

A Framework for Collaborative Regional Decision-Making*

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This paper discusses the challenge of regional decision-making in California. The Speaker's Commission on Regionalism recently adopted a set of policy recommendations to address fiscal issues related to regional governance. This paper addresses a related set of questions regarding policy objectives and planning strategies for sustainable regional development. It addresses the following questions included in the Mission Statement of the Speaker's Commission on Regionalism:

How can the state government help local governments and the civic and business sectors to employ effective regional strategies to meet the challenge of population growth? In particular, and beyond finance strategies, how can state government encourage and support local governments to more effectively collaborate in planning for land use, transportation, housing, and open space protection?

The paper first sets out the problem in current regional planning arrangements, then provides a perspective on ways that other states have addressed it, and finally puts forward some potential principles and options for state action to encourage more effective regional planning.

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Regional Decision-Making

What is the Problem?

Today we live in a regional world.¹ Key systems that define our society operate at a regional scale, two prime examples being the economy and the environment. However, general-purpose governments -- that is, governments that balance different policy objectives and provide a range of services in response to voter preferences -- reflect an older pattern of development. They are still organized only at the city, county, and state levels. The crux of the regional planning problem is how to develop coordinated policies to address problems that are regional in scope in the absence of general-purpose governments operating at a regional scale.

This is part of a larger question of how to fit governmental decision-making structures and policies most appropriately to the scale of the problems being addressed. Every public and private decision to regulate or invest in development has consequences for people and activities beyond its immediate scope. Positive or negative, those consequences spill out beyond the immediate vicinity of the action itself. Such consequences are called spillovers, and they are at the core of the regional decision-making problem.

In the decision to build an airport, for example, people in the larger region will benefit, but those adjacent to the site may suffer from traffic congestion and noise. Apparently local decisions, such as restricting the construction of apartments in a specific community, may have wider consequences for renters in the regional housing market, even as they provide amenity and real estate price stability for community homeowners. Decisions about regulation or investment are typically made at one level of government, even though their spillover effects impinge on others. In California, regulation of land use is principally the preserve of local governments, even though these decisions may be made to the benefit or detriment of the regional or statewide community. Conversely,

¹ Peter Calthorpe and William Fulton, *Regional City*, Island Press, Washington, D.C., 2001, p. 16

some decisions made by state agencies or regional planning agencies may take little account of the impact on local communities.

There is no easy answer to the problem of "fit" between the level of a governmental decision and the multiple constituencies that are affected by spillovers. Ultimately, planning solutions must address citizens' needs and responsibilities at different levels simultaneously, from the neighborhood to the state and the nation. In the current planning system, however, a gap exists at the regional level in our ability to define social priorities and implement policies to achieve them. How did we get into this situation, and what might be done about it?

Origins of the Problem

In some ways, California seems like the perfect candidate for regionalism. No other state has faced such rapid growth over so long a time. California has many regions with distinct and strong economies, and so growth concerns are often framed regionally. But although reformers have tried for decades to build strong regional authorities, they have had only limited success. The state's economic and political history works against a centralized approach to planning.

A century ago, the archetypal American community was a small, self-contained city.² Our planning system reflects the influence of reforms passed at that time, reforms that were instituted to strengthen local government power, particularly the power of cities. "Progressive Era" leaders centralized municipal authority in order to provide large-scale infrastructure to promote urban growth. But to make this possible, they reinforced the home rule power of local governments – particularly cities -- separate from the state. Among the areas of authority lodged at the local government level was control over land use. The "separation of sources" ensured that local governments relied primarily on the local tax base to fund services and new infrastructure.³

² Calthorpe and Fulton, op. cit., p. 15

Home rule authority consolidated planning power for self-contained cities surrounded by farms and countryside. But it undermined coordinated planning at a regional scale, a problem that became increasingly serious as metropolitan regions grew rapidly in the post-World War II period. Instead of living in self-contained cities, the population was now organized into regional aggregates of multiple cities, differentiated by function and socioeconomic class.

Because planning problems inevitably arose that required a regional approach, a functional form of regionalism emerged early in the century to address them. Through the use of single-function special districts and single purpose regional agencies, state and local governments built infrastructure and provided services for urban expansion. The state exerted an especially strong role in the areas of transportation, resource management, and environmental protection. During the 1950s and 1960s, they built the state highway and water systems. During the 1970s, the regulatory framework for environmental protection was created in response to growing public concern.

This functional planning approach provided a regional service framework within which suburban development could flourish, and it did not undermine local control over land use. However, it produced a fragmented planning system. The state-led regional planning agencies were organized along single-purpose functional lines, and they traditionally have not coordinated plans. Thus, the system is horizontally fractured. The regional agencies have no direct control over local land use, although their policies are often directly related to land use patterns. So the system is also vertically fractured. Local land use decisions often drive the planning process because regional agencies must take local plans and projections as given.

The fractured governance system creates perverse incentives that undermine the overall economic health and cohesion of the region. In an economy that operates at a regional scale, but without public accountability at that scale, local governments have both the

³ J. Fred Silva and Elisa Barbour, *The State-Local Fiscal Relationship in California: A Changing Balance of Power*, Public Policy Institute of California, 1999

means and the incentive -- because of their land use and taxing authority -- to establish and maintain policies that benefit them locally, but that may harm the region as a whole. An example is fiscal zoning to exclude affordable housing. The reverse also holds; local governments are unlikely to pass policies that harm them locally but benefit the region as a whole, for example, the siting of a waste treatment plant or other such "locally unwanted land uses."

The Planning System Under Stress

Concerns about the consequences of growing governmental fragmentation were raised throughout the last century. However, it was only during the past two decades that the planning system was subjected to enough stress that existing arrangements were broadly called into question. There are three main sources of stress on the planning system today: rapid growth, decentralization of jobs and housing, and government fiscal constraint.

Unprecedented population growth during the 1980s transformed older communities and also spilled over to the Central Valley and suburban counties near Los Angeles. Rapid growth is nothing new for California. However, with job growth even higher than population growth, and jobs increasingly located in suburban communities, the rapid growth of the 1980s produced a more complex pattern of urban development. Job decentralization has broken down traditional distinctions between central cities and suburbs, forcing formerly residential suburbs to face new planning challenges as they are transformed into regional employment centers. The new development pattern increases auto dependency and strains our transportation system because it was not designed for crosscutting commutes.

Governments' response to these growth challenges has been largely a "policy of neglect."⁴ Constrained by Proposition 13 and other revenue-limiting initiatives, governments have neglected infrastructure investment. The cost of public infrastructure is increasingly borne by new development, resulting in more uneven service delivery and

⁴ William Fulton, "Policy by Neglect," *California Republic*, March, 1992, p. 23

higher home prices. Limits on property tax revenue also discourage local governments from facilitating new housing production, especially affordable housing. As housing shortages push homebuyers farther from central areas, the state has added few new roadway miles. The inevitable result has been longer commutes and mounting concerns about quality of life.

Planning Challenges Today: A Problem of Governance

Planning is more challenging today because of fiscal and environmental constraints and more complex development patterns. Planning problems increasingly cross borders, both geographic and functional ones. Regional growth management can no longer be viewed as a set of separate functional problems. Instead, it increasingly requires new governance arrangements.

Fiscal constraint calls for more efficient use of existing infrastructure. For example, highway expansion on the scale of the past is impossible today because of rising construction costs and declining gas tax revenues. However, current development patterns produce greater auto dependency and make transit a less viable alternative. Rising traffic congestion is the inevitable result.

To use the existing transportation system more efficiently, land use decisions would need to respond to transportation plans, instead of the reverse, which has been the traditional model. But that would require a major change in the way planning decisions are made. Today, regional transportation agencies rarely use their authority over funding decisions to influence local land use policy. Without clearly defined policy goals, and with funding based largely on geographic formulas, the transportation planning system reinforces localism.

Environmental constraints also call for more coordinated planning and decision-making approaches. Regional transportation plans now must conform to air quality guidelines, placing more importance on travel demand management. As urban development butts up against natural habitat and prime farmland in the Central Valley and the Inland Empire,

environmental and economic planning goals are thrown into direct conflict.

Environmental policy has shifted from rule enforcement to incorporate market-based strategies and collaborative approaches addressing local land use planning. But to be effective, such strategies need to integrate environmental planning with other planning goals and policies at the scale at which environmental effects are usually felt -- the bioregion.

The health of the economy also requires regional planning coordination. Increasingly, studies reveal that the economic health of suburban communities is tied to the fate of nearby central cities. Quality of life factors are of greater importance today for business location decisions. Quality of life issues today often relate to planning matters that cross local boundaries or require systematic solutions: affordable housing, jobs-housing balance, traffic congestion, loss of regional open space, and environmental protection. However, the current planning system is ill equipped to address matters that transcend jurisdictional and functional borders.

Although planning problems increasingly require more flexible and collaborative governance arrangements, trends in state-local relations tend to encourage the opposite. During recent decades, local home rule power has been distorted, inter-jurisdictional rivalry has increased, and state-local cooperation has been undermined. Proposition 13 substantially undermined the 70-year old "separation of sources" doctrine that ensured local control over resources for managing growth. Although local governments' responsibilities remain unchanged, their ability to meet them has been constrained. With their taxing authority limited, local governments turned to their other primary source of authority -- control over land use -- as one means to ensure fiscal solvency. However, "fiscalized" land use decisions heighten inter-jurisdictional competition and discourage regionally beneficial outcomes like affordable housing production. The persistent impasse between the state and local governments on the matter of fiscal reform also obstructs new governance solutions. Without an offer of fiscal relief, local governments have little incentive to agree to more intrusive state planning mandates.

Caught in this logjam, the state and local governments are unable to respond effectively to current planning needs. This resembles the situation a century ago, when Progressive reformers mobilized to overcome structural inadequacies in governmental authority. Then, reformers sought to modernize government to enable it to function effectively for a new age. The task is no less daunting today. If home rule can be defined as "sufficient authority and resources to manage problems and meet challenges at the geographic scale required to do so,"⁵ then the Progressive Era call for strengthened home rule should be revived. The traditional definition of home rule needs to be reformulated, however. In today's society, home rule that is primarily city-based is inadequate to address even local growth and development concerns. A new concept of home rule is needed that encompasses regional as well as local needs and responsibilities.

The Response to the Challenge: Emerging Regionalism

Opinion polls show that the public is increasingly frustrated about growth issues. Traffic congestion in particular ranks among the public's top concerns related to government. Taking action into their own hands, voters launched a ballot box revolution starting in the mid-1980s, passing hundreds of local growth management measures. Studies show that this ballot activity was more closely related to regional growth trends than local ones.⁶ Therefore, it can be viewed as an attempt to address regional governance problems at the only level available to concerned citizens -- the local level. However, uncoordinated local measures complicate an already fragmented growth management system in California. In some cases, local measures only exacerbate sprawl by pushing housing development further from the urban core.

Polls reveal that the public may be ready for growth management reform, including a stronger role for regional planning agencies. Recent transportation sales tax victories in Santa Clara and Alameda Counties reveal a willingness among voters to fund specific improvements. But leadership from government and the private sector is needed to

⁵ Nick Bollman, personal communication

⁶ Glickfeld, Madelyn, and Ned Levine, *Regional growth-- local reaction: the enactment and effects of local growth control and management measures in California*, Lincoln Institute of Land Policy, 1992

translate public frustration with growth problems into support for more coordinated regional planning solutions.

The necessary regional leadership is emerging across the state today. In spite of the obstacles, collaboration is increasing among local governments and civic leaders to solve problems that cut across jurisdictional borders. Cooperation is on the rise for three main reasons. The first is that local governments find they must cooperate to maintain control over the consequences of growth. This gives new meaning to "home rule." For example, traffic congestion has become the subject of increasing litigation by neighboring governments under CEQA. Some local governments have established joint mitigation systems to resolve these disputes. In other cases, local governments have coordinated plans for urban growth boundaries, open space protection, economic development, jobs-housing balance, and other objectives.

The second reason for greater regional coordination today is the devolution of authority over the past decade from the federal and state levels to the regional and county levels in two areas of planning, namely transportation and environmental protection. New planning approaches for transportation, air and water quality, and endangered species protection rely on greater coordination among governments at different levels, and more integration of planning across functional areas. For example, ISTEA and its successor TEA-21, the new federal approach to transportation planning, link planning for transportation and air quality, while California's Natural Communities Conservation Planning Program (NCCP) links planning for species protection and economic development. Thus the programs help to bridge the gaps that have characterized functional regionalism in the state. However, while federal policy directed funding and authority to regional agencies, state policy – especially in the area of transportation planning -- has tended to empower county-level agencies. This can sometimes undermine the ability of regional agencies to define truly regional priorities and plans.⁷

⁷ Judith Innes and Judith Gruber, *Bay Area Transportation Decision Making in the Wake of ISTEA*, University of California Transportation Center, University of California at Berkeley, 2001; Paul Lewis and Mary Sprague, *Federal Transportation Policy and the Role of Metropolitan Planning Organizations in California*, Public Policy Institute of California, 1997

The third reason that regional collaboration is increasing is the greater involvement of civic leaders in pushing for reform. Leaders from the business community, environmentalists, and transportation activists are among the most vocal in calling for more effective regional planning. That is no accident given that planning concerns in these areas tend to be regional in scope. Some examples of efforts led by "civic entrepreneurs" include the campaigns by Joint Venture Silicon Valley and the Silicon Valley Manufacturing Group to encourage Santa Clara County and its cities to adopt a uniform building code, to increase taxes for highway and light-rail construction, and to promote affordable housing and infill development. Another example is Fresno County's Growth Alternatives Alliance, a coalition of environmentalists and business leaders promoting revision of local general plans according to "smart growth" principles.

In some cases, local governments and civic leaders have been able to combine the devolution of authority over transportation and environmental protection with greater horizontal cooperation on land use planning to produce more truly integrated approaches to regional growth management. In these cases, local governments are bridging all the horizontal and vertical planning gaps that have characterized our system. These initiatives have the greatest potential to transform the planning system from within. Examples include Riverside County's unprecedented effort to combine planning for transportation, land use, and environmental protection, and the combined efforts of the Bay Area Alliance for Sustainable Development and the regional agencies' Smart Growth Project to develop an alternative land use scenario for the San Francisco Bay Area.

Many of the most far-reaching efforts have been organized at a sub-regional level, especially within the framework of counties. Others, like the five-county Interregional Partnership for Jobs-Housing Balance, cross not only county borders but regional ones. This raises fundamental questions about what constitutes the best institutional framework for regional planning. The questions relate to the problem of "fit" between problems and solutions described at the beginning of the paper. Many of today's planning problems are

hard to constrain within the borders of any existing jurisdictions. Some inter-jurisdictional planning problems are best addressed at a sub-regional, and even a sub-county level. Other planning problems transcend the geographic borders of even the largest existing regional agencies.⁸

This suggests that flexible institutional frameworks are needed to address different planning problems and objectives depending on the scale at which problems are defined. Although the best institutional framework in which to address any planning problem may always be a matter of dispute, the matter is probably best resolved through an open political process that encourages and facilitates cooperative ventures. The role of state government in facilitating this kind of process is critical, and it is to that subject that we now turn.

State Government and Regional Planning

Emerging regional initiatives demonstrate that planning reform is possible through existing institutions. They also demonstrate that reforms are needed, since local governments are undertaking these measures on their own. But without stronger support from the state, these efforts are likely to remain the exception, rather than the rule.

The state government plays a key role in facilitating or obstructing regional planning. Governance arrangements in metropolitan areas are ultimately a product of state government action. Local governments are legally creatures of the state, and they operate in a framework of state laws and regulations. However, there are different avenues the state government could take to promote more effective regional planning, some of which have been explored by other states.

State-Directed Planning

Better coordination of the policies and investments of state-level agencies is an essential part of effective growth management. State policies that affect the construction and siting

⁸ Thanks to Nick Bollman for contributing to this discussion.

of schools, prisons, or highways, for example, can undermine regional growth management if they promote sprawl. Conflicting state policies, for example to improve air quality but also improve mobility through highway expansion, reinforce fragmented, ineffective planning by regional agencies.

There are various ways the state government can redefine its own growth management policies. It could adopt a dominant role, defining a set of planning goals and specific policies to carry them out, and mandating compliance by state agencies as well as local governments. Regional authorities might fit into such a system as a means to monitor local compliance and to implement regional policies such as protection of critical lands and siting of regionally important land uses. Some states, notably Florida, have succeeded in implementing such a top-down approach. State Assembly Speaker Willie Brown attempted it for California in the early 1990s, but his proposal failed. The tradition of local control is too strong, and the state's regions are too diverse and too powerful, for state-directed planning to emerge in California anytime soon. States that have adopted a more centralized approach, including Florida and Vermont, were characterized by a lack of local planning capacity, multiple counties or ill-defined regional boundaries, and perceived statewide planning crises.⁹ In contrast, California has exceptionally strong local planning capacity, strongly defined regional distinctions, and growth problems that tend to be framed in regional terms.

A more moderate approach to state-directed planning might be patterned on Maryland's 1997 Smart Growth Areas Act, a "good example of how innovative state policies can support local efforts to overcome sprawl and can do so by using public investment, rather than state regulation, as the vehicle."¹⁰ Maryland's program attempts to influence growth patterns by directing state investment to specific locations. Most state infrastructure funding is channeled to Priority Funding Areas, which include all existing municipalities, transportation corridors, and other areas targeted for growth. Under the Rural Legacy

⁹ Arthur C. Nelson and James B. Duncan, *Growth Management Principles and Practices*, Planners Press, Chicago, Illinois, 1995; Douglas Porter, *Managing Growth in America's Communities*, Island Press, Washington, D.C., 1997

¹⁰ Calthorpe and Fulton, *op cit*, p. 15

program, the state's land acquisition funds are channeled into designated conservation areas.

Phil Angelides, the California State Treasurer, has advocated a similar approach, arguing that state investments should be made according to smart growth principles. The Commission on Regionalism echoes this argument in its fiscal reform recommendations by advocating that state infrastructure bonds be made consistent with sustainable development principles.¹¹ This strategy is politically feasible for California because it does not undermine local control over development. However, it still presents a significant challenge at the state level. Without a history of inter-agency cooperation, let alone state cooperation with regional collaboratives, strong leadership from the governor's office and the legislature will be needed before state policies and investments will be made to conform to integrated planning objectives.

New Regional Strategies—A Problem-Solving Focus

State-directed policies like those described above are a necessary component in growth management, but they are not enough. Policies that address only state agency behavior do not directly strengthen local or regional planning capacity. Under a moderate state-directed program such as Maryland's, local governments may even pursue development paths that directly counter state growth goals. What other steps should be considered? There are two main ways the state could strengthen regional planning capacity. One is to establish new institutions, and the other is to establish new policy mandates, but leave implementation up to existing local and regional actors. In practice, most state growth management programs have adopted a combination of new regional authority and new policy objectives.

In its purest form, the first approach might entail the establishment of stronger regional planning authorities, but leave planning goals and policies up to individual regions to determine for themselves. No state has adopted this approach on a statewide basis,

¹¹ Fred Silva/Speaker's Commission on Regionalism, *Local Finance Reform from a Regional Perspective*, April, 2001

although some have established strong regional authorities for single metropolitan areas, including Portland, Oregon, and Minneapolis-St. Paul, Minnesota. What distinguishes the new regional bodies from "business as usual" arrangements is that they are provided with more of the attributes of general-purpose governments, in particular taxing authority and/or elected leadership. San Francisco Bay Area reformers attempted this kind of approach in the early 1970s and again in the early 1990s. It has also been pursued more recently in the San Diego area.

Given California's strong regional distinctions, this is a promising strategy, a sort of "regional home rule." The state should support efforts by individual regions to define new and stronger regional institutions. The Commission advocates such support in its recommendation for a state constitutional amendment authorizing the adoption of regional charters.¹² However, although certain regions, such as San Diego and the San Francisco Bay Area, may succeed in establishing stronger authorities, it is unlikely to be effective on an across-the-board basis for the entire state. Regional definitions are sometimes unclear in areas like the Inland Empire, the Central Valley, and even the San Francisco Bay Area. Some of these areas lack a sufficient history of intergovernmental cooperation to support the establishment of much stronger authorities. And, as noted earlier, there is no set of geographic boundaries that could be drawn that would properly encompass all planning problems in any metropolitan area.

The historical problem of regional governance is fundamentally related to *shifting* boundaries. Boundaries change depending on the planning problem being considered. The economy will always change more rapidly, and new planning problems arise more quickly, than jurisdictional borders can be reconfigured to keep up. Therefore institutional flexibility is a necessary component in any state effort to promote effective regional planning.

¹² Silva/Speaker's Commission on Regionalism, *op. cit.*

However, a trade-off also exists between institutional flexibility and breadth of authority.¹³ The proper scale at which to address planning problems defined in functional terms often differs. For example, air quality problems may best be addressed at the geographic scale of an air basin, while some transportation planning issues may best be addressed at the scale of major transportation "corridors." However, defining planning problems in functional terms tends to recreate the fragmentation that has been endemic in regional planning. Although institutional flexibility is desirable, the model of general-purpose government also remains valid. Within the confines of defined borders, general-purpose governments weigh the costs and benefits of a variety of policy goals in order to achieve the best fit among different, sometimes competing objectives. It is this ability to integrate a variety of planning goals and policies that is sorely lacking at the regional level today. Thus, a compromise must be drawn between institutional flexibility and breadth of authority.

One way to address the tension between the need for institutional flexibility and breadth of authority is to focus less on defining new institutional arrangements, and more on defining policy objectives for regional growth management. In this approach, reform strategies address the content of the regional planning problem, more than its form. The practical challenge of regional planning is to ensure that planning for land use, transportation, environmental protection, and economic development is linked at a regional level, so that integrated objectives can be defined and achieved for the benefit of the region as a whole. To the degree that this goal can be accomplished through existing institutions, it will be easier to achieve. This type of strategy could be more institutionally flexible, leaving implementation to local actors to devise. It is likely to be more politically feasible as well. The public and elected leaders will more readily support proposals framed as coherent solutions to existing problems, rather than proposals to create a "new layer of government."

If a more flexible institutional framework is desirable, policy objectives should be framed in such a way that they encourage the linking of key planning areas. Some policy

¹³ Thanks to Paul Lewis for contributing to this discussion.

objectives do this. For example, more efficient use of existing infrastructure necessarily implies a greater planning connection between land use and transportation than presently exists. Designating key natural resource areas for protection on a regional basis is a good strategy to achieve environmental goals such as watershed protection and species preservation. At the same time, it can also produce more streamlined regulation and greater planning certainty for land developers than a piecemeal environmental approach. Thus, this policy objective can help integrate environmental and economic goals at a regional scale.

An example of a good model for a policy-driven approach is the Natural Communities Conservation Planning Program. This state program, started in 1991, aims to coordinate endangered species protection and economic development through development of eleven sub-regional habitat preservation plans in southern California. It requires collaboration among all interested parties including environmentalists, land developers, scientists, and all levels of government. It works because it imposes a strict policy mandate but it leaves the implementation process up to local actors. It also works because there are strong incentives on all sides to reach a workable compromise, namely greater planning certainty through a more comprehensive approach. This is key to a successful policy-driven approach based on local implementation. Objectives must be clear and incentives for compliance must be present. The NCCP has led to some promising results. For example, it forms the basis of Riverside County's unprecedented effort to develop an integrated countywide plan for land use, transportation, and environmental protection.

The history of regionalism in California suggests that a policy-driven, rather than a process-driven, approach may bear the most fruit. For example, efforts to establish a stronger regional planning body for the San Francisco Bay Area have failed repeatedly, but reformers have had some success in recent years achieving growth management goals through existing institutions. Another example of the limits of a process-driven approach is the federal government's attempt to strengthen regional planning during the 1960s and 1970s. Although federal incentives prompted the creation of councils of government and metropolitan planning organizations across the nation, the new organizations often found

it difficult to define and implement regional policies, in large part because their voluntary governance structures tended to reinforce existing arrangements at the local level.

Strengthening the Local Planning Framework

One way the state should promote regional sustainable development policy objectives through existing institutions is to provide mandates or incentives for *local* governments to address regional concerns. For example, more than \$100 million was provided in last year's state budget as incentive to promote housing production, with extra points awarded for low-income and transit-oriented development. The Commission affirms this approach in its recommendation to the state to provide a dedicated revenue source and an implementation program to provide incentives for production of workforce housing. The Commission's recommendation for a permanent state urban reinvestment fund to attract private capital to low-income communities also falls in this category. However, although such measures will help address regional growth problems, they do not directly strengthen regional planning capacity.

As a somewhat different model, California should consider Oregon's transportation planning rule, passed in 1991. It requires that local transportation plans reconsider land use designations and densities to see if they support multiple modes, infill development, and – for new communities in larger areas - jobs-housing balance. These measures go further in encouraging local governments to address regional needs in their own plans. They promote regional planning by linking local land use decisions to regional transportation needs. Oregon did not rely solely on stricter mandates. The Transportation and Growth Management Program, passed in 1993, offers grants to communities to assist them in solving transportation problems, in devising land use planning to solve transportation needs, and developing urban growth management strategies. This could also serve as a model for California.¹⁴

¹⁴ American Planning Association, op. cit.; Jerry Weitz, *Sprawl Busting: State Programs to Guide Growth*, Planners Press, Chicago, Illinois, 1999

The Commission's fiscal recommendations support this kind of approach. For example, the Commission recommends that the state enact a program to support "capacity-building in local planning departments to expand and update general plans, with additional incentives for efforts that operate on a regional and sub-regional basis, and for support of community engagement through regional visioning projects."¹⁵ The Commission also recommends a reduction of the ERAF property tax shift by \$1 billion over ten years, to be conditioned on "the adoption and implementation of regional *and local* sustainable development policies (emphasis added)."¹⁶

Following Oregon's model, the state could provide incentives to local governments that reconsider land use designations and densities to see if they support efficient use of regional transportation systems, infill development, and jobs-housing balance. The mandate might be broadened beyond transportation, calling for local governments to ensure that general plans are concurrent with a range of regional infrastructure plans, including those for waste treatment and water supply. Incentives could be provided for local governments that comply, including technical assistance, grants, and enhanced revenue-raising capacity along the lines that the Commission has recommended.

Other state policies directed at local governments should help to remove disincentives for cooperation among local governments. The Commission's recommendations for increased access to property tax revenue by local governments, transfer of sales tax revenue to counties, and tax-base sharing fall into this category.

Effective Regional Planning

Measures such as the ones just described are needed to reshape the framework in which local governments plan, but they are not enough. Although they would ensure that the planning framework is more conducive to regional coordination and cooperation, they would not directly strengthen regional planning capacity. Initiatives are also needed to more directly promote integrated *regional* planning through existing institutions. Such

¹⁵ Silva/Speaker's Commission on Regionalism, op. cit., p.5

¹⁶ *ibid*, p. 3

programs would identify clear objectives for which a persuasive case for regional action can be made. Mechanisms are needed to ensure that local governments will be held accountable to regional goals. In this framework, local governments should then be allowed to retain the major responsibility for implementation.

Oregon's transportation planning rule is an example of such a program. Along with the provisions for local planning described earlier, it also includes measures that directly affect regional planning. Aggressive goals were provided for the state's three metropolitan planning organizations (MPOs) – the regional transportation planning agencies – to reduce congestion and per capita vehicle miles traveled, and to improve air quality. Because the MPOs were mandated to attain specific regional policy objectives, and because local governments were required to assess the connection between land use and regional transportation needs, the stage was set for a reconsideration of the region's future form.

This was accomplished in the Portland area at the prodding of environmental activists through a project called Making the Land Use, Transportation, and Air Quality Connection (LUTRAQ). Thus, a combination of three elements was ultimately necessary to produce a truly comprehensive regional planning approach: policy-driven mandates for local governments *and* regional agencies, and advocacy from civic leaders. It is likely that the effort would not have succeeded if any one of these elements had been missing.

LUTRAQ was an alternative regional transportation and land use strategy proposed by environmentalists in 1992 to Metro, Portland's elected regional planning body. At the time, Metro and the state's department of transportation were planning construction of a new highway, prompting the environmentalists to seek consideration of alternatives. At its core, the LUTRAQ option envisioned a new light-rail extension, increased feeder bus service, transit-oriented land use planning, and complementary improvements in local arterial roads. LUTRAQ performed better than the highway option by all criteria used for evaluation: 23% fewer trips to work in single-occupant vehicles, 27% more trips by transit or other non-car mode, 18% reduction in traffic congestion, and reductions of

approximately 7% in air pollution, greenhouse gases, and energy consumption. The LUTRAQ option was adopted by the state's transportation department in 1996.¹⁷

Metro, Portland's regional planning body, crafted a long-range land use plan in cooperation with local governments, to meet the objectives of the new regional transportation plan and the state's growth management requirements. The plan, adopted in 1996, calls for compact development at significantly higher densities in the urban core, and at moderately higher densities in suburban areas. It focuses transportation-oriented development along the regional corridors.

Another example of an integrated regional planning program to further a policy goal is the U.S. 301 Corridor study in Maryland. After environmentalists stalled a proposal for a new highway in the early 1990s, a state-level task force composed of environmentalists and transportation agency officials studied alternatives. In 1996 they prepared a multimodal proposal including transportation management, transit and highway expansion, and land use plans emphasizing compact growth and jobs-housing balance. The governor approved the plan, and to put teeth into it, major state investments were conditioned on the strengthening of local land use policies to support the transportation improvements.¹⁸

These examples highlight the basic components of effective regional planning. They integrate planning for land use, transportation, and environmental protection at a regional scale in order to achieve specific policy objectives. To achieve the objectives, alternative planning scenarios were studied and evaluated according to performance measures derived directly from the policy goals. State planners did not impose the final outcomes. Instead, they reflect negotiations among state, regional, and local agencies to determine how to integrate policy goals at all levels.

¹⁷ Calthorpe and Fulton, *op. cit.*

¹⁸ Porter, *op. cit.*

Making New Regional Strategies Work

How can the state promote the type of integrated regional planning described in the last section? Clearer state growth management policy goals are an important first step.

Without that framework, it would be hard to judge whether proposed regional plans worked to achieve integrated planning objectives for the region as a whole, or merely reflected an amalgamation of disparate local priorities. The policy goals should be broad, rather than specific, and they should be both growth accommodating as well as growth restricting. Key goals to consider include efficient use of existing infrastructure, provision of affordable housing, streamlined regulation, reinvestment in inner city areas, and preservation of critical resource areas and the natural environment more generally.

Second, the state should indicate to regional planning agencies and local governments what could be expected from them in order to help achieve the state's growth management goals. As mentioned earlier, local governments might be encouraged to plan for compact growth, transit-oriented development, affordable housing provision, and streamlined regulation. Regional agencies might be encouraged to plan for enhanced workforce development, reduction in per capita vehicle miles traveled, preservation of critical resource areas, energy conservation, and pollution reduction.

Third, the state should reward innovation and collaborative decision-making. Solving regional governance problems cannot be done without full participation of state and local governments and agencies. But any solutions also will need to recognize the role of non-governmental networks and organizations that have come to the fore in the absence of effective regional coordination of public decisions. A new framework will require institutional mechanisms that reflect that role, especially in fostering dialogue between state and local governments about collaborative regional planning.

A new framework for collaborative regional planning might be based on functional compacts established between the state and consortia of local governments and/or regional agencies for attainment of some or all of the defined growth management policy objectives, with an inducement for broad public participation. This approach retains

institutional flexibility, encouraging local actors to devise the most appropriate solutions to the growth problems most prevalent in each region, yet within the framework of clearly defined policy objectives. To address the need for breadth of authority, the state could prioritize funding and assistance for regional compacts that seek to achieve a greater number of the stated policy objectives, and at a wider geographic scale. This rewards greater planning integration at the widest geographic scale possible, while also allowing for the flexibility to fund more limited compacts -- limited either to a smaller geographic scale or to fewer functional objectives.

The Commission's fiscal recommendations go far to help promote this type of planning framework. For example, the Commission proposes conditioning a shift of ERAF funds on sustainable development policies, ensuring that state capital expenditures be linked to comprehensive regional plans, and providing a state funding match for local tax set-asides "based on an expressed state interest, as adopted through a collaborative state, regional, and local planning process."¹⁹ The question is how to define those terms: *sustainable development policies* and *comprehensive regional plans* and *an expressed state interest*. Sustainable development policies could be defined as those policies that promote objectives such as those listed above, comprehensive regional plans could be defined as plans that address all of the objectives through coordination among local governments and regional agencies, and the expressed state interest could be in promoting such planning through a collaborative state, regional and local process.

What would a collaborative regional planning process require? The Commission has identified a number of key elements:

- A well-grounded and locally supported planning entity or collaboration of entities that is multi-jurisdictional, with accountability at the regional level.
- Involvement of the civic sector, neighborhood groups, business, and others in a transparent and inclusive planning process, particularly ensuring the inclusion of groups, especially low-income and minorities, that are often left out of the process.

¹⁹ Silva/Speaker's Commission on Regionalism, op. cit., p.4

- Development of specific regional goals, from which specific outcomes are formulated.
- Staff adequate to support multi-jurisdictional, multi-functional regional planning.
- A reliable and sophisticated system for regional data-collection and dissemination.
- Milestones and measurable results, mutually agreed upon.
- A process to ensure that regional decision-making evolves over time and in response to new conditions.

The Washington Model

A statewide system to encourage growth management through existing institutions that could serve as a model for California is Washington State's Growth Management Act, passed in 1990 and strengthened in 1991. Washington's system has a number of features that make it useful for California to consider.²⁰

First, it provides state policy guidance, rather than detailed procedural or content requirements, for local governments to follow. Instead of a state plan, thirteen growth management goals were established that local governments must adhere to in preparing comprehensive plans. Basically, the goals require that new growth be concentrated in designated areas contiguous to existing urban areas, that adequate public facilities, particularly transportation, be provided concurrently, that local governments provide for affordable housing, and that natural resource lands be protected.

Second, it relies on existing governments – especially counties – to coordinate implementation of the new planning requirements. That makes sense if counties are large, and local planning capacity is already well developed – two conditions that characterize California as well as Washington. Counties above a certain population threshold must designate urban growth areas in coordination with cities, and adopt comprehensive land use plans and regulations, including conservation of resource lands. The Washington

²⁰ American Planning Association, op. cit.; Weitz, op. cit.

system also provides planning incentives through technical assistance, funding, and authorization to adopt developer impact fees upon plan approval.

Third, it attempts to enhance regional planning through existing local governments. It includes an innovative horizontal consistency requirement in which plan consistency is required between county plan elements, county and city plans, and cities and counties sharing common borders or regional issues. However, although this provision encourages greater regional coordination, it is unlikely to form an adequate substitute for regionally defined objectives and plans.

Fourth, enforcement is not implemented at the state level. Rather, three multi-county growth management hearing boards have authority to hear petitions on non-compliance and recommend sanctions to the governor. The regional approach to enforcement is a useful model for a state like California with distinct, diverse regions.

Washington's system may serve as a model for California because it approximates activity that is already underway in some parts of the state. Local governments in some areas have cooperated in devising joint plans for urban growth boundaries, open space protection, traffic mitigation, jobs-housing balance, and other objectives. Especially in the area of transportation planning, California has been moving in the same direction as Washington State over the past decade in empowering counties to make regional planning decisions. Since the mid-1980s, sixteen counties have passed optional sales tax increases for specific transportation improvements. The Congestion Management Program, passed in 1990, made counties the focus of congestion planning, a role they had not held previously. SB 45, passed in 1997, established a new state transportation planning system in which all state capital improvement funds to metropolitan regions are allocated according to a county-based formula as well as a north-south split.

However, Washington's system goes further to ensure that counties will promote regional planning. First, Washington established a connection between land use and transportation planning through its concurrency requirement. In California, regional transportation

planning remains disconnected from local land use planning except in exceptional, ad hoc cases. Second, Washington encourages greater focus on regional concerns through its horizontal consistency mandate. In California, no formal mechanisms ensure such consistency. However, without clearly defined regional policy mandates, Washington's horizontal consistency mandate may also prove inadequate to produce plans that define regional objectives.

The Road Ahead

Strong local governments with a long history of innovative planning for growth management characterize California. Thus, we are far ahead of other states facing growth crises. They were forced to devise state plans and mandate local compliance in part to compensate for a lack of local capacity. But California's strength has also proved to be its weakness, because city-based home rule power has often obstructed the development of coordinated planning solutions to regional problems.

In spite of the obstacles, regional collaboration is increasing across California. There is a great ferment in the realm of state-local relations in California at this time. Not only are the old solutions questioned, but also new players are emerging. The state needs to reward and encourage innovative efforts. The most promising approach is to expand home rule to the regional level while still respecting local needs. The state can do this by providing policy guidance and incentives for compliance, but leaving implementation to local actors.

What can be done to move the process forward? We see three possibilities for the Commission to discuss.

1. Find ways for the state to encourage its own agencies to improve the coordination of their activities at the regional level, including cooperation with collaborative regional compacts.
2. Identify and provide new state financial resources and other incentives for the formation of regional compacts.

3. Establish a state commission to encourage the formation of effective regional compacts through the use of incentives and provision of technical assistance. Such a commission would have moderate but real, that is, new resources for this purpose, but no mandatory powers. Its primary role would be entrepreneurial.

There will be no single, cookie-cutter solution to the problem of regional planning and coordination in California. The best hope offered by a collaborative approach is precisely in its potential to be grounded in the unique attributes of each individual region, within a context of incentives afforded by appropriate state action. This will be a slow process of evolution that begins with small steps and builds on the energy of those who support it.