

# California Cities Face Trade-offs in Developing Plans and Policies for Transit-Oriented Development

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# POLICY BRIEF

## Issue

California has ambitious climate policy goals, while also facing an acute housing affordability crisis. Transit-oriented development—higher-density residential or mixed-use development centered around high-quality transit stations—has emerged as a strategy to reduce greenhouse gases while increasing housing supply. However, transit-oriented development is more complex and expensive to build than development in low-density, undeveloped areas. State and local governments have adopted numerous policies to encourage transit-oriented development, but little research has examined how various policies can be combined to produce on-the-ground success.

Researchers at the University of California, Davis completed in-depth case studies of 11 California cities (Figure 1) to understand their mix of strategies and how they have needed to reconcile sometimes competing policy goals in advancing transit-oriented development. This project built upon a previous survey of California planning directors that investigated the various policies and programs cities have adopted to promote transit-oriented development.

## Key Research Findings

**Cities’ transit-oriented development policies tend to direct growth along transit corridors and into commercial zones, while leaving areas zoned for single-family housing alone.** This practice also focuses controversy over gentrification and its impacts along transit corridors, where lower- and middle-income residents often live in existing multi-unit housing. Although research indicates that gentrification does not necessarily lead to displacement of



Figure 1. Map showing the 11 cities included in the UC Davis study.

existing residents, such findings often do not allay fears about localized impacts. These concerns have provoked so much resistance in some places including San Francisco’s Mission District that many market-rate housing developments have effectively been halted.

**Careful design of inclusionary housing programs is critical but has proved to be challenging.** Cities are experimenting with how to extract public benefits such as affordable housing funding from developers without imposing such costly requirements that developers walk away. Recently adopted local policies—both incentive-based and mandatory—in the case study cities have resulted in widely different outcomes in terms of the number of new development permits induced.

**Cities are finding it challenging to balance deregulatory and regulatory techniques to support transit-oriented development.**

Deregulatory strategies such as systematic upzoning and elimination of parking requirements can effectively encourage transit-oriented development. However, the associated loss of discretion and ability to bargain with developers can hamper planners' ability to extract public benefits. In contrasting cases, San Diego and Sacramento eliminated parking requirements near transit in 2019, while Los Angeles offers reduced parking requirements as an incentive to developers in exchange for providing affordable units near transit stations.

**Some cities have effectively combined top-down policymaking with bottom-up neighborhood planning.** Exemplary is El Cerrito's Specific Plan for San Pablo Avenue, which allows for streamlined, non-discretionary review of subsequent development project proposals, and establishes clear expectations for both developers and local residents through its form-based code. This approach provides clear, streamlined permitting for developers, while also gathering and responding to resident input.

**Cities sometimes face trade-offs in balancing their desire to improve multi-modal transportation options with their need to construct more affordable housing.** Some cities including San Francisco, Los Angeles, and San Diego have been maxing out inclusionary housing requirements and incentives. However, they have been imposing relatively less stringent demands on developers to fund transportation facilities and service to accommodate new development in an effort to avoid overburdening developers. This approach could backfire, as traffic congestion is one of the most salient complaints raised by neighborhood residents in opposing denser development.

## Policy Implications

These findings provide several lessons for the state government as to how to effectively bolster transit-oriented development. Some efforts in the case study cities highlight the value of neighborhood planning

as a means to support transit-oriented development goals. These plans have effectively streamlined permitting under the California Environmental Quality Act (CEQA). The state could encourage this approach by funding neighborhood planning to help implement state performance targets for housing production and other sustainability goals, and providing for stronger CEQA streamlining for neighborhood plans that help achieve such state-defined performance targets.

Transit-oriented development and multimodal transport improvements are synergistic and mutually beneficial. As a lever to reinforce the mutual benefits of transit-oriented development, transit, and active transportation, the state could reward cities that support transit-oriented development through policies such as upzoning near transit, by providing them with greater access to transportation funds for transit and active transportation. A good example of this approach is the One Bay Area Grant program, administered by the Metropolitan Transportation Commission. This program allocates transportation dollars to localities based on their adoption of land use policies in support of transit-oriented development and increasing housing production.

## More Information

This policy brief is drawn from "Tensions and Trade-offs in Planning and Policymaking for Transit-Oriented Development, Transit, and Active Transport in California Cities," a report from the National Center for Sustainable Transportation, authored by Elisa Barbour, Janet Jin, Emma Goldsmith, Salvador Grover, Jacqueline Martinez, and Susan Handy of the University of California, Davis. The full report can be found on the NCST website at <https://ncst.ucdavis.edu/project/case-studies-local-finance-and-planning-mechanisms-transit-oriented-development-transit-and>. For more information about the findings presented in this brief, contact Elisa Barbour at [esbarbour@ucdavis.edu](mailto:esbarbour@ucdavis.edu).

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