MEETING NOTICE
AND AGENDA

REGIONAL PLANNING
TECHNICAL WORKING GROUP

The Regional Planning Technical Working Group may take action on any item appearing on this agenda.

Thursday, October 14, 2004

1:30 p.m. – 3:30 p.m.*

SANDAG, Seventh Floor Conference Room
401 B Street, Suite 800
San Diego, CA 92101-4231

Committee Chair: Gail Goldberg, City of San Diego
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*Please Note: The meeting will start at 1:30 p.m. (not 1:15 p.m. as regularly scheduled) in order to allow TWG members the opportunity to attend the APA luncheon, if desired, which focuses on development trends in the San Diego region.

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ITEM # | RECOMMENDATION
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1. Welcome (Chair Gail Goldberg, City of San Diego)

PUBLIC COMMENTS AND COMMUNICATIONS

Members of the public will have the opportunity to address the Technical Working Group on any issue within the jurisdiction of the Working Group. Speakers are limited to three minutes each.

CONSENT ITEM (Item 2)

The Technical Working Group will take action on all items on the consent agenda without further discussion and with one vote unless an item is pulled by a Working Group member or by a member of the public.

+2 SUMMARY OF AUGUST 12, 2004 TECHNICAL WORKING GROUP MEETING (pp. 5 – 10)  

APPROVE

REPORTS

3. PROPOSED APPROACH FOR INTEGRATING THE IMPLEMENTATION OF THE REGIONAL COMPREHENSIVE PLAN (RCP) AND THE UPDATE OF THE REGIONAL TRANSPORTATION PLAN (RTP) (Bob Leiter)

The Implementation chapter of the RCP identifies a number of strategic initiatives that are critical to achieving the goals and policy objectives of the plan, including incorporating the smart growth concepts of the RCP into the next RTP update. A report will be e-mailed prior to the meeting that provides a proposed approach for implementing the key land use and transportation-related strategic initiatives included in the RCP, and integrating them with the upcoming update of the RTP.

4. HOUSING UPDATE (Susan Baldwin)

A. REGIONAL HOUSING NEEDS ASSESSMENT (RHNA) – Staff will report on the actions taken by the Regional Planning Committee and the SANDAG Board of Directors on the RHNA last month. The Technical Working Group is asked to discuss whether any opportunities exist at this time for developing alternative allocations.

B. REGIONAL HOUSING NEEDS STATEMENT (RHNS) – SANDAG will update the TWG regarding the distribution schedule of the Regional Housing Needs Statement to local jurisdictions for use in updating their housing elements for the 2005-2010 cycle.

C. HCD WORKSHOP – SANDAG will host a housing element workshop with HCD staff on Thursday, October 28, 2004 from 8:30 a.m. to 12:30 p.m. Planning directors, local jurisdiction staff, and elected officials are welcome to attend.
+5. **SMART GROWTH ELEMENTS OF THE RCP** (Carolina Gregor / Stephan Vance) (pp.11 – 18)

**DISCUSSION/POSSIBLE ACTION**

A. SMART GROWTH CONCEPT MAP – The RCP calls for developing a smart growth concept map during FY 2005 for use as a planning tool in updating the Regional Transportation Plan (RTP) and allocating incentive funding for smart growth. This report introduces a proposed approach and timeline for developing the concept map.

B. PILOT SMART GROWTH INCENTIVE PROGRAM – The RCP also calls for the development and implementation of a smart growth incentive program. This report proposes an approach and schedule for developing an initial pilot smart growth incentive program.

C. SHOWCASING LOCAL SMART GROWTH EFFORTS – Many jurisdictions in the region are pursuing smart growth efforts. In order to generate more awareness about these efforts at both the technical and policy levels, staff proposes that presentations be made on a monthly basis to the TWG and the Regional Planning Committee (RPC) highlighting local efforts. The Working Group’s comments on this idea will be forwarded to the RPC.

+6. **SAN DIEGO CAPITAL COLLABORATIVE** (Barry Schultz, Capital Collaborative; Susan Baldwin) (pp. 19 – 21)

**INFORMATION/POSSIBLE ACTION**

The San Diego Capital Collaborative (“SDCC”) is a 501 (c) (3) not-for-profit, tax-exempt umbrella organization, chartered by the San Diego City-County Reinvestment Task Force. SDCC will sponsor a Family of Investment Funds targeting low and moderate-income neighborhoods. The initial fund is a $60 million for-profit Smart Growth Fund, focused on urban emerging markets to accomplish double bottom line, economic and social equity impact goals. Barry Schultz, CEO of the Capital Collaborative, will make a presentation on this effort. This fund will provide funds for implementing smart growth projects throughout the region.

+7. **PROPOSED WORKSHOP AS PART OF NOVEMBER TWG MEETING** (Carolina Gregor) (p. 22)

**APPROVE**

Sunne Wright McPeak, Secretary of California’s Business, Housing and Transportation Agency (BT&H), has asked Caltrans and HCD to commission a statewide study of infill housing capacity in the State’s urban areas. Dr. John Landis of UC Berkeley is conducting the study. The study will produce a series of GIS maps, some of which will indicate potential increased residential densities in infill areas (see attached “fact sheet” for more information). Caltrans is in the process of developing recommendations regarding densities for infill development and redevelopment, and is requesting regional input. SANDAG has been asked to host a two hour workshop on this topic for the San Diego region. Staff proposes that the workshop be held as part of the November 18, 2004 TWG meeting, which would entail lengthening the meeting. Staff proposes that the next TWG meeting be held from 1:30 p.m. to 4:30 p.m., with the last two hours devoted to the workshop.
8. **ADJOURNMENT AND UPCOMING MEETING**

The next regularly scheduled TWG meeting will be held on Thursday, November 18, 2004. The time and duration of this meeting will be determined by the results of the discussion of Item #7.

* + next to an agenda item indicates an attachment
October 14, 2004

TO: Regional Planning Technical Working Group (TWG)
FROM: SANDAG Staff
SUBJECT: Summary of the August 12, 2004 TWG Meeting
ACTION: APPROVE

AGENDA ITEM #1: WELCOME

Gail Goldberg, City of San Diego, chaired the meeting. Self-introductions were made.

PUBLIC COMMENTS AND COMMUNICATIONS

There were no public comments or communications.

CONSENT ITEM (Item #2)

AGENDA ITEM #2: SUMMARY OF THE JULY 8, 2004 TECHNICAL WORKING GROUP MEETING (Approve)

A motion and second were made to approve Item #2. The motion passed unanimously.

REPORTS

AGENDA ITEM #3: SANDAG BOARD ACTION ON REGIONAL COMPREHENSIVE PLAN AND CELEBRATION FOR WORKING GROUPS (Information/Approve)

Staff reported that the SANDAG Board of Directors unanimously approved the Regional Comprehensive Plan (RCP) and certified its Program Environmental Impact Report (EIR) on July 23, 2004. Staff thanked the TWG members for their dedication to the development of the RCP.

To recognize the important roles of the TWG and Stakeholders Working Group in the preparation of the RCP, a celebration is scheduled prior to the next meeting of the TWG. Chair Goldberg thanked staff for their willingness to meet with individual jurisdictions to resolve issues and build consensus for the RCP.

AGENDA ITEM #4: STATUS OF REGIONAL PLANNING STAKEHOLDERS WORKING GROUP (Janet Fairbanks) (Information)

Staff reported that the Regional Planning Stakeholders Working Group (SWG) completed its work with adoption of the RCP. Staff recommends the creation of a new stakeholders group to assist with RCP implementation and the update of the Regional Transportation Plan (RTP), which is scheduled to begin in early 2005.
The formation of the new group would be similar to how the original SWG was formed. To be considered, individuals would submit applications, and SANDAG policy advisory committee members would review and select members of the new stakeholders group.

The new stakeholders’ activities would be focused on both RCP implementation as well as the RTP update. Work related to the RCP would focus on five major strategic initiatives: (1) the smart growth opportunity area (SGOA) concept map; (2) the smart growth incentive program; (3) RCP performance measure targets; (4) urban design guidelines; and (5) transportation evaluation criteria. Work related to the RTP would focus on: (1) policy changes needed to incorporate the adopted RCP goals, policies, and objectives; (2) defining/refining transportation networks; (3) developing land use scenarios; and (4) RTP performance measures and targets. The group also would assist with any ongoing RCP and RTP public outreach efforts.

Staff noted that over time, the new stakeholders group could absorb some of the functions of other SANDAG working groups and committees and would serve as SANDAG’s primary stakeholders/citizens group. To address specific issues, smaller ad hoc working groups could be formed from the stakeholders group, rather than creating new single purpose working groups.

Comments from TWG members included:

- This presents a great opportunity to absorb or eliminate other working groups. County staff supports creating a new stakeholders group as long as other working groups are phased out.

- Creation of a more extensive stakeholders group should not diminish or supplant the role of the TWG. Several TWG members voiced concerns about meeting jointly with the stakeholders group; they felt that the planning directors could not discuss issues as openly in joint meetings. (Staff clarified that the two groups would meet separately for their regular meetings, and occasional joint meetings may be held to discuss specific issues.)

- Stakeholders should understand that they are appointed as individuals, and not to represent any single group or organization.

**AGENDA ITEM #5: STATE HOUSING AND LAND USE REFORM INITIATIVES (Information)**

Staff reported on an August 4, 2004 meeting held with Sunne Wright-McPeak, Secretary of California’s Business, Transportation, and Housing Agency (BTHA), about state housing and land use reform initiatives focused on smart growth. Secretary McPeak discussed potential reforms that would have significant effects on the preparation of future general plans and housing elements.

Potential changes include requiring local jurisdictions to provide a 20-year inventory by designating sites and zoning them for residential uses to accommodate projected 20-year housing needs within a region. Housing elements would need to include “housing element opportunity plans” identifying significant actions that would be taken by local jurisdictions to ensure that housing projects could be built and supporting infrastructure could be financed. An EIR would need to be prepared for these plans. Future housing development proposals that are consistent with general plans and housing elements would be approved by right, and not require additional discretionary review.

Also discussed at the meeting was the need for the state to provide incentives to local jurisdictions to build housing. BTHA staff noted that some state funding may be identified in the coming months for pilot smart growth projects throughout the State; these incentives would demonstrate state support of smart growth planning, in anticipation of the new reform legislation. Staff also noted that Secretary McPeak wants to keep local and regional leaders involved in these ongoing discussions.
Staff reported that they were told that no new housing reform legislation would be proposed in this current session. When asked what would happen to the Regional Housing Needs Assessment (RHNA) numbers if new legislation were passed to require the production of housing, BTHA staff responded that the existing RHNA numbers either would be grandfathered in, or regions/local jurisdictions would be allowed to revisit their RHNA numbers.

Comments from TWG members included:

- A TWG member requested an update about AB 2158 and AB 2348, two bills discussed by the State Housing Element Reform Task Force. SANDAG staff stated that if these two bills are approved, they would require specific and technical changes to housing elements and the RHNA process, rather than act as a vehicle for the major housing and land use reform discussed by Secretary McPeak. Staff stated that a status report on these bills would be brought back to the TWG at its next meeting.

- A TWG member asked what forums are available for local jurisdictions to provide input into housing and land use reform proposals. Staff replied that both the League of California Cities and CSAC are involved. In addition, SANDAG staff will keep the TWG informed of any upcoming meetings, and the state may be holding workshops around California.

- TWG members noted that the new reforms to housing and land use laws being discussed would result in additional costs to local jurisdictions. They questioned whether the state would be reimbursing local jurisdictions for the additional costs incurred in preparing updated housing elements and new EIRs.

- A TWG member stated that SANDAG needs to recognize the position of “built out” communities; not all cities will continue to grow or redevelop and be able to continue to accommodate affordable housing. Staff noted that discussions at the state level recognized some support for allocating housing needs on a subregional basis and providing incentives for jurisdictions that provide affordable housing. Another TWG member stated that all communities need to have a balance of housing types for all incomes; all should share in the burden of providing affordable housing.

**AGENDA ITEM #6: REGIONAL HOUSING NEEDS ASSESSMENT (RHNA) (Recommend)**

Staff provided a summary of housing element law and the RHNA process. Staff noted that the 2005-2010 housing element updates are due on June 30, 2005. The RHNA process to allocate the regional housing share numbers by jurisdiction and by income category is expected to be complete in early 2005 (instead of June 30, 2004). At the last TWG meeting, the consensus was that local jurisdictions would continue to work on their housing element updates without the final RHNA numbers and would not seek an extension of the June 30, 2005 submittal deadline. Both the draft RHNA allocations and the Regional Housing Needs Statement (a technical resource) are expected to be available in late September.

Staff stated that the Regional Housing Needs Working Group (RHNWG), an ad hoc committee made up of members of the TWG, SWG, and Regional Housing Task Force, has been meeting jointly to develop a recommendation on the RHNA for the 2005-2010 housing element cycle. HCD gave two options for the minimum housing need number for the San Diego region: 107,000 and 111,000 units. The RHNWG recommended that the overall housing need for the 2005-2010 cycle should be 107,000 units. SANDAG’s forecast for the same time period is 89,000 units; the HCD number is higher than SANDAG’s forecast, because HCD is requiring that the region plan for a higher vacancy rate than was used in the SANDAG forecast.
Staff reviewed the various factors that need to be considered in developing the allocation by jurisdiction. Staff summarized the different allocation methodologies discussed by the RHNWG; these fell into two main categories:

(1) Variations of the Association of Bay Area Governments (ABAG) Methodology – ABAG allocated housing units for the 205-2010 cycle by equally weighting the allocation based on the amount of forecasted growth in housing and forecasted growth in employment (50/50 weight factor). SANDAG evaluated various different weight factors.

(2) Variations of SANDAG’s Forecast – The other category of methodologies considered used SANDAG’s forecast to allocate the first 89,000 units, and then allocated the remaining units 18,000 units based on either forecasted growth in employment between 2000 and 2010 or forecasted total employment in 2010.

Staff summarized the process to allocate the regional housing share by income category. Local jurisdictions must plan for specific numbers of very low, low, moderate, and above moderate units. The RHNWG reviewed three methodologies: (1) one that applies the regional 40 percent share of very low and low households to all jurisdictions (Alternative 1); (2) one that adds to or subtracts from the regional 40 percent share the difference between a jurisdiction’s existing share of very low and low income households (Alternative 3); and (3) the midpoint between Alternatives 1 and 3 (Alternative 2).

At its August 2, 2004 meeting, the RHNWG voted to recommend “Methodology C” which allocates the first 89,000 units based on SANDAG’s forecast and the remainder based on the growth in employment between 2000 and 2010. The RHNWG also recommended “Alternative 3” as the income allocation methodology.

Staff noted that several local jurisdictions were concerned that the RHNA allocations would be used for more than just planning purposes. Staff stated that the SANDAG Board’s action would acknowledge that the RHNA numbers are based on existing state law, and that SANDAG would consider revisiting the RHNA numbers if state law were changed to require housing production based on RHNA numbers and/or to attach incentives of penalties to production in the relation to these numbers.

Comments from TWG members included:

- The TWG representative from Carlsbad asked staff to summarize how the low, very low, moderate, and above moderate units were allocated. Staff went over the handout that was distributed at the meeting.

- The San Marcos TWG representative was concerned that neither the recommended Methodology C nor the other methodologies considered equitably distributes housing numbers by jurisdiction. Some jurisdictions that are similar in size to the City of San Marcos have very small numbers, which does not seem fair. After discussion, it was determined that San Marcos’ concern was with the City of Santee, which has a much lower number of forecasted housing units compared to previous forecasts. It was decided that SANDAG staff would contact Santee and would follow up with the TWG at its next meeting.

- TWG representatives from Escondido and Chula Vista noted that while they voted for Methodology A for philosophical reasons, they also would be supportive of Methodology C.

- The Encinitas TWG representative clarified that he supports Methodology C, but not the income allocation Alternative 3.
• Several TWG members recommended that with the next housing element update, the TWG first discuss how best to allocate housing in the region consistent with the RCP, and come to a consensus up front before looking at the actual RHNA numbers by jurisdiction.

A motion was made to approve the recommendation from the RHNWG with a further look into Santee’s housing allocation. If Santee’s allocation was adjusted to a higher number, the allocation of other jurisdictions would be lowered proportionately. The motion was seconded and passed.

AGENDA ITEM #7: PRIORITIZING THE IMPLEMENTATION OF STRATEGIC INITIATIVES INCLUDED IN THE REGIONAL COMPREHENSIVE PLAN (Discussion)

Staff went over the handout summarizing the RCP “early actions” and other key strategic initiatives for the Land Use and Environmental Planning Division. The emphasis of staff’s work in early FY 2005 includes: (1) the formation of a new stakeholders working group (as discussed previously in Agenda Item #4); (2) the RHNA update (Agenda Item #7); (3) developing a SGOA concept map; (4) developing a regional habitat funding program; and (5) developing a pilot smart growth incentive program. The RCP also included 12 other initiatives scheduled to begin in FY 2005, which have not been further detailed. Staff asked the TWG to discuss the priorities for these 17 initiatives.

Staff also mentioned two other major strategic initiatives – updating transportation project evaluation criteria and the 2030 RTP update – would be major emphases for the Transportation Planning Division in FY 2005. Staff will bring back a more detailed schedule for these initiatives at a future meeting.

Comments from TWG members included:

• The Carlsbad TWG member asked what the schedule is for Congestion Management Program (CMP) deficiency plans. He stated that Caltrans has asked Carlsbad to fund transportation mitigation measures for SR 78. SANDAG Transportation Planning staff agreed to follow up on this issue.

• The County of San Diego TWG member stated that it was difficult to prioritize these land use initiatives in isolation. The County is listed as a lead or participating agency in numerous RCP strategic initiatives. This is overwhelming, particularly since many jurisdictions like the County are facing a lack of resources. Staff agreed to meet with County staff to go over the RCP strategic initiatives. Staff also clarified that the list includes RCP strategic initiatives for the entire Land Use and Environmental Planning Division, but that the TWG would not be the direct lead group for all of the 17 initiatives listed.

• Other members agreed with the early FY 2005 priorities as shown. They also recommended that initiatives that help provide funding and other resources to local jurisdictions (e.g., public education and outreach) be the focus of the work during the fiscal year.

Staff also discussed the issue of co-location of industrial and residential lands. Staff stated that this issue was raised at the July 23, 2004 SANDAG Board meeting during the discussion on the RCP discussion, and also has been raised in a variety of other recent forums. Staff asked the TWG if conducting additional evaluation in this area should be pursued.

Chair Goldberg mentioned that there is both an interest in saving industrial lands as well as in creating the housing needed for the region. As part of its City of Villages plan, the City of San Diego staff tried to evaluate opportunities and develop a policy for co-locating housing and industrial uses, where appropriate. Representatives from environmental health, economic development, and the high-tech industry came out in strong opposition to this concept, and the issue was dropped.
Other TWG members noted that they have been facing similar pressures to convert industrial lands to residential uses, or to co-locate residential and industrial uses. The TWG agreed that a proposal to bring together affected stakeholders, evaluate opportunities, provide education, and develop a regional policy approach would be beneficial. Staff agreed to bring back a proposed work program and schedule for TWG discussion at a future meeting. Staff noted that some of the other RCP strategic initiatives may have to be delayed in order to accomplish this new work.

AGENDA ITEM #8: ADJOURNMENT AND UPCOMING MEETINGS (Information)

The next TWG meeting will be held on Thursday, September 9, 2004 from 1:15 – 3:15 p.m. (NOTE: The September 9th TWG meeting was subsequently cancelled.)
October 14, 2004

TO: Regional Planning Technical Working Group

FROM: SANDAG Staff

SUBJECT: Smart Growth Concept Map

ACTION: DISCUSSION / RECOMMENDATION

Introduction

A key theme of the Regional Comprehensive Plan (RCP) is greater integration between land use and transportation. Within that context, the RCP calls for the development of a “Smart Growth Concept Map” by June 2005. This report recommends a proposed approach and associated timeline for developing a preliminary concept map for use in updating the Regional Transportation Plan (RTP). A final smart growth concept map would be adopted in conjunction with the adoption of the final RTP.

The Technical Working Group is requested to discuss the proposed approach and schedule for developing the preliminary concept map, and make a recommendation to the Regional Planning Committee.

Background

The concept map will show existing, planned, and potential smart growth areas within the seven smart growth categories identified in the RCP. The smart growth areas will include:

- Places where existing development reflects the smart growth characteristics described in the smart growth matrix;
- Places where planned land uses will allow smart growth development to occur; and
- “Opportunity areas,” or places where existing plans do not currently provide for smart growth development, but where local jurisdictions identify a potential for smart growth in the future if appropriate changes are made to the local plan. Such areas might exist, for example, where regional transit services are planned, and the potential for redevelopment would provide an opportunity to reshape the community.

In order to provide a broader context for the smart growth areas, it is proposed that the map also show (1) MSCP and MHCP habitat preserve planning areas and areas proposed for conservation; (2) other constrained areas such as steep slopes and floodplains; and (3) existing and planned transportation networks.
Use of the Concept Map

The concept map would be used for four primary purposes:

1. **Inputs to Regional Growth Forecast** – The concept map would serve as the foundation for updating the regional growth forecast and developing land use and transportation alternatives for use in the RTP update;

2. **Prioritization of Regional Transportation Funds** – In the RTP update, the concept map would be used as a tool to help prioritize transportation infrastructure and service investments;

3. **Allocation of Smart Growth Incentive Funds** – The map would be used as the foundation for showing eligible locations for certain smart growth incentives, including the Smart Growth Incentive Program (SGIP) (see Agenda Item #5B); and

4. **As a Planning Tool** – The map would be used as a planning tool to help inform the decision-making processes of other infrastructure and service providers, enabling them to make better investment decisions while helping the region achieve its smart growth development goals.

Other potential uses for the concept map include:

- **Regional Housing Needs Assessment (RHNA) Allocations** – The map could be used to evaluate opportunities for subregional adjustments to future RHNA processes; and

- **Prioritization of Subregional Transportation / Land Use Plans** – The map also could be used in prioritizing the timing of the preparation of future subregional transportation / land use plans.

Proposed Approach and Schedule

**General Approach**

The development of the Smart Growth Concept Map should start with an initial assessment of transit corridors that are included in both the adopted long-range RTP transportation network under the reasonably expected revenue scenario and the more robust transportation network included in the RTP’s unconstrained revenue scenario.

Working with city and county planning staffs, SANDAG staff would evaluate the potential for appropriate smart growth place types to be located at existing and future transit stations serving regional and corridor transit services (i.e., Trolley, Coaster, Sprinter, bus rapid transit (BRT) corridors), existing and future “urban corridor” service areas along key local transit routes, such as University Avenue in San Diego and La Mesa, and opportunities in rural communities. Based on this analysis, a preliminary draft smart growth concept map could be developed.

**Schedule and Milestones**

The following schedule and milestones are presented for discussion, with the understanding that the SANDAG Board of Directors will be asked to adopt a Preliminary Smart Growth Concept Map in June 2005 as a basis for developing land use and transportation alternatives for the RTP update.
Under existing law, the RTP update is required to be adopted by early 2006, although pending federal legislation could extend that deadline to early 2007.

The development of the RTP update may result in a need to make modifications to the preliminary concept map. In this case, local planning staffs and policymakers would be asked to assist in revising the preliminary concept map concurrent with the development of the RTP. The Final Smart Growth Concept Map would be adopted by the SANDAG Board of Directors in conjunction with the adoption of the Final RTP.

The following schedule outlines the steps needed to complete the preliminary concept map by June 2005.

**October 2004 – March 2005:** SANDAG Generates Base Map and Templates, SANDAG Subregional Project Teams Meet with Local Planning Staffs, and TWG Produces Preliminary Concept Map for Consideration by Policymakers and Stakeholders.

As a first step in the map preparation process, it is proposed that SANDAG generate a base map showing:

1. MSCP and MHCP habitat preserve planning areas and areas proposed for conservation;
2. Other constrained areas such as steep slopes, floodplains, publicly-owned lands, parks, and open space;
3. Existing and planned transportation networks, as included under both the Reasonably-Expected and Unconstrained Revenue scenarios of MOBILITY 2030;
4. Residential lands currently planned for 20 or more dwelling units per acre, based on General Plan polygons as included in the Final 2030 Forecast;
5. Employment lands currently planned for 30 or more employees per average net acre; and
6. Existing or planned mixed use areas.

Existing and planned smart growth areas would begin to emerge from this base map, based on the intersection of the identified transportation networks and residential and employment lands that meet the threshold criteria.

**Subregional Project Teams:** After developing the base map, SANDAG staff would produce a localized base map for each jurisdiction or subregion. SANDAG “subregional project teams” would meet individually (or subregionally) with local planning staffs to review and discuss the localized base maps, confirm the existing and planned smart growth areas, and begin to identify the potential smart growth opportunity areas. The identification of the opportunity areas would take into account the Regional Housing Needs Assessment (RHNA) allocations and progress made by local jurisdictions in updating their housing elements, which are due in June 2005. Based on local planning staff input, revised maps would be generated for additional review.

**Templates:** In order to assist with identifying the opportunity areas, it is proposed that SANDAG staff develop land use “templates” for each smart growth place type: Metropolitan Center, Urban Center, Town Center, Community Center, Transit Corridor, Special Use Center, or Rural Community. The templates would include land use assumptions and intensities that local planning staffs could apply to smart growth opportunity areas, tailoring the scale and
assumptions as necessary. The assumptions within the templates would be used in developing the land use alternatives for the RTP update, and for phasing purposes for the regional growth forecast.

Milestones within this timeframe include:

- **January 2005**: TWG reviews Base Map, showing existing, planned, and potential smart growth areas identified to date.
- **March 2005**: TWG reviews Draft Preliminary Smart Growth Concept Map.


Once the Technical Working Group has reviewed the Draft Preliminary Smart Growth Concept Map, SANDAG staff would solicit input from policymakers, stakeholders, and other technical groups, such as the CTAC. Additionally, local planning staffs would be asked to solicit input from their planning commissions, local city councils, and the Board of Supervisors on their portions of the map for future planning purposes.

Milestones within this timeframe include:

- **April 2005**: Regional Planning Committee and new stakeholder working group review Draft Preliminary Smart Growth Concept Map.
- **April / May 2005**: Local city councils and Board of Supervisors provide input on their portions of the map.
- **May / June 2005**: Regional Planning Committee and SANDAG Board of Directors take action on Preliminary Smart Growth Concept Map.

The preliminary concept map would be used as a basis for developing land use alternatives for the RTP update. As discussed above, the evaluation of the land use and transportation alternatives developed through the RTP update process could lead to additional refinements to the concept map, which would then be adopted in final form in conjunction with the adoption of the final RTP.

**Recommendation**

The TWG is requested to discuss the proposed approach and schedule for developing the preliminary concept map and make a recommendation to the Regional Planning Committee.
October 14, 2004

TO: Regional Planning Technical Working Group
FROM: SANDAG Staff
SUBJECT: Pilot Smart Growth Incentive Program
ACTION: DISCUSSION

Introduction

MOBILITY 2030, the Regional Transportation Plan (RTP) adopted in 2003, called for a five-year, $25 million smart growth incentive program to “foster the integration of smart growth land uses and transportation facilities in our communities.” Under the pilot program envisioned in MOBILITY 2030, grant funds would be made available to local jurisdictions for projects that help integrate transportation and land use, such as transit oriented developments and other smart growth projects that make areas more conducive to mixed land uses, walking, and biking.

The RCP expanded the concept of smart growth incentives, discussing a wide range of potential incentives, including regional transportation funding, local incentives and other resources. It also reinforced the importance of a focused incentive program that made direct investments into improvements that will facilitate smart growth development.

This report describes how an initial pilot program could be implemented over the next year to fund ready-to-go demonstration projects that will showcase the benefits of good urban design as a way to create livable smart growth areas. Ultimately, SANDAG envisions that a longer-term Smart Growth Incentive Program would be funded through the extension of the TransNet program (Proposition A).

Funding for the Pilot Smart Growth Incentive Program

Staff has identified Transportation Enhancement Activities (TEA) program as a funding source for the initial pilot program. The California Transportation Commission (CTC) has produced an estimate of federal TEA funds available to regional agencies. Approximately $17 million is available to the San Diego region for the period covering FY 2005 to FY 2009. With a required local match of 11.88 percent, this will fund $19.3 million in projects. Some or all of that amount could be used for an initial call for projects in a pilot Smart Growth Incentive Program.

Eligible Uses of TEA Funds

The TEA program was implemented by the federal government to support enhancements to the transportation system that were not normally funded under traditional funding programs. There
are a variety of eligible uses for TEA funds\(^1\), but in the San Diego region, SANDAG has focused the use of these funds on four project types that supported key regional priorities:

- Projects supporting transit oriented development
- Regional corridor and feeder bikeways
- Scenic viewshed or wildlife corridor acquisitions
- Corridor or gateway enhancements.

Funded projects in the last TEA cycle (FY 1998 to FY 2004) included:

- Mid-City Gateway Project at the El Cajon Boulevard and University Avenue overcrossings of SR 15 (City of San Diego)
- Silver Strand improvements (Cities of Coronado and Imperial Beach)
- Construction of the Coastal Rail Trail (Cities of Oceanside, Carlsbad, Encinitas, and Solana Beach)
- San Ysidro Intermodal Transportation Center (Metropolitan Transit Development Board)
- Biological Core and Linkage Area habitat acquisition (Cities of Encinitas and Escondido)
- Escondido Creek acquisition (County of San Diego)
- East Village (Park Boulevard) Transit Station improvements (MTDB)
- Mission Beach Boardwalk (City of San Diego)
- El Cajon Boulevard revitalization (City of La Mesa)

Several of these projects are examples of the kinds of projects that could be funded in a smart growth incentive program. The San Diego Mid-City Gateway Project, the East Village Transit Station improvements, and the San Ysidro station improvements enhanced the pedestrian environment in the immediate vicinity of existing or future transit station areas. The La Mesa El Cajon Boulevard revitalization resulted in an improved streetscape that has generated private sector interest redevelopment projects within the corridor. The Coastal Rail Trail will provide enhanced bicycle and pedestrian access to Coaster stations, and the Mission Beach Boardwalk improvements addressed the impacts of bicycle and pedestrian congestion in the densely developed community of Mission Beach.

**Adapting the TEA Program to a Smart Growth Incentive Program**

Staff proposes to adapt the existing structure of SANDAG’s TEA program to function as a Pilot Smart Growth Incentive Program. Among the issues that will need to be addressed are:

- How much of the $17 million available should be allocated in the initial call for projects? Based on past experience with the TEA program, interest in the program will be very high, with applications far exceeding the available revenue. Even so, it could be advantageous to split the

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\(^1\) Eligible uses of TEA funds include: (1) provisions of facilities for pedestrian and bicycles; (2) provision of safety and educational activities for pedestrians and bicyclists; (3) acquisition of scenic easements and scenic or historic sites; (4) scenic or historic highway programs; (5) landscaping and other scenic beautification; (6) historic preservation; (7) rehabilitation and operation of historic transportation buildings, structures or facilities; (8) preservation of abandoned railway corridors; (9) control and removal of outdoor advertising; (10) archaeological planning and research; (11) environmental mitigation to address water pollution due to highway runoff or reduce vehicle-caused wildlife mortality while maintaining habitat connectivity; and (12) establishment of transportation museums.
funds into two calls for projects. This would provide an opportunity to refine the program if necessary, and give agencies a second opportunity to develop competitive projects based on the experience of the first cycle.

- The incentive program proposed in the RCP envisioned the incentives being used in smart growth areas identified on the Smart Growth Area Concept Map, but that map will still be under development when the pilot program call for projects is issued. How can the pilot focus the incentives into appropriate areas of the region? One approach would be to require projects to support areas with high existing levels of public transit activity. If that were the case, how would unincorporated areas of the region qualify?

- What types of projects should qualify? TEA-funded projects must have a relationship to the transportation system, but it is recommended that the pilot program focus on implementing ready-to-go projects that improve access to transit and transportation-related improvements that encourage the smart growth development envisioned in the RCP.

- How should the criteria for the pilot program be developed? The existing TEA program can be modified to meet the more limited goals of the pilot program, and that may be done by SANDAG staff, in consultation with the TWG and CTAC. For the longer term incentive program, the RTP stated that SANDAG’s Regional Planning Committee and Transportation Committee, along with working groups of planning and public works directors and other local agencies and interest groups, would craft the details of this program. In this case, staff recommends establishing an ad hoc working group made of up members of the Technical Working Group (TWG), the Cities/County Advisory Committee (CTAC), and stakeholders to help revise existing TEA criteria. Recommendations from the ad hoc working group would be brought back to the TWG and CTAC for their consideration. TWG and CTAC would make recommendations to the Regional Planning and Transportation Committees.

**Proposed Schedule and Next Steps**

The following is a proposed schedule and next steps for developing the Pilot Smart Growth Incentive Program:

<table>
<thead>
<tr>
<th>Date</th>
<th>Description</th>
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<tbody>
<tr>
<td>October/November 2004</td>
<td>Staff develops a first draft revised pilot program based on existing TEA program for TWG and CTAC review.</td>
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<tr>
<td>November/December 2004</td>
<td>Pilot Smart Growth Incentive Program concept is presented to Regional Planning Committee and Transportation Committee.</td>
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<tr>
<td>December 2004</td>
<td>TWG and CTAC make recommendations on the pilot program to the Regional Planning Committee and Transportation Committee.</td>
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<tr>
<td>January 2005</td>
<td>Regional Planning Committee and Transportation Committee approve pilot program.</td>
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February 2005 | SANDAG issues call for projects.
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March 2005 | Projects applications submitted by local agencies to SANDAG. Projects are evaluated and ranked, and TWG and CTAC make recommendations on rankings to policy committees.
April 2005 | Regional Planning Committee and Transportation Committee approve projects.
May 2005 – July 2005 | Caltrans review of projects, and CTC approval. Projects are added to the Regional Transportation Improvement Program.

**Longer Term Smart Growth Incentive Program**

SANDAG envisions that a longer-term Smart Growth Incentive Program would be funded through the extension of the TransNet program (Proposition A). Proposition A includes a two percent set-aside that would provide an average of $7 million per year over the 40-year measure (2008-2048). As the pilot incentive program is being developed, staff also will be begin planning for the longer-term program.
SAN DIEGO CAPITAL COLLABORATIVE

Private Investment
Coupled With Community Oriented Growth

SDCC Mission

The mission of the San Diego Capital Collaborative is to facilitate private and public investment into emerging but undeserved neighborhoods that will produce risk adjusted market rate returns to investors while promoting stable, economically and socially diverse communities.

The SDCC advocates leveraging private capital and strategic investment to achieve community goals. The model is based upon the "collaboration" of community, investors and government.

San Diego Economy

The work of the SDCC occurs in the context of one of the most dynamic regional economies in the Western US. As one of the largest Counties (by geography) in the US, with extraordinary diversity (economic, environmental and ethnic) San Diego offers secure investment potential. Research estimates an unmet real estate equity capital need in targeted neighborhoods of over $300 million. Regional growth predictions call for 1 million more people, 300,000 new homes, 100,000 new jobs between 2000 and 2030.
Deal Formation

- financing of community defined development
- innovative design and financial structuring assistance
- advocacy for streamlined development processing
- community visioning support

Fund Initiation & Administration

- definition and oversight of multiple strategic funds
- social objective definition and application
- accountability to investors and community
- accessing new private and public funding

Public Policy

- responsible research on economic solutions
- regulatory intervention and communication
- design and development innovation
- policy to leverage government funds
- community coordination

Organization Expertise

The SDCC was established by and retains a link to the City/County Reinvestment Task Force (RTF) which has functioned since 1977 to work with lender, government and community organizations to create expanded lending and investment in underserved markets. The record of success and the combination of resources of the RTF create a solid platform for success of the SDCC.

The Board of Directors and staff of the SDCC represent a broad spectrum of expertise and experience in government policy making, organizational management and public/private finance. The non-profit Board of Directors of the SDCC is diverse, balanced and acutely aware of community, financial and development issues and able to implement knowledgeable strategies to address them.

Family of Funds

The SDCC will develop a “Family of Funds” for investment in San Diego. The funds are designed to produce double bottom line results, in the form of market rate returns to investors and measurable social benefits to the neighborhoods. The initial focus will be real estate. Business equity will provide future challenges and opportunities.

The initial Smart Growth Fund offers economic returns, derived primarily from the development and sale of housing and to a lesser extent, from mezzanine-finance interest as well as the operation and sale of real estate assets.

The strong business model creates a safer environment for investment success.

- strong emerging markets stimulating from general market
- diversified portfolio
- a well capitalized fund
- home buyer finance alternatives
- knowledgeable community-based Fund Advisor
- 100% Community Reinvestment Act eligible

Community Benefits

San Diego’s urban neighborhoods represent an underserved market for private capital investment. With experienced Fund Managers and the community focus of the SDCC, dynamic new investment opportunities are available for the development of new housing, new commercial and industrial space. Equity capital can stimulate new housing and jobs and promote economic opportunity.

Those investments can be a catalyst for the achievement of neighborhood revitalization goals and can serve to accomplish “smart growth” plans. Strategic development will expand the numbers of economic stakeholders in older neighborhoods of San Diego through new employment opportunities and new workforce housing.
SAN DIEGO CAPITAL COLLABORATIVE
SMART GROWTH FUND
SOCIAL OBJECTIVES

Standards for Fund Manager (Contractual)
- Develop workforce housing (80% MAI or below for rental and 200% MAI or below for sale) without geographical constraints.
- Develop industrial/commercial/mixed use/mixed income projects in low-moderate income communities in the San Diego region.

Performance Guidelines for Fund Manager
- The investments should facilitate or provoke community or economic revitalization
- Avoid displacement and discourage gentrification
- Encourage/facilitate the creation or enhancement of livable wage job opportunities
- Facilitate regional civic objectives for accomplishing “smart growth”
- Transit oriented
- In older communities
- Be of mixed use
- Involve locally based non-profit developers in the development process
- Be compatible with community plan goals in whichever neighborhood it is being developed
- Encourage environmental enhancements
- Encourage development of open space
- Promote affordable home ownership
- Offer amenities (child care, etc.)
- Provide gap capital for projects, which might not otherwise be done
- Optimize existing community resources
- Serve as catalyst for innovative design and innovation
- Allow for ongoing monitoring and evaluation
- Encourage projects in public designated incentive/redevelopment areas
If California is to effectively accommodate another 20 million people over the next 50 years, we need to find ways to increase the supply of housing within existing urban areas, especially places accessible to jobs. This strategy, referred to as urban "infill" development, can take advantage of existing streets and transit systems and reduce the strain on our transportation system that occurs when sprawl development and jobs/housing imbalances drive the need for long commutes and "reverse commutes" not traditionally served by transit.

The Institute for Urban and Regional Development (IURD) at UC Berkeley is undertaking a study that will estimate the potential infill housing capacity in the state's urban areas. Professor John Landis is the Principal Investigator.

This study is a cooperative effort by UC Berkeley, the California Business, Transportation and Housing Agency (BT&H), Department of Transportation (Caltrans), and Housing and Community Development Department (HCD). Funding is provided by Caltrans via the State Planning and Research Program.

Assumptions and methodology for the study will be established during Summer 2004. Data collection and analyses is expected to be completed by the end of 2004. The study's final report will be produced by early 2005.

A "stakeholders" advisory committee is providing input and guidance to the criteria and assumptions used in the study. In addition, workshops will be held in several regions throughout the State to obtain input.

This study includes the following tasks:

1. Researchers will develop an inventory of potential infill sites, including currently vacant ("infill") parcels, as well as sites that are occupied but potentially appropriate for redevelopment ("refill").
2. UC Berkeley will provide this information on a site-by-site basis via the "California Digital Conservation Atlas" GIS website by the end of 2004.
3. Based on local criteria and current development densities, the study will estimate the potential housing capacity of these vacant and potential refill sites.
4. Researchers will assess the potential market demand for infill development, both currently and in the future.
5. UC Berkeley will produce a final report that describes the study's methodology and summarizes its major findings.

For more information you may contact: Terry Parker, Caltrans' Project Manager, at 916-654-5547, email: terrv.parker@dot.ca.gov. Or: Heather Hood, Director of Community Partnerships, UC Berkeley, IURD: 510-643-7553, email: hhood@berkeley.edu