitan and micropolitan areas are delineated by county boundaries, and the vast majority of them nationwide are one county.) Of the 377 metro areas in the nation, population density dropped in 232 of them – more than 60%.

But not in California. In our world, using the population-weighted approach, the population density of 14 of the state’s 22 metro areas went up. And, as Figure 1 shows, density was more likely to go up in small metros than in larger ones.

It is not possible, based on the numbers the Census Bureau released, to calculate the overall density change for all metros in California. But the chart below gives you the idea. Population density increased the most – by far – in Madera County. Other places that saw population density go up were Shasta, Kings, Napa, Sutter, and the Inland Empire (Riverside and San Bernardino counties combined). Among those metros losing density were Sacramento, San Diego, San Luis Obispo, San Francisco, Los Angeles, and Monterey.

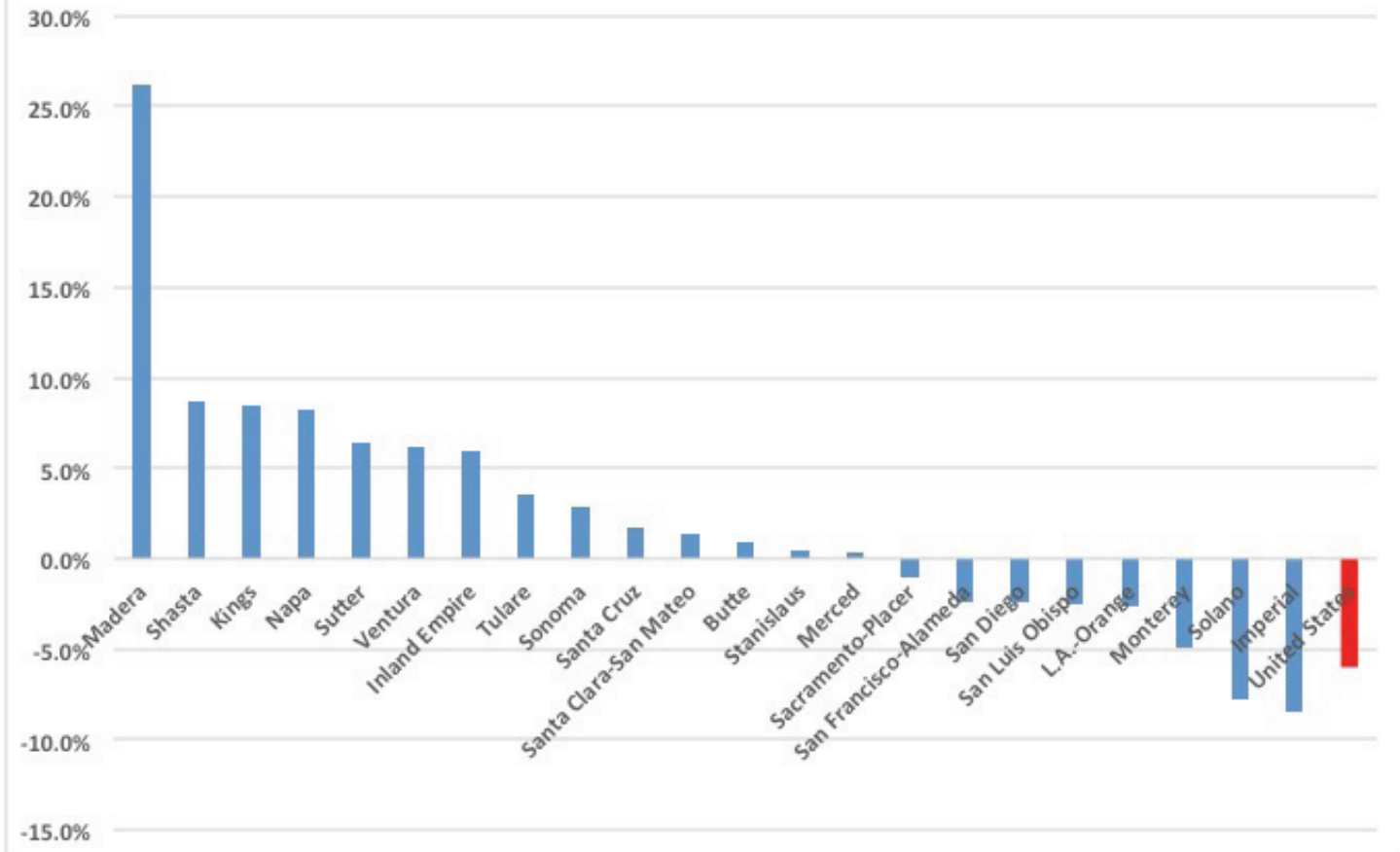
What’s going on? Some of this makes sense and some of it is counter-intuitive. It makes sense that California metros are denser than the rest of the nation. But why would Madera, Kings, and Napa counties be densifying, while L.A. and San Francisco are not?

Remember what’s being measured here: The average number of persons per square mile for all the census tracts in each metro area (most often, in each county). In the case of Madera County – admittedly the outlier – what this probably means is that new single-family subdivisions are being built at a suburban scale (that is, the same density as across the river in Fresno County), which is a very high density compared to the traditional, more

– CONTINUED ON PAGE 9

- CONTINUED FROM PAGE 8

WEIGHTED DENSITY CHANGE, 2000-2010



rural development pattern in the county. In a suburban county such as Ventura – my home county – it’s likely that several things are going on: more small-lot single-family subdivisions are being built, more previously passed-over sites are being built on, and more apartments are being built. (Remember last week’s blog, which showed that between 2011 and 2013 – admittedly a different time period -- most new construction in Ventura was multifamily.)

Fair enough. But why are densities going down in the big metros?

This is harder to answer. At first I thought it might be because household size is going down. After all, the big population growth in these metros in the ‘80s, ‘90s, and [00s was from immigrants and high fertility rates among immigrant families, and now the Latino baby boom is over. But that’s not it: According to the Census Bureau, average household size in California actually went up between 2000 and 2010, both statewide and in most counties such as L.A.

My guess is that the aggregate number for these large metros is making smaller-scale trends – that is, the dropping density in certain locations (most likely exurban areas) is more than making up for increasing or stable density in established locations. Imagine

what LA-Orange might look like without the Antelope Valley, or San Francisco without Marin and eastern Contra Costa, or San Diego without East County. We’d probably see density increases.

And anyway, as the final figure reminds us, these areas are already extremely dense. L.A. and San Francisco metros both have a weighted population density of about 12,000 persons per square mile. That’s not nearly as much as New York, but it is way more than Chicago, Boston, or Washington. And it’s six times as much as Madera.

Overall, the numbers show a very distinct pattern: California’s urban and suburban areas are becoming more dense. And that highlights the state’s biggest challenge: How to maximize the benefits of density while minimizing the downsides. Proximity to shopping and job centers, shorter commutes, a greater ability to navigate the world without either the cost or hassle of cars – all of these are good things about density. But, as Paul Shigley and I have highlighted in the last two editions of Guide to California Planning, it is very hard to muscle a planning system designed to create 1970s suburbs in order to produce 21st Century urbanity. Give California a lot of credit for trying – but the fact of the matter is that we have a long way to go to make sure we take advantage of the density, rather than the other way around. ■

Eric Garcetti's Moment

So, we all woke up this morning to the news that Eric Garcetti – longtime city council president, councilmember from Hollywood, and son of former L.A. District Attorney Gil Garcetti – will almost certainly be the next mayor of Los Angeles. What does this mean for planning and development in L.A.?

Well, first of all, far more than his opponent Wendy Greuel, Garcetti has been a high-profile political figure on planning generally and smart growth and infill in particular. At the same time, however, his reputation around town has always been that he's not as much of a policy heavyweight as Greuel. And, of course, he's got to compete with the legacy of Antonio Villaraigosa – the politician who can legitimately go down in history the guy who changed L.A. from a car town to a transit town and set the table for “elegant density”.

So what does the guy do?

Garcetti has always been an eloquent and forceful advocate for a truly urban Los Angeles. And while it's made him the darling of the planners, it hasn't always gone down well with his constituents, which has caused him to straddle the issue on occasion.

Witness his approach to the controversial 55-story Millenium Towers project in Hollywood. On the one hand, Garcetti has held out [Hollywood as the “template” for the new Los Angeles](#). On the other

Garcetti has always been an eloquent and forceful advocate for a truly urban Los Angeles.

hand, after he finished first in the primary, he came out [against the Millenium project](#).

The practical reality is, that as mayor, he'll have to straddle more than ever. That's what big-city politicians have to do.

But Garcetti's got a great opportunity here to push L.A. in the right direction. He's a charismatic young politician who talks about this issue in a winning way – maybe the first truly urban mayor the city has ever had. He's not saddled with the baggage of controversy that always followed Villaraigosa around and, thanks to Measure R, he doesn't have to fight the battle to actually build the transit. Villaraigosa already won that battle for him.

What Garcetti has to do is seize the moment. The city is changing. The transit is getting built. A lot of people are already bought into the idea of “elegant density.” Even as he straddles, Garcetti can bring his constituents along by pushing the idea that new development in L.A. must revolve around the rail transit stations – responding to emerging market demand, improving those neighborhoods, and protecting existing single-family neighborhoods all at the same time.

Eric, it's your moment. Jump on the train and get moving this morning.

– BILL FULTON | MAY 22, 2013 ■

“It's said that great minds think alike. Sometimes great firms do, too.”

NEW GROWTH

from deep roots



The merger of two major planning firms, The Planning Center of Costa Mesa, CA, and DC&E of Berkeley, CA.

The Planning Center is a full-service consulting firm specializing in community planning, environmental services, and land planning and design. DC&E provides a comprehensive range of planning and design services, with an emphasis on urban design and smart growth.



THE PLANNING CENTER



DESIGN, COMMUNITY & ENVIRONMENT

■ www.planningcenter.com | www.dceplanning.com ■

The Fiscal Case for Smart Growth

After eight years in elected office in California, I can tell you that I often fell into the same trap as everybody else: chasing revenue. When you're up against the wall on budget problems, any new revenue – especially a boost in property or sales tax revenue – looks like the solution to all your problems.

And it is at first. How many times have I heard a city councilmember or a city manager say they're just trying to hang on for one more year until the revenue from some new subdivision "comes online." But as I've written before in this space ("The Multari Curve"), the revenue boost is short-term and over time it's eaten up by increased service costs, meaning you always have to approve another subdivision to make up for the deficits on the one you approved in the past.

Yesterday, Smart Growth America – the organization I spend most of my time working for – released a national report called "Building Better Budgets," which makes the argument on a national scale that smart growth-style development can actually improve the fiscal situation of local governments by increasing revenue and decreasing cost. (Full disclosure: I was the project manager for this report.)

Building Better Budgets has already gotten a lot of publicity in the blogosphere (see, for example, the APA's blog. And it's mostly a review of research nationally – not a California-specific piece of work. But there are a couple of things worth calling out for California planning practitioners.

The first is the simple fact that infill development, properly done, can have a huge positive impact on the bottom line in a city's operating budget. This is the main thing we were shooting for in Building Better Budgets. The argument that smart growth and infill development lower the cost of up-front infrastructure was well established. But the report highlighted the argument about operating costs as well.

For example, Smart Growth America scooped up some research from Charlotte, North Carolina, which found that conventional suburbs cost four times as much for the fire department to serve than smart growth neighborhoods – and SGA concluded that a smart growth approach could avoid the need for Charlotte to build two fire stations when the city is built out, saving about \$13 million in capital costs and \$8 million per year in operating costs.

As a former elected official, the bottom line for me is that a smart growth development approach is a way out of the fiscal box. Conventional suburban development always loses money in the end. Traditionally, the only ways around the problem were to keep approving subdivisions (simply pushing the day of reckoning out into the future), charge enormous impact fees (which simply shift the cost rather than reduce it), or raise taxes. Smart growth can lower the cost of development, which is good for everybody – developers, homebuyers, taxpayers – and increase more revenue. It's a game-changer.

– BILL FULTON | MAY 22, 2013 ■

