

Assembly Bill 32/Senate Bill 375/Senate Bill 575

Background:

Governor Schwarzenegger signed into law Senate Bill 375 (SB 375) (Steinberg) in September 2008. The stated purpose of this bill is to integrate land use and transportation planning to achieve the greenhouse gas (GHG) emission targets set by Assembly Bill 32 (AB 32) (Núñez), the Global Warming Solutions Act of 2006. AB 32 requires the State of California (State) to reduce its GHG emissions to 1990 levels by 2020.¹ This amounts to 5 million metric tons (MMT) of statewide carbon dioxide (CO₂) reductions from light duty trucks and passenger vehicles.² Under AB 32, the California Air Resources Board (CARB) is the entity responsible for monitoring and reducing GHG emissions.³

Since AB 32 provided a general goal for GHG emission reductions, other methods were recommended to achieve specific area reductions. SB 375 is an attempt to reduce the significant portion of transportation-attributed emissions.⁴ SB 375 requires the setting of regional GHG emissions targets for 2020 and 2035.

Amidst all of the confusion surrounding SB 375 and its far-reaching implications, there is an effort through current legislation, SB 575 (Steinberg,) to clarify SB 375's provisions. The bill specifically addresses the housing element due dates in an effort to smooth the transition for SANDAG to the new housing element schedule under SB 375.

Key provisions of SB 375:

There are five (5) key provisions of SB 375:

1. The creation of land use related regional targets for GHG emissions reduction established by the Regional Targets Advisory Committee (RTAC) with guidance from regional Metropolitan Planning Organizations (MPOs).
2. Regional planning agencies are required to create sustainable communities strategies (SCS) to meet regional GHG emissions targets. If these targets cannot be met, an alternative planning solution (APS) is required.
3. Regional transportation funding decisions must be internally consistent with the regional transportation plan (RTP) or funding will not be provided.
4. Regional housing allocation planning will be connected to the RTP (reviewed every eight years).
5. New CEQA exemptions and streamlining for specific projects (residential and mixed-use only) that prove consistent with an approved SCS or APS. Also establishes transit priority projects.

¹ Greenhouse gases addressed by AB 32 include: carbon dioxide, methane, nitrous oxide, hydrofluorocarbons, perfluorocarbons, and sulfur hexafluoride. (AB 32, Chapter 3, Section G)

² AB 32 Climate Change Scoping Plan 2008, ES-5. AB 32 was set in place in order to allow the State to meet the GHG emissions standards set forth in the 2005 Kyoto Protocol.

³ Additionally, this bill has established a program of regulatory and market mechanisms to reduce GHG emissions, and has authorized the Governor to invoke a safety clause on emissions in the event of extraordinary circumstances, catastrophic events or the threat of significant economic harm.

⁴ According to SB 375 "*The transportation sector contributes over 40 percent of the greenhouse gas emissions in the State of California; automobiles and light trucks alone contribute almost 30 percent.*" (SB 375, SECTION 1, Paragraph (a))

Financial impact at the *state-level*:

The California Assembly Committee on Appropriations outlined the following fiscal effects of SB 375:⁵

1. The California Transportation Commissions would incur one-time costs of up to **\$200,000** in 2007-08 for the adoption of modeling guidelines, in addition to minor ongoing costs associated with updated guidelines and reviews of regional models.
2. The CARB would require one-half of an additional personnel year (PY) in 2007-08 and 2008-09 (at an annual costs of **\$72,500**), and a full additional PY thereafter (at an annual cost of **\$145,000**) for the workload associated with this bill.
3. The requirement that regional transportation planning agencies develop enhanced travel demand models and preferred growth scenarios may result in a **reimbursable state mandate**, potentially resulting in state costs exceeding several millions of dollars.

Furthermore, in order to meet the reduction goals of SB 375, greatly improved transit service will be required. Despite the requirement for this, the state has effectively eliminated their share of funding for regional and local transit.

Financial impact to *SANDAG*:

In February 2009, the Local Government Commission compiled information regarding the costs to regional planning agencies of complying with the SB 375 planning responsibilities. This information was distributed by the California Association of Councils of Governments (CalCog). Potential cost-drivers for MPOs included the following: type of planning model that would be used, additional CEQA compliance costs, public input requirements, presentation of the mandatory SCS or APS, and additional consultations with CARB.

SANDAG is currently working toward addressing the requirements set forth by SB 375. SANDAG Executive Director Gary Gallegos is one of two San Diego-area representatives on the RTAC (Stephen Doyle, President of Brookfield San Diego Builders, Inc. is the second representative). Future steps involve requesting a position for working with CARB on the San Diego regional GHG targets, and aligning the RTP and regional housing needs assessment (RHNA) cycles. The passage of SB 375, combined with the provisions of the 2008 RTP Settlement Agreement will significantly impact how SANDAG will prepare the next RTP and RHNA.

The SCS, as required by SB 375, will be a new element in the RTP. SANDAG has already adopted the Smart Growth concept map, which identifies existing and planned smart growth areas linked to existing and planned public transit. This Map will serve as an important basis for the San Diego SCS. Additionally, the results from SANDAG's Regional Climate Action Plan (RCAP) will provide relevant regional measures to reduce GHG emissions in compliance with SB 375. However, there is a funding gap in the current RTP (roughly \$17 billion), which will have to be addressed by SANDAG under SB 375. Any transportation project SANDAG includes in the RTP to address GHG reductions must be within the 20-year estimate of funds available, which financially constrains the SCS.

⁵ SB 375 Bill Analysis, Assembly Committee on Appropriations. August 22, 2007.

Integrated Regional Planning Work Plan and Schedule for Next RTP Update SANDAG	
RTP Goals and Objectives	July-Sept 2009
New Growth Forecast	Jan-Feb 2010
RTP Scenarios	June-Sept 2010
Draft GHG Targets	June 2010
Final GHG Targets	Sept 2010
Draft RTP/EIR	Feb-March 2011
Final RTP/EIR/RHNA	July 2011

Aligning the RTP and RHNA cycles may prove difficult and costly, as San Diego is scheduled to be the first region to undertake this process. Under SB 375, the RHNA is on an eight-year cycle, and will be conducted as part of the RTP every four years.⁶ Currently SB 375 states that the San Diego region must adopt two housing elements within a 2.5-year period (June 2010 and June 2013). SANDAG staff is currently pursuing cleanup legislation to merge and clarify these deadlines.

As of early 2009, most MPOs reported being at the beginning stages of SB 375 planning, and had not yet developed detailed budget information. SANDAG was able to provide the most detailed budget information, as it will be the first MPO to start the SB 375 compliance process in 2011. Rob Rundle, the Principle Regional Planner at SANDAG reports that the MPO has already spent “a lot” on modeling, review, and analysis associated with SB 375 compliance.⁷ SANDAG reported that they plan to spend an estimated \$2.5 million in increased costs related to SB 375 until implementation in 2011. However, costs to SANDAG may depend on whether the MPO has to draft an APS in addition to the SCS. Currently SANDAG is budgeting based on the assumption that the APS will be a separate process from the SCS. However, if the SCS achieves the GHG targets set by CARB, SANDAG’s costs could be reduced by approximately \$800,000. Additionally, it has been estimated that each regional agency should experience a 37.5 percent cost savings over time due to the fact that the RHNA allocation will only be required once every eight years instead of once every five years. For SANDAG, the eight-year cycle will represent a \$562,500 savings.⁸

Financial impact to local municipalities:

Municipal-level governments will also experience varying costs associated with SB 375 compliance. Amy Volze at the City of Oceanside Planning Department estimates that the Department has spent between \$3,000 and \$4,000 dollars (approximately 40 hours) on

⁶ (7) (A) *All local governments within a metropolitan planning organization in a region classified as nonattainment for one or more pollutants regulated by the federal Clean Air Act (42 U.S.C. Sec. 7506), except those within the regional jurisdiction of the San Diego Association of Governments, shall adopt the fifth revision of the housing element no later than 18 months after adoption of the first regional transportation plan to be adopted after September 30, 2010.*

(B) *All local governments within the regional jurisdiction of the San Diego Association of Governments shall adopt their fifth revision no more than five years from the fourth revision and their sixth revision no later than 18 months after adoption of the first regional transportation plan to be adopted after the fifth revision due date.*

⁷ SDCTA staff phone interview with Rob Rundle. June 2, 2009.

⁸ “SB 375 Cost Impacts” memo. Information compiled by the Local Government Commission and distributed by CalCog. Received by SDCTA staff from Rob Rundle June 2, 2009.

researching SB 375 and bringing staff up-to-date on the requirements of the bill.⁹ However, Tom Adler from the City of Chula Vista Engineering and Land Development Department reports that Chula Vista is already implementing many of the smart growth standards implied within SB 375, and does not anticipate any difficulties meeting the regional GHG targets that will be set by CARB.¹⁰ Nancy Bragado at the City of San Diego City Planning Division (City Planning & Community Investment) reports that the City’s General Plan Update, which was released just before the signing of SB 375, is largely consistent with the approaches and standards set forth in the bill as well. Therefore, while the planning staff of both Oceanside and San Diego have worked to “stay aware” of the components and requirements of SB 375, neither estimate that significant costs will come to them as a result of this legislation.¹¹

Important dates in the implementation of SB 375:

December 31, 2008	Projects specifically listed on a local ballot measure prior to this date are exempt from the requirement to be consistent with the SCS
January 31, 2009	ARB must appoint a RTAC to recommend factors that will be considered and methodologies used to set GHG emission reduction targets
September 30, 2009	RTAC must report its recommendations to the CARB.
June 30, 2010	CARB must provide draft targets for each region to review.
September 30, 2010	CARB, working with metropolitan planning organizations, must provide each region with GHG reduction targets for 2020 and 2035
October 1, 2010	MPOs updating their RTP will begin the 8-year planning cycle that includes SCS-APS and alignment for the RHNA process.
December 31, 2011	Federal Statewide Transportation Improvement Projects programmed before this date are exempt from the requirement to be consistent with the SCS

⁹ SDCTA staff phone interview with Amy Volzke. June 2, 2009.

¹⁰ SDCTA staff phone interview with Tom Adler. June 2, 2009.

¹¹ SDCTA staff phone interview with Nancy Bragado. June 3, 2009.