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**Issues in Growth
Control Management**

*Reprints of Recent Growth
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IURD Associates*

Judith Innes, John D. Landis, and
Ted K. Bradshaw

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Issues in Growth Management: *Reprints of Recent Growth Management Writings by IURD Associates*

Judith Innes, John D. Landis, and
Ted K. Bradshaw

"Do Growth Controls Work: A New Assessment," by John D. Landis, and "Group Processes and the Social Construction of Growth Management: Florida, Vermont, and New Jersey," by Judith Innes, both originally appeared in *Journal of the American Planning Association* 58:4, 1992. "Growth Control and the Failure of Planning," by Ted K. Bradshaw, and "Regional Growth Management," by John D. Landis, both originally appeared in *California Policy Choices* 8, 1993. "Growth Management: California Struggles to Save the Dream," by Judith Innes, originally appeared in *Land Use Forum* 1:2, Winter 1992. Grateful acknowledgment is made to these journals.

University of California at Berkeley
Institute of Urban and Regional Development

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Issues in Growth Management: Reprints of Recent Growth Management Writings by IURD Associates

Introduction

This is an unusual publication for IURD. Usually we publish reprints of book chapters and articles singularly. In this case, we have decided to collect pieces with different perspectives in growth management and publish them as a single monograph. We do this for three reasons. First, the problems of managing growth are emerging on a nationwide basis. Cities, counties, and states are trading experiences and trying different approaches. The five research articles included in this reprint provide insights on which approaches are working, which are not, and why.

Moreover, the situation is extremely open and fluid, particularly in California. For the first time in more than two decades, public policymakers and leaders of both the development and environmental communities have expressed a desire to come to terms with issues of growth management, environmental quality, planning, and regional governance reforms. The five pieces in this reprint are designed to provide guidance in the ongoing debate over these issues.

Finally, as we note below, the five pieces build on each other.

The articles are ordered from the specific to the general, and from local to statewide. "Do Growth Controls Work: A New Assessment," by John Landis (*Journal of the American Planning Association* 58:4, 1992) examines the benefits and impacts of growth control ordinances as implemented in seven rather typical California communities. Landis concludes that while growth controls impose no great costs on the communities that impose them, neither do they deliver much in the way of benefits. Moreover, to the extent that growth control ordinances replace good planning practices, Landis argues, they may be counter-productive.

The issue of local growth control effectiveness is also at the heart of Ted Bradshaw's "Growth Control and the Failure of Planning" (*California Policy Choices* 8, 1993). Bradshaw neither favors nor opposes growth controls. Rather, he concludes that cities adopt growth controls only after other, less stringent forms of planning have failed. Over time, Bradshaw argues, local governments have lost both the vision and resources to make local planning effective. He goes on to offer numerous suggestions for providing needed resources and restoring planning vision.

Judith Innes's "Growth Management: California Struggles to Save the Dream" (*Land Use Forum* 1:2, Winter 1992), reviews the experience with the design and implementation of statewide growth management in several other states and identifies a set of lessons that may have relevance in the California setting.

A second piece by John Landis, "Regional Growth Management" (*California Policy Choices* 8, 1993), looks at the specifics of the five regional growth management bills that were introduced

in the California Legislature in 1991 and 1992. Landis evaluates the likely effects each bill would have on state, regional, and local planning practices, on urban form and environmental quality, on the development approvals process, and on public finance. He also looks at questions of implementation and equity. Landis concludes that most all the bills place far too much emphasis on requiring plan consistency between levels of government, and far too little on incentives for promoting cooperative planning across communities with common interests.

The potential of collaborative planning and consensus-building is also at the heart of Judith Innes's "Group Processes and the Social Construction of Growth Management: Florida, Vermont, and New Jersey" (*Journal of the American Planning Association* 58:4). Innes looks at the role consensual group processes have played in the formation and implementation of growth management programs in Florida, Vermont, and New Jersey. Innes argues that if growth management efforts are to be successful, they must begin by recognizing the legitimacy of the views of different interest groups, and, furthermore, policies, goals, and plans must be developed through face-to-face group discussion involving stakeholders. Growth management systems that have tried to use a top-down model of regulation and control of the problem (such as Florida's) have had many problems. By contrast, growth management systems that have encouraged on-going coordination and cooperation between levels of government and across functional agencies (as in New Jersey's "cross-acceptance process") have gone much further.

The Institute of Urban and Regional Development is committed to sponsoring and publishing the very best research in the areas of planning, growth, and regional governance, and to making sure that such research is used by policymakers. We welcome your comments and suggestions.

John D. Landis

DO GROWTH CONTROLS WORK? A New Assessment

John D. Landis

ABSTRACT

Although local growth-control programs are much maligned by economists, there has not yet been a single comprehensive study of whether local growth-control programs actually work. This paper presents a partial evaluation of local growth controls as applied in seven mid-size California cities: Camarillo, Livermore, Lodi, Redlands, San Luis Obispo, Thousand Oaks, and Walnut Creek. To better identify the effects of local growth controls, each of the seven growth-control cities was statistically matched with an otherwise similar (and usually nearby) city which had not adopted growth controls. This paper reports on three aspects of local growth controls of interest to planners. The first—and perhaps most basic aspect—is whether, and by how much, local growth-control programs actually reduce local rates of population growth. Housing prices are a second aspect: how much, if at all, do local growth controls really increase the price of housing? Third, this paper examines the link between local growth controls and community fiscal health.

I. INTRODUCTION

Growth control is one of those subjects on which there is very little middle ground. On one side of the issue are economists who argue that local growth controls are generally exclusionary and almost always raise the price of housing (Fischel, 1990). On the other side of the issue are the millions of residents of fast-growing regions who see the control of growth and its side effects—traffic congestion, declining environmental quality, and loss of traditional character—as essential to maintaining their quality of life (Landis and Kroll, 1989).

As yet there is no consensus within the professional planning community as to which methods of growth control do or do not work. New growth-control programs have generally been assembled by "cutting and pasting" parts of programs already in place in other cities, whether or not those programs have actually achieved their intended results. As Deakin (1989) points out, there has not yet been a single evaluation of growth-control programs anywhere in the United States.

This paper presents a partial evaluation of local growth-control programs as implemented in seven mid-sized California cities. The question of how well local growth controls *actually work* can be approached from any number of perspectives, depending on how one views the purpose and function of local growth controls. This paper reports on three aspects of local growth controls of interest to planners. The first—and perhaps most basic aspect—is whether, and by how much,

local growth-control programs actually reduce local rates of population growth. Housing prices are a second aspect: how much, if at all, do local growth controls really increase the price of housing? Third, the link between local growth controls and community fiscal health is examined. This last issue is especially important to communities which rely on new development to pay for need infrastructure and public services.

These issues are particularly important in California because the question of how cities and counties should best plan for growth once again looms large on the state's policy agenda (Teitz, 1990). With California having added 10 million new residents between 1970 and 1990, and with many population forecasters predicting that the state will add another 10 million residents by 2010, policy-makers throughout California are searching for practical ways to plan, manage, and accommodate growth. These same policy-makers find themselves facing an electorate ever more frustrated with past failures to better manage growth, and ever more prone to using the initiative process to try to stop growth (Glickfeld, Graymer, and Morrison, 1988). At the same time, there is widespread concern that the careless pursuit of slow-growth policies will further push up California housing prices (already the most expensive in the nation) and encourage companies and businesses to leave California for lower-cost areas. Finally, policy-makers wonder whether California communities can afford slow growth, given the importance of new development in paying for essential infrastructure and services.

This paper presents selected comparisons between seven California cities that adopted stringent growth-control programs during the late 1970s and early 1980s, and six otherwise similar communities that did *not* adopt local growth controls. To provide the larger policy context, Part II of this paper summarizes the rise and extent of local growth management and control programs in California. Part III introduces the seven growth-control cities and their six non-growth-control counterparts. Part IV examines how stringently the various growth-control programs have been implemented, and how effective they have been at reducing population growth. Part V examines the housing price issue anew to determine when and why local growth-control programs contribute to higher housing prices. Part VI examines the fiscal and public service consequences of adopting stringent growth controls. Finally, Part VII offers suggestions for future local growth policies.

II. GROWTH CONTROL and GROWTH MANAGEMENT: The View from California

The terms growth control and growth management are often (and incorrectly) used to mean the same thing. Since this paper is primarily about growth-control programs, not growth-management programs, we begin by differentiating the two concepts. *Growth-control programs* significantly limit population growth, housing construction, and/or economic growth below levels that would otherwise be achieved in an unconstrained real estate market. Growth-control programs in California have been implemented primarily via population growth caps and residential

building permit caps, as well as occasionally (and by law, temporarily) through the use of development moratoria. In a very few instances, local growth-control programs have involved limiting commercial development. A recent survey by Glickfeld and Levine (1990) revealed just how popular growth-control programs have become in California:

- The number of California cities and counties that have enacted formal growth-control measures¹ increased from only 3 in 1975, to 93 in 1988 (Figure 1 and Table 1). About half of the communities that have adopted growth-control measures have done so since 1984. Appendix A lists the California cities and counties that had adopted formal growth controls as of 1989.
- Residential building permit caps are the most popular form of growth control in California: since 1973, 43 cities and 7 counties have adopted such caps. As of 1989, more than 10 percent of California's population lived in a city or county which had adopted some form of residential-growth cap.
- Population-growth limits are less popular than residential-growth caps, with 38 cities and 2 counties having implemented population-growth limits. (27 cities and counties have adopted both population growth and housing unit caps.) A much larger percentage of California cities (9.8 percent) than counties (3.5 percent) have tried to limit population growth.
- Population- and residential-growth-limits have been most popular in cities with population between 30,000 and 50,000.² Twenty percent of California cities with populations in this size range have adopted residential-growth caps. Another 15 percent of such cities have adopted population-growth caps. Growth caps are less popular with very small cities. Of cities with populations less than 10,000, only 7 percent and 5 percent, respectively, have adopted housing and population growth caps.
- Although citizen initiatives have been an effective method of bringing growth issues to public's attention, they have not been a particularly successful vehicle for enacting growth-control ordinances (Table 1).³ Altogether, only 28 percent of residential growth caps have been adopted directly through the initiative process. Forty percent of population growth caps have been adopted through the initiative process, and less than 15 percent of commercial growth limitation measures have been adopted via initiative.

Growth-management programs, by contrast, seek to redistribute growth and development in ways that minimize negative environmental, social, and fiscal impacts, but not necessarily to reduce the overall amount and rate of growth. The primary tools of growth management are conventional zoning and subdivision regulations (including fees), annexation controls, and urban limit lines, as well as infrastructure service and timing requirements.⁴ Table 1 distinguishes those local policy tools that are primarily used for growth management from those used for growth control.

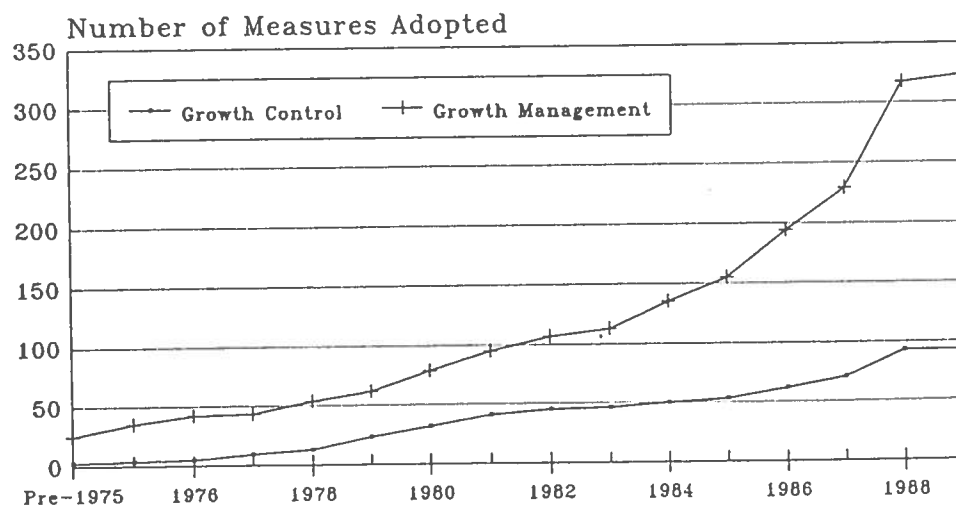
Growth-management programs are currently much more popular than growth-control programs. According to Glickfeld and Levine:

Table 1: Growth Control and Management Measures Adopted by California Cities and Counties as of 1989

	Measures Adopted		% of Govs. Adopting		% Adopted by Initiative
	Cities	Counties	Cities	Counties	
Growth Control Measures					
Population Growth Limits	38	2	9.8%	3.5%	40.0%
Housing Permit Limits	43	7	11.1%	12.3%	28.0%
Commercial Square Footage Limits	13	1	3.4%	1.8%	14.3%
Growth Management Measures					
Housing Infrastructure Requirements & Public Service Standards	112	17	29.0%	29.8%	10.9%
Residential Downzoning	106	15	27.5%	26.3%	8.3%
Commercial Infrastructure Requirements & Public Service Standards	92	16	23.8%	28.1%	11.1%
Commercial Downzoning	40	5	10.4%	8.8%	11.1%
Urban Limit Line or Greenbelt	56	23	14.5%	40.4%	5.1%

Source: Glickfeld and Levine (1990)

Figure 1: Cumulative Growth Management and Growth Control Measures Adopted by California Cities and Counties: 1975-89



Source: Glickfeld and Levine: 1990

Notes: see text for distinctions btwn.

Growth Management and Growth Control

- More than 300 of California's 500 cities and counties have adopted some form of growth-management program. (By contrast, only 93 have experimented with growth-control programs).⁵ More than half of the cities and counties that have adopted growth-management measures have done so since 1985.
- As Figure 1 shows, growth-control and growth-management programs have *both* been getting more popular over time, with 1988 being the peak year for the adoption of growth-management and control programs. Eighty-eight cities and counties adopted growth-management programs in 1988, and 22 cities and counties adopted growth-control programs.
- Most jurisdictions have adopted multiple growth-management and control measures. The most common combinations of growth-management measures are residential infrastructure standards with commercial development infrastructure standards. Residential down-zoning has also been widely pursued in concert with other growth-management measures. Generally speaking, growth-control measures (population, housing, and commercial development caps) are *not* widely used in combination with growth-management measures.

The distinction between growth management and growth control is much clearer on paper than it is in the everyday world of development regulation. Growth-control policies inevitably involve elements of growth management, and vice versa. For example, most growth-control programs incorporate development rating systems to help select from among competing development proposals. Such point systems are usually designed to favor projects which are consistent with city growth-management policies.

On the other side of the coin, the cumulative effects of such growth-management policies as down-zoning may be to limit new development significantly. In such cases, growth-management policies function as de facto growth-control programs. This latter approach, using growth-management policies as a back-door way of limiting growth, is becoming increasingly popular. By tying discretionary development reviews to the achievement of off-site level of service standards, by disallowing annexations, and by comprehensively down-zoning lands intended for urban development, cities have found that they can significantly limit population growth and development without adopting formal development caps.

One other distinction between growth-management and growth-control programs is worth making. Growth-control programs such as building permit caps or annexation limits can be and often are adopted independently of other land-use planning policies. That is, a city need not have a well thought out land-use planning process in order to implement a growth-control program. Growth-management programs, by contrast, rarely exist without a backdrop of good development planning.

III. CASE STUDIES IN GROWTH CONTROL

This study takes a fresh look at the effectiveness and effects of local growth-control programs in seven California cities: Camarillo, Livermore, Lodi, Redlands, San Luis Obispo, Thousand Oaks, and Walnut Creek. To better identify the effects of local growth controls, each of the seven growth-control cities was statistically matched with an otherwise similar (and usually nearby) city which had not adopted growth controls⁶

The Growth-Control Cities

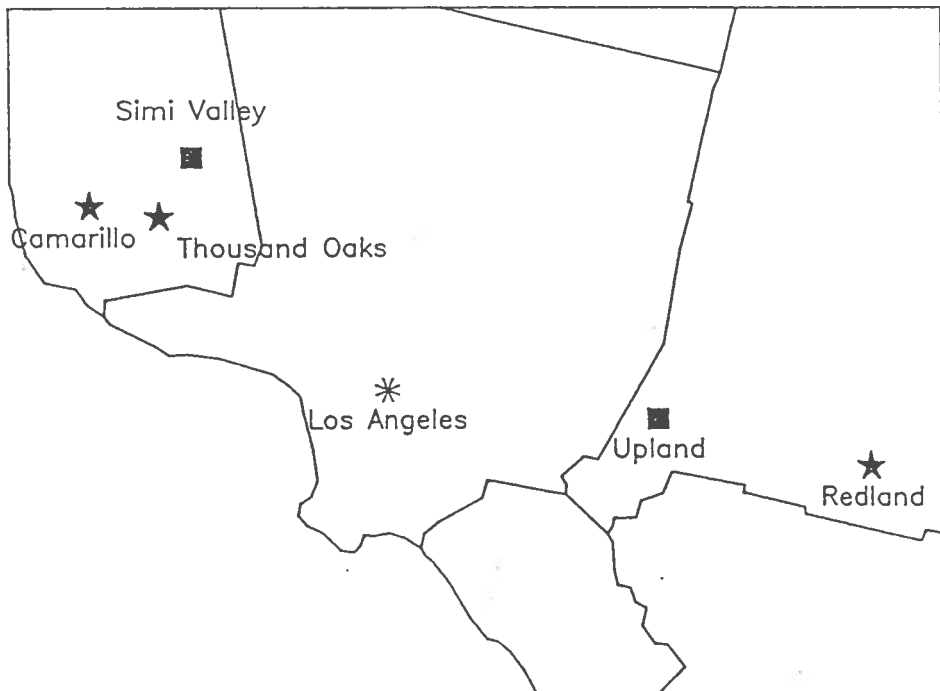
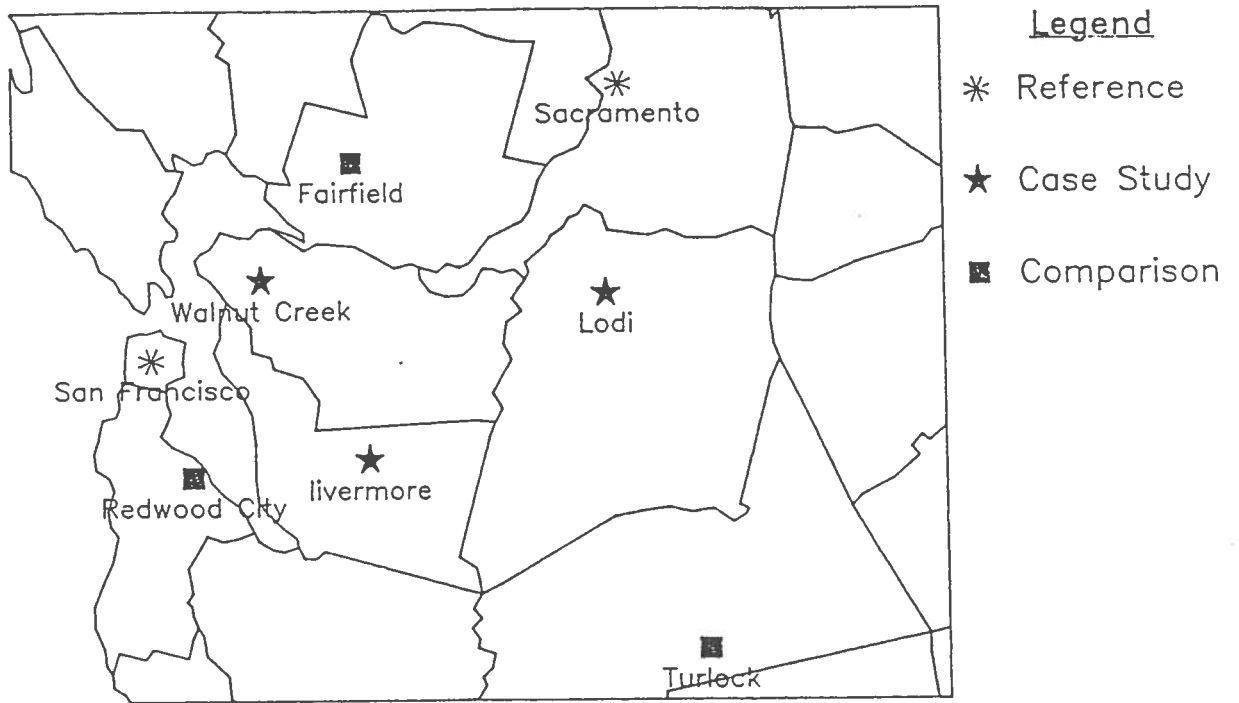
Four criteria were used to select the seven case-study cities. To insure that the selected growth-control cities could be successfully matched against non-growth-control cities, they had to be representative of other fast-growing California cities. This eliminated very small communities (those with populations less than 5,000) as well as very large cities such as Los Angeles or San Diego. Second, the types of growth-control ordinances enacted in the chosen cities had to be representative of approaches to growth control taken, or considered, in other cities. Third, the chosen cities had to be "hard core" in their approach to growth control: that is, they had to have adopted ordinances intended to *significantly restrict* new development. And fourth, the chosen cities had to have had more than five years of experience in implementing a growth-control ordinance. This last requirement is essential: it means that the programs have had time to take effect and to generate observable impacts. It also means that officials in each of the seven communities have gained enough experience in administering growth-control programs to understand their pros and cons.

The seven case-study cities span all parts of urban California (Map 1). Walnut Creek and Livermore are located in the San Francisco Bay Area, the region widely regarded as the birthplace of growth control in California. Among growth-control cities, both cities are notable as innovators: Livermore was only the second city in California (after Petaluma) to formally restrict new development under the aegis of managed growth. More recently, Walnut Creek has pioneered the use of service standards to regulate commercial development.

Thousand Oaks, Camarillo, and Redlands are all located in the greater Los Angeles area. Thousand Oaks and Camarillo are both about forty miles north of downtown Los Angeles in Ventura County—one of California's wealthiest and most environmentally conscious counties. Both cities were developed in the 1960s as bedroom suburbs for upper-income Los Angeles and San Fernando Valley commuters.

Redlands, a much older city, lies sixty miles east of downtown Los Angeles at the southwestern tip of San Bernardino County. Redland's recent growth has been fueled by "spill-over" housing demand priced out of more expensive Orange County and Los Angeles area neighborhoods. In this respect, Redlands is typical of other fast-growing cities in Riverside and San Bernardino Counties. With respect to growth control, however, Redlands is atypical: the city adopted its first

MAP 1: LOCATION OF THE CASE STUDY AND COMPARISON CITIES



growth-control ordinance in 1978 during a period in which most Southern California cities continued to welcome growth.

Lodi, the sixth case-study city, was the first city in California's Central Valley to try to control growth. Forty miles south of Sacramento and ten miles north of Stockton, Lodi has long enjoyed a reputation throughout the Central Valley for its excellent public services and unique mixture of urban sophistication and rural character. In recent years, that mix has been threatened by spill-over growth from the San Francisco Bay Area.

San Luis Obispo, the seventh case-study city, is typical of California's central coastal cities. Like Santa Cruz to the north and Santa Barbara to the south (two other slow-growth cities), San Luis Obispo's economy is based on a combination of tourism and regional health and education services. Because San Luis Obispo depends almost entirely on local rainfall and runoff for its water supply,⁷ residents and city officials have long been concerned about balancing population growth with long-term water supplies.

Developmentally, the seven growth-control cities have much in common. By California standards, all seven are of moderate size, ranging in population from 41,050 (San Luis Obispo) to 104,000 (Thousand Oaks).⁸ Except for San Luis Obispo, none of the seven are either the largest or smallest cities in their respective metropolitan regions. All seven experienced rapid population growth during the late 1970s, which, *in spite of attempts to control growth*, continued through the mid-1980s. With the exception of Walnut Creek, all seven are suburban in density and character. Five of the case-study cities — Camarillo, Lodi, Redlands, San Luis Obispo, and Walnut Creek — are also public and social service centers of one type or another, incorporating major regional health care or educational facilities.

Except for racial composition (as of 1980, the populations of all seven case-study cities were overwhelmingly white), the case-study cities are demographically quite diverse. For example, as of 1980, residents of Walnut Creek, Thousand Oaks, and Lodi were older, wealthier, and better educated than residents of neighboring cities. Conversely, San Luis Obispo city residents were younger and less wealthy than residents of neighboring communities. Residents of Livermore and Camarillo were generally similar to residents of other nearby communities.

Alternate Approaches to Growth Control

There are significant commonalities between the growth-control policies of the seven growth-control cities. First, as noted above, all seven are what private developers might call "hard core" in their approach to growth control. Except for Lodi, all seven cities have enacted policies which directly limit the rate or amount of new development.⁹ Such policies go well beyond traditional zoning, annexation, or subdivision controls. Second, with the exception of Walnut Creek, which is still something of a newcomer to the business of growth control (having decided to limit

development only in 1985), all of the case-study cities have had almost a decade of experience in administering growth-control systems. Finally and most importantly, growth controls were adopted in all seven cities either entirely or in part through the citizen initiative process.

Beyond these basic similarities, the seven communities differ somewhat in their specific approaches to growth control. Camarillo, Thousand Oaks, and Redlands utilize annual *housing caps*, limiting new residential building permits to 450, 500, and 450 units per year, respectively. In Livermore and San Luis Obispo, new development is restricted through a combination of population growth-rate *targets* and annual building permit caps. In Lodi, it is the location of development, not the rate of growth, that is controlled: until 1990 all annexations required the approval of a majority of the electorate. And in Walnut Creek, specific community level-of-service standards must be met before major new development projects can be approved. (In this sense, Lodi and Walnut Creek are examples of cities in which stringently applied growth-management measures effectively function as growth-control measures.)

Major aspects of each city's growth-control programs are summarized in Table 2 and below:

Livermore: Growth controls in Livermore are now almost 20 years old, and in their third generation. The city's first generation of growth control took hold in 1972. Upset by school overcrowding, inadequate water treatment facilities, and worsening air quality, Livermore residents enacted an open-ended moratorium on new residential development.

Four years and several lawsuits later, Livermore's moratorium gave way to a general plan amendment which limited housing unit growth to 2 percent per year. Known as the Residential Development Plan (RDP), the amendment was designed to match the rate and location of new development with the provision of public infrastructure.

In 1987, a citizens review committee concluded that the RDP process had become too complicated and time-consuming to administer, and was of questionable value. To provide greater flexibility, city officials replaced the RDP with a three-year Housing Implementation Program (HIP), which established yearly residential growth ceilings ranging from 1.5 percent to 3.5 percent.

Redlands: In 1978, Redlands became one of the first cities in Southern California to try to control growth by enacting Proposition R, a ballot measure limiting all forms of residential development to 450 units per year (including mobile homes). Redlands voters went back to the polls in 1987 to enact Measure N, which reduced the city's annual building permit cap from 450 to 400 units. Measure N also made it more difficult to rezone agricultural parcels for urban uses.

Thousand Oaks: Measure A was enacted by the voters of Thousand Oaks in April 1980 after three successive years of higher than expected population growth. Measure A capped new residential development at 150 units in 1980, at 750 in 1981, and at 500 thereafter until 1990. In 1990, the Thousand Oaks

Table 2: Local Growth Control Programs: The Case Studies at a Glance

<u>City</u>	<u>Growth Control Initiative/Program</u>	<u>Year Enacted</u>	<u>Growth/Development Limit</u>
Camarillo Thousand Oaks	Measure A Measure A	1981	Annual 450 units residential building permit cap
		1980	Annual 500 units residential building permit cap
Livermore	Residential Development Plan (RDP) Housing Implementation Plan (HIP)	1976	Limit of 2% housing unit growth per year
		1987	Annual res. growth limit loosened to 1.5 - 3.5%; rate to be adjusted every 2-3 years
Lodi	Proposition A	1981	Annexation by referendum only; establish greenbelt
Redlands	Proposition R Measure N	1978	Annual 450 unit residential building permit cap
		1987	Annual 400 unit residential building permit cap
San Luis Obispo		1980	Annexation by referendum only (invalidated in 1984)
		1984	Annual res. growth limit of 2% per year during 1980s
Walnut Creek	Measure H	1985	Moratorium on most major development projects, pending attainment of traffic congestion standards

city council loosened the cap somewhat, raising the annual building permit limit to 650 through 1995.

San Luis Obispo: Like Livermore, the city of San Luis Obispo has gone through several phases of growth control. In 1980, residents voted to require that all subsequent annexations be approved by a majority of voters. When the courts overturned this ordinance as unconstitutional in 1984, San Luis Obispo voters enacted a 2 percent yearly cap on new housing construction.

Lodi: Concern over urban sprawl, the conversion of agricultural lands, and declining open-space prompted residents of Lodi to enact Measure A in 1981. Measure A designated a "greenbelt" area outside city limits within which non-agricultural development would be prohibited. To insure that Lodi could not expand into its greenbelt, Measure A required that all subsequent annexations be approved by a majority of city voters. This last provision was eventually struck down by the California Supreme Court in 1989 as an unconstitutional delegation of legislative authority.

Camarillo: Nineteen months after Thousand Oaks enacted Measure A to limit housing construction, voters in next-door Camarillo enacted their own Measure A. Camarillo's Measure A was virtually identical to Thousand Oaks', the only major difference being the amount of the cap. The voters of Camarillo elected to limit new residential development in their city to 450 units per year, as compared with 500 units per year in nearby Thousand Oaks.

Walnut Creek: Walnut Creek was and is a victim of its own success. Once a sleepy suburb of San Francisco, by 1983 Walnut Creek had metamorphasized into a regional office center. As the city grew, its streets and residential neighborhoods became more and more congested. In 1985 the residents of Walnut Creek passed Measure H, perhaps the most sweeping growth-control ordinance ever adopted in a major California city. Measure H made all subsequent development approvals contingent upon the achievement of specific traffic congestion level-of-service standards. Measure H applied to all forms of development in the downtown area, not just residential construction.¹⁰

At the time of its passage, traffic congestion levels already exceeded the standards set forth in Measure H. As a result, the ordinance effectively functioned as a moratorium on all major commercial projects, and many residential ones.

The Comparison Cities

Recall that the first criteria for choosing the case-study cities was that they could be directly compared with otherwise similar communities *that had chosen not to adopt growth controls*. Three criteria were used to narrow down the list of potential comparison communities, and to match each growth-control city with an appropriate comparison city. First, each case-study and comparison community had to have experienced similar growth pressures prior to the adoption of growth control by

the case-study community. Second, each case-study and comparison community had to be of similar size and development character, and, to the extent possible, have similar populations. Finally, each case-study and comparison community had to have purposely diverged in their respective approaches to growth. That is, the case-study community had to have chosen the path of growth control at about the same time that the comparison community was choosing not to control growth.

The selection of comparison communities involved a statistical technique known as cluster analysis as well as suggestions by informed observers of California growth and land-use policy. Four case-study and comparison communities proved fairly easy to identify: (1) Livermore and Fairfield; (2) Lodi and Turlock; (3) Walnut Creek and Redwood City; and (4) Redlands and Upland.

Except for one complication, Simi Valley was an obvious choice as a comparison community for Thousand Oaks and Camarillo. Unfortunately for this study (but perhaps fortunately for its residents), in 1986 Simi Valley followed the lead of its neighbors by enacting its own growth-control ordinance. Thus the comparisons that follow between Thousand Oaks, Camarillo, and Simi Valley are for the period prior to 1987.

San Luis Obispo County serves as the comparison area for the City of San Luis Obispo. This match was made out of necessity, but also for interesting public policy reasons. On the necessity side, there is no other city within 100 miles of San Luis Obispo that is directly or indirectly comparable to it. On the public policy side, San Luis Obispo County and San Luis Obispo city have generally pursued *opposite* land-use and development policies: in the early 1980s, when residents of San Luis Obispo (city) decided to limit new development, elected officials in San Luis Obispo County (and its unincorporated communities) chose to loosen their own development policies. In effect, San Luis Obispo County elected to take the growth that the city of San Luis Obispo decided it no longer wanted.

The six comparison cities are similar to the case-study cities but they are not clones (see Table 3). As of 1980, the comparison cities were somewhat more racially diverse than the case-study cities; their populations were somewhat less wealthy than those of the growth-control cities; and they were not quite as highly educated. Population densities in three of the growth-control communities —Lodi, Livermore, and Walnut Creek—were considerably greater than in their respective comparison communities. On the other hand, population densities in Redlands, Camarillo, and Thousand Oaks were lower than in their respective comparison communities.

IV. DO GROWTH CAPS REALLY SLOW GROWTH?

There are many ways to measure the effectiveness of local growth-control ordinances. The simplest, and for many of the citizens who vote to enact growth controls probably the best indicator of program success, is how well a particular growth-control measure actually slows growth and/or development.

Table 3: Selected Comparisons Between Growth Control and Non-Growth Control Communities

Table 3: Selected Comparisons Between Growth Control and Non-Growth Control Communities													
	Persons per Square Mile	Population			%Population Change		Median Age 1980	Population Percent White 1980	Average Household Size 1980	Percent Completed College 1980	Median Household Income 1980		
		1970	1980	1989	1970-80							1980-89	
					1970-80	1980-89							
City													
Livermore Fairfield	3,663	37,703	48,349	56,800	28.2%	17.5%	28.6	91.6%	2.97	22.6%	\$24,960		
	2,152	44,146	58,099	76,100	31.6%	31.0%	25.3	74.1%	2.97	11.6%	\$17,975		
Lodi Turlock*	4,193	28,691	35,221	49,200	22.8%	39.7%	33.7	90.3%	2.46	11.0%	\$16,031		
	3,651	13,992	26,287	39,700	87.9%	51.0%	28.2	90.7%	2.59	15.9%	\$14,710		
Walnut Creek Redwood City	3,251	38,989	54,033	62,600	38.6%	15.9%	39.6	94.5%	2.26	37.5%	\$24,813		
	1,631	55,539	54,951	61,600	-1.1%	12.1%	32.3	87.8%	2.37	18.6%	\$21,829		
Redlands Upland	1,974	36,414	43,619	59,800	19.8%	37.1%	30.3	85.2%	2.68	27.0%	\$14,770		
	3,453	32,551	47,647	63,900	46.4%	34.1%	30.6	90.5%	2.69	22.3%	\$21,714		
San Luis Obispo San Luis Obispo Count	3,849	28,036	34,252	41,050	22.2%	19.8%	25.1	92.4%	2.37	30.1%	\$13,112		
	47	105,690	155,434	211,900	47.1%	36.3%	29.9	90.5%	2.51	19.0%	\$14,805		
Camarillo* Thousand Oaks Simi Valley	2,123	19,219	37,797	48,300	96.7%	27.8%	32.9	90.8%	2.80		\$24,046		
	1,705	35,953	77,072	104,400	114.4%	35.5%	29.8	93.4%	2.97	29.6%	\$26,925		
	2,981	56,676	77,500	99,800	36.7%	28.8%	25.9		3.50	14.1%	\$26,554		

Sources: City and County Databook, 1972, 1985; California Department of Finance

Notes: * Camarillo and Turlock were not incorporated in 1970; population estimates are for Census-designated places.

Population Growth Rates with and without Growth Controls

Statewide, locally administered growth controls have had little effect on population growth rates (Glickfeld and Levine, 1990).¹¹ This is because there are still so many jurisdictions willing and able to accommodate development displaced from slow-growth cities and counties.

Nor have growth controls been especially stringent at the local level. Comparing the seven growth-control communities with their respective pro-growth comparison communities reveals that the various growth-control measures have only slightly restrained population growth and housing development (see Table 4). For example:

- Thousand Oaks and Camarillo began limiting new home construction in 1980 and 1981, respectively. Yet during the next five years, the populations of these two communities grew at annual rates of 3.1 percent and 4.2 percent. By comparison, over the same period, the population of Simi Valley (still a pro-growth city) grew at an average annual rate of 2.2 percent.
- By contrast, Livermore's population cap *did* slow the city's rate of population growth. Between 1980 and 1985, Livermore's population increased at an average annual rate of 1.9 percent. Over the same period, the population of pro-growth Fairfield increased at an average annual rate of 3.0 percent.
- Lodi's annexation limits, adopted in 1981, also served to slow down the rate of population growth. Between 1980 and 1985, Lodi grew at an average annual rate of 2.9 percent. This rate was lower than Turlock's growth rate during the same period (4.2 percent), but higher than the state growth rate. During the second half of the 1980s, however, Lodi's population growth rate began to catch up with Turlock's.
- In spite of its annual 450-unit housing cap (enacted in 1978), throughout the 1980s, Redlands added population at a faster rate than did pro-growth Upland.
- Thanks to its combination of annexation controls and population caps, the city of San Luis Obispo grew at a much slower rate during the 1980s than did the rest of San Luis Obispo County.
- Walnut Creek's population grew faster than did Redwood City's both before and after the passage of Measure H. Throughout the 1980s, however, both cities grew at a slower rate than did the nine-county San Francisco Bay Area.

Measuring Housing Shortfalls

Another way of evaluating growth-control stringency is to estimate the total number of housing units that would have been constructed were it not for the imposition of growth controls. We call this estimate the *yearly housing unit production shortfall*. It is calculated by comparing the actual number of new housing units produced in a growth-control city with the number of housing units that would have been produced based on that city's historical share of regional or county

Table 4: City Population Growth Rates and Growth Shares Under Growth Control

Growth Control City and Comparison City	Year Controls Adopted	Average Yearly Population Growth		Avg. Yearly Pct. Growth Rates		Share of County or Reg. Population Growth	
		1980-85	1980-89	1980-85	1980-89	1980-85	1980-89
Camarillo	1981	1,251	1,167	3.1%	2.8%	0.92%	0.81%
Thousand Oaks	1980	3,506	3,036	4.2%	3.4%	2.59%	2.11%
Simi Valley	1986	1,800	2,478	2.2%	2.8%	1.33%	1.72%
Livermore	1976	970	939	1.9%	1.8%	1.38%	1.23%
Fairfield		1,540	2,000	2.5%	3.0%	2.19%	2.61%
Lodi	1981	1,066	1,553	2.9%	3.8%	5.73%	7.17%
Turlock		1,193	1,490	4.2%	4.7%	6.41%	6.88%
Redlands	1978	1,316	1,798	2.9%	3.6%	2.22%	2.27%
Upland		1,351	1,806	2.7%	3.3%	2.27%	2.28%
San Luis Obispo	1982	570	755	1.6%	2.0%	10.17%	11.93%
San Luis Obispo County		5,573	6,274	3.4%	3.5%	89.78%	99.06%
Walnut Creek	1985	768	949	1.4%	1.6%	1.09%	1.24%
Redwood City		570	739	1.0%	1.3%	0.81%	0.97%

Notes:

* the Bay Area region includes Alameda, Contra Costa, Marin, Napa, San Francisco, San Mateo
Santa Clara, Solano, and Sonoma Counties

** the North Los Angeles region includes Los Angeles and Ventura Counties

*** Riverside-San Bernadino region includes Riverside and San Bernadino Counties

**** includes San Joaquin and Stanislaus Counties

Source: California Department of Finance

growth. Yearly deficits and surpluses are then summed to yield an accumulated housing unit shortfall. In essence, the accumulated housing unit shortfall measures a particular community's unwillingness to accept its "statistical" fair share of regional or county growth.

All else being equal, one might expect growth-control cities to have accumulated fairly large housing unit shortfalls. But as Figure 2 shows, this isn't always so:

- In the five years following the imposition of their annual housing caps, Camarillo and Thousand Oaks accumulated housing shortfalls of 1,500 units and 2,500 units, respectively. That is, housing production levels in Camarillo and Thousand Oaks were 1,500 units and 2,500 units below what they would have been had pre-growth-control construction levels continued. At least in Camarillo and Thousand Oaks, the imposition of housing caps did lead to significant reductions in the rate of new home construction.
- This was not the case in Livermore, where the number of housing units built in the five years after adoption of the RDP was only 100 less than what would have been built in the absence of growth controls.
- In San Luis Obispo, comparative rates of housing construction actually increased after the imposition of growth controls. Overall, it is estimated that roughly 200 more housing units were built in the five years following the 1981 adoption of local growth controls than might otherwise have been constructed.
- In the five years following the adoption of Measure A (which limited new annexations), Lodi homebuilders generated a comparative surplus of about 1,400 housing units.

Behind the Limited Stringency of Local Growth Controls

Clearly, the types of growth-control measures adopted in many California cities and counties have not been all that effective at curtailing growth. Why not? What accounts for such wide variations in the stringency of local growth controls?

The answer to this question is two-fold. First, except in Walnut Creek and Thousand Oaks,¹² the control measures adopted in the case-study cities were really not as restrictive as they seemed. This is because they were developed after, and in response to, a few brief years of extraordinary and somewhat atypical population growth.

Consider the case of Camarillo: in the ten years prior to the adoption of Measure A, Camarillo added an average of 1,800 new residents per year. Evaluated against this ten-year population growth rate, Camarillo's annual cap of 450 units per year presented only a slight constraint on new home production. By three-year historical standards, however, Camarillo's growth cap presented much more of a constraint. The situation was similar in Redlands, where, measured against longer-term growth trends, the city's 450-unit annual development cap presented only a moderate limit on residential development. Thus, in cities such as Redlands, Livermore, San Luis

FIGURE 2:

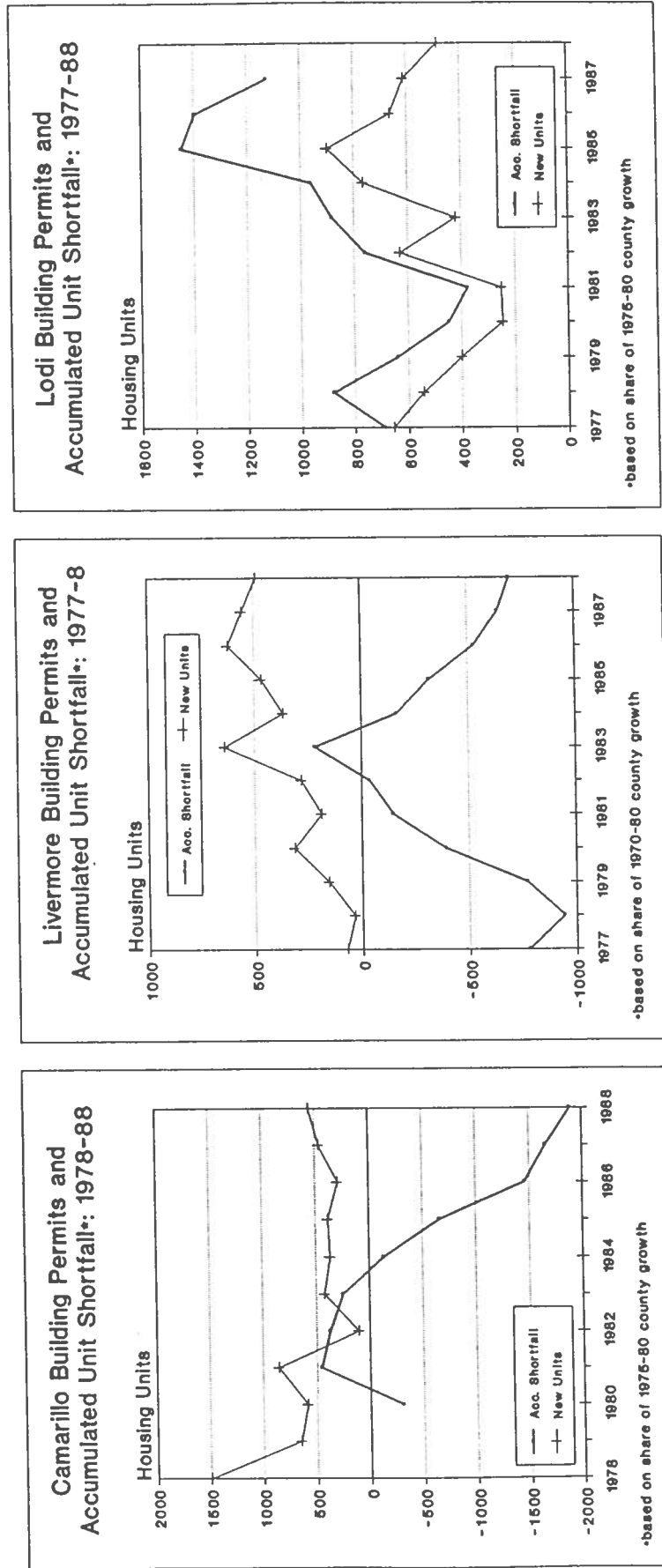
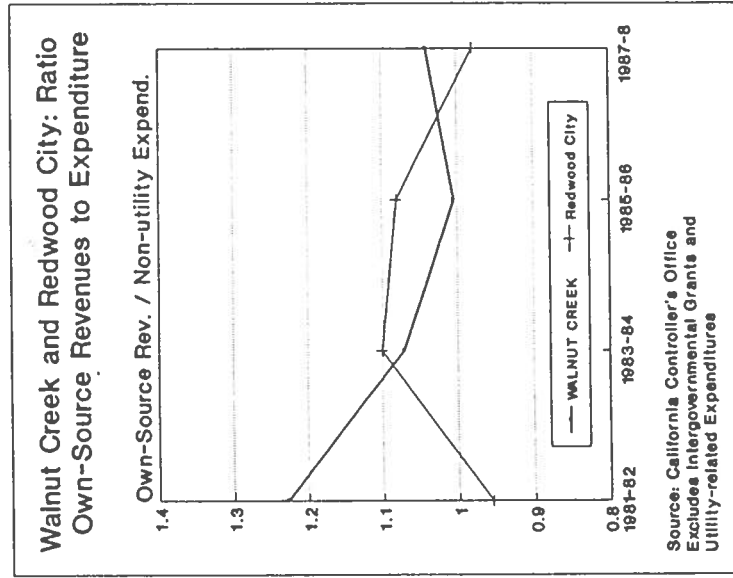
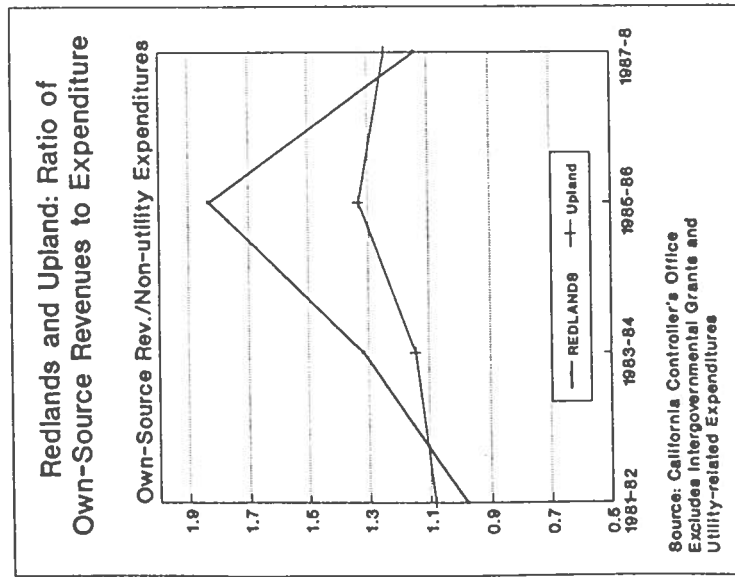


FIGURE 2: (Continued)



Obispo, and Camarillo, the primary long-term effect of growth controls has been to equalize rates of development over time, to reduce building activity during boom years (usually periods of low interest rates), and to re-distribute it to otherwise lean years.

A second reason why growth-control ordinances have failed to limit development is that they are often full of loopholes—often by design. Most housing caps purposely exempt affordable housing projects and housing constructed by individual lot owners.¹³ Less frequently, projects are exempted from growth controls through the discretion of local public officials. In Thousand Oaks, developers can carry over unused building allotments into later years—creating the possibility that annual development limits may occasionally be exceeded. Just about every growth-control ordinance contains so-called "grandfather" provisions, exempting projects already fairly far along the development pipeline. Finally, several of the case-study cities have been required to grant exemptions as part of litigation settlements. In short, the way in which a particular growth-control measure is administered is often a more important determinant of its ultimate restrictiveness than any specific growth limit it contains.

In some cities, growth-control ordinances are not based on yearly caps at all. Lodi's Measure A, for example, limits annexations, not building activity. In fact, as documented below, Measure A, in concert with other Lodi policies, actually seems to have promoted new home construction.

V. GROWTH CONTROLS and HOUSING PRICES

To date, most of the debate over growth controls has focused on a single question: how much, if at all, do growth controls raise the price of housing? Economic theory suggests that local growth controls may increase housing prices in three ways (Dowall, 1984). The first way is to raise the direct costs of construction through unnecessary subdivision and/or development requirements. A second way is by limiting the supply of new housing, thereby allowing home-sellers and builders to act as monopolists and charge higher prices. A third way is by encouraging builders to shift to larger, more expensive, and more profitable homes (Landis, 1986). Growth controls may also generate ripple effects in neighboring communities, as growth displaced from the controlled community spills over into adjacent areas. Empirical studies of the price effects of local growth controls—most of them done in California using housing-sales data from the late 1970s and early 1980s—suggest that controls can add as little as 2 percent or as much as 35 percent to the price of housing, depending on the community and the severity of the restrictions (Fischel, 1990)¹⁴

Housing Price Trends in the Case Studies and Comparison Cities

Data on home-price trends in the seven case-study communities paint a very different picture than that suggested by economic theory or by previous empirical studies. Considered on a year-by-year basis during the period between 1980 and 1987, and without reference to the size,

age, or neighborhood locations of specific homes, *median single-family home prices did not rise any faster or to higher levels in the seven case-study communities than in their counterpart pro-growth cities*. Indeed, by the end of the 1980s, housing was more affordable in some of the growth-control cities than in their corresponding comparison cities. These comparisons are based on median single-family home prices as compiled from the DAMAR real estate tracking service, and are presented graphically in Figure 3. Among the more interesting findings:

- Median single-family home prices in the growth-control cities of Camarillo and Thousand Oaks —although high by California standards— did not increase any faster than in Simi Valley, a pro-growth community until 1986.
- Despite its history of controlled growth, Livermore has long been one of the San Francisco Bay Area's more affordable suburbs. And although home prices in Livermore did rise between 1980 and 1989, this rate of price appreciation was significantly less than that in nearby Fairfield, a pro-growth community. Moreover, relative to the rest of the San Francisco Bay Area, Livermore housing was actually more affordable in 1988 than in 1980.
- Median home prices in Redlands, a growth-control city, have increased at a slower rate than in the similar pro-growth city of Upland, or than in the San Bernardino-Riverside area as a whole.
- Lodi has long been one of the most prestigious and affordable residential communities in the Central Valley. Although Lodi started limiting growth in 1981, it continued to remain affordable until 1987 when homebuyers from the San Francisco Bay Area began moving en masse to California's Central Valley and bidding up home prices.
- Since 1982, single-family home prices in slow-growth San Luis Obispo have risen more slowly than in Pismo Beach, Grover City, and Morro Bay, three nearby pro-growth cities.

It needs to be emphasized that these results are based on an analysis of median home sales prices for all single-family homes in a community, including both new and existing homes. It is quite possible that growth controls have affected new homes and existing homes differently, or that growth controls push up prices in some neighborhoods but not others. Nonetheless, the overall results speak for themselves: home prices need not be systematically higher— or increase faster— in growth-control cities than in pro-growth cities.

Explaining the Results

Although reassuring to growth-control advocates, these results are clearly at odds with the results of past studies. Moreover, they also seem to contravene economic common sense: restricting supply in the face of steady or high demand must necessarily result in higher prices.

There can be only three reasons why housing prices should not be systematically higher in growth-control cities than in otherwise similar pro-growth cities. The first reason is that the controls,

FIGURE 3:

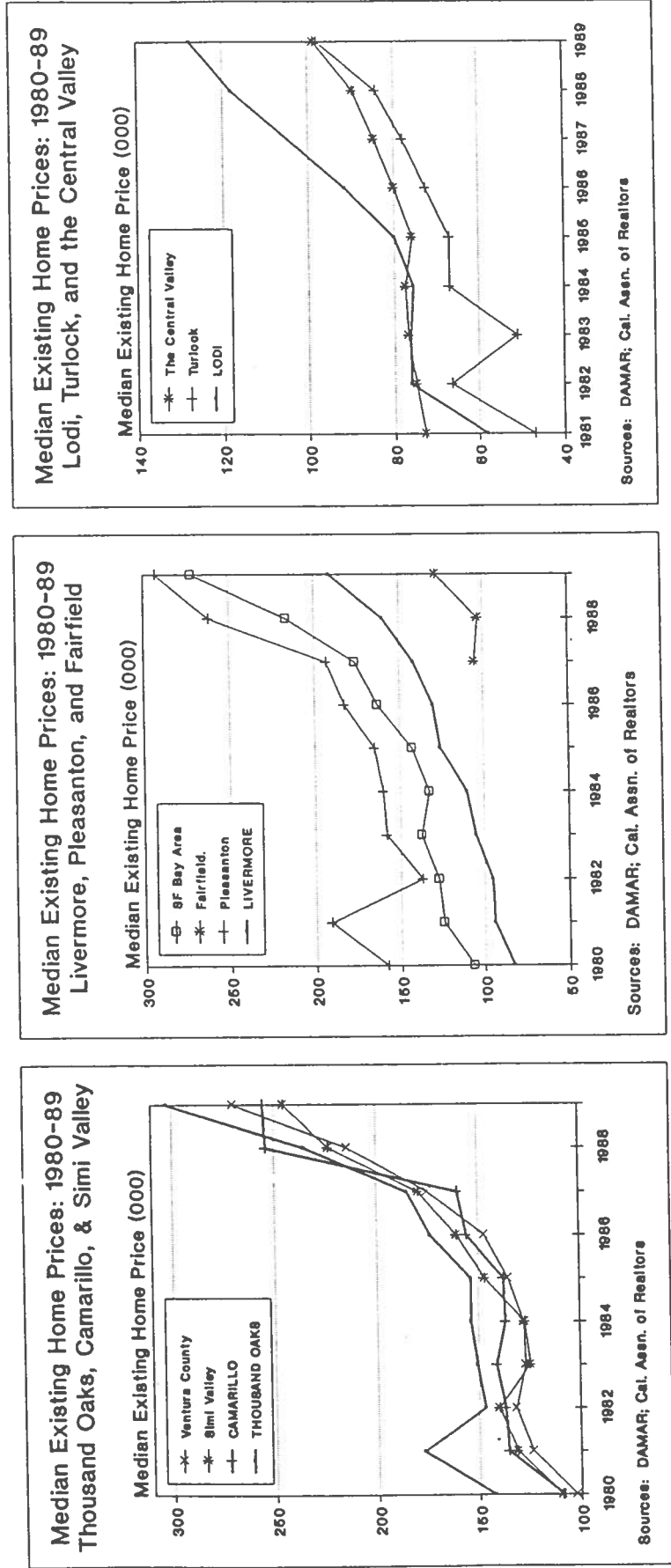
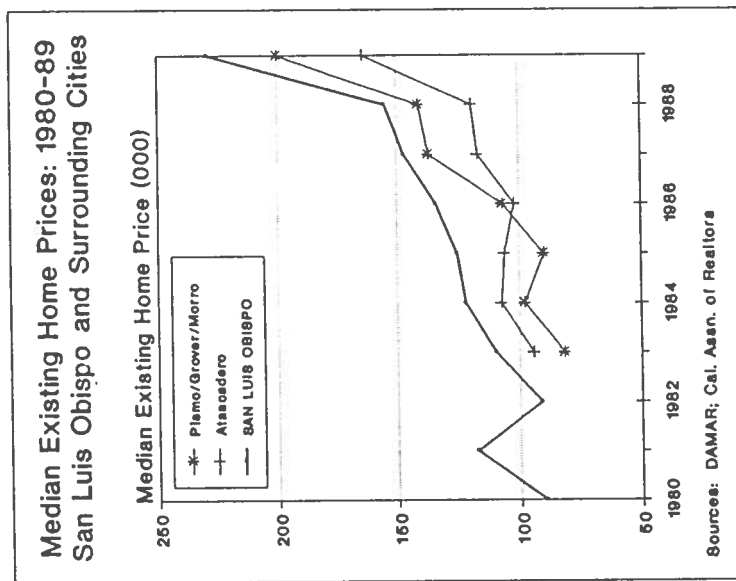
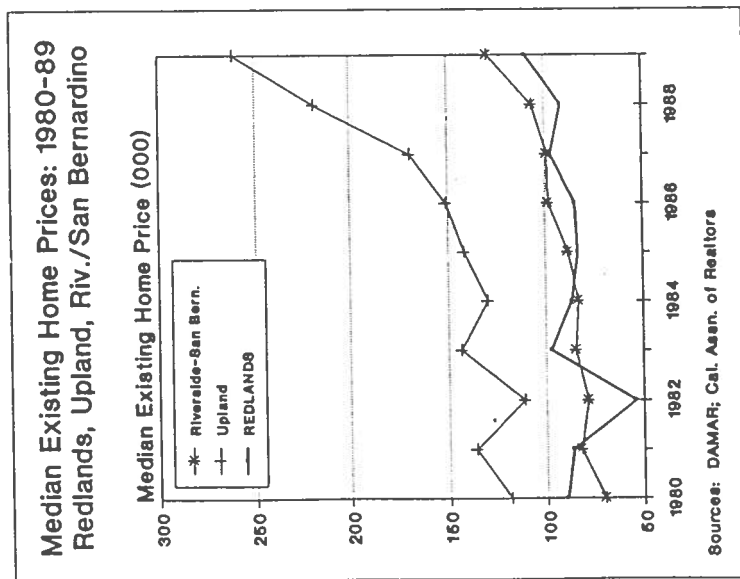


FIGURE 3: (Continued)



as implemented, might not really be all that effective. As noted in the previous section, although the controls implemented in the case-study communities have limited growth *somewhat*, their cumulative effect on population and housing growth has been quite small. Instead, they have served primarily to regularize the development cycle by smoothing out the normal peaks and valleys which characterize real estate development and construction.

Formal versus Ad Hoc Growth Controls

A third reason why housing prices might not increase faster in growth-control cities than in comparable pro-growth cities is that the price effects of localized growth controls may be quite small in relation to other, region-wide forces which are acting to raise or depress housing prices. Such factors might include changing interest rates, extraordinary job growth, or, as documented below, region-wide housing supply constraints.

At first glance the idea of region-wide housing limits doesn't seem to quite square with reality. Thus far, the only California counties to enact formal, comprehensive, county-wide growth controls are Ventura, Napa, and Santa Cruz.¹⁵

Yet formal growth controls of the types discussed throughout this paper are only one of the methods California cities and counties have at their disposal for limiting growth. Cities and counties can refuse requests to rezone developable land from one use to another, thereby limiting the intensity and supply of new development. Cities can refuse to annex vacant land supplies needed to accommodate growth. Cities and community groups can pressure developers to reduce project densities. Cities and utility districts can refuse to extend utility services to developing areas, thereby limiting their development potential. The fact is, cities and counties can *and do* use all of these methods, both formally and informally, to restrict growth and development.

What is most significant about these practices is that they occur all the time, and as frequently in cities that have pro-growth reputations as in cities that have reputations for being anti-development. For example, of the 443 California cities and counties that responded to a survey of growth controls undertaken by Glickfeld and Levine, 27.3 percent have undertaken systematic and comprehensive down-zoning efforts. Another 29.3 percent require documentation of adequate service levels prior to the granting of a residential building permit. And 17.9 percent have implemented urban limit lines. None of these programs show up in statewide surveys as being growth-control programs, yet cumulatively they have as great an impact on the rate and location of new development as do more formal growth controls.

Some of these practices are pursued after careful, open, and deliberate planning. Many others, however, are pursued in an ad hoc fashion, as a series of seemingly independent decisions on individual development projects. They are ad hoc only in the sense that they do not conform to a clearly articulated growth-management program. Individually, such practices rarely seem

anti-growth or arbitrary. Cumulatively, however, they can have a *region-wide* effect on the supply of housing. Nor is the problem of ad hoc growth controls limited to California. A recent report by the Advisory Commission on Regulatory Barriers to Affordable Housing concluded that such ad hoc policies, widely labeled as NIMBYism ("Not In My Back Yard"), were the single greatest threat to the national supply of affordable housing.

A Simple Model of Housing Shortfalls

No one in California keeps track of the number of housing units lost through the application of ad hoc growth controls; that number can only be estimated from secondary data. To do so, we developed a simple numerical model of county and regional housing shortfalls (see Table 5). The model compares the measured change in the number of housing units for the period 1980-87 with the number of additional units required to meet the housing needs associated with local employment growth. Comparisons are reported on a county-by-county basis for selected major metropolitan areas. The underlying presumption of this model is that housing-unit growth in a county or metropolitan area should match employment growth, after adjusting for changes in household size and household labor force participation. The model neither distinguishes between single-family and multi-family units nor between owner and renter-occupied units.

The model results are reported in short form for selected urban counties in Table 5. The first column lists the net change in the number of housing units by county between 1980 and 1987. The second column lists the number of additional housing units required to balance county-wide employment growth after accounting for changes in average household size. The third column is the difference between these two numbers, or gross housing-unit shortfall. The fourth column is a labor force participation rate adjustment factor, which accounts for the fact that the number of workers per household has been increasing over time; thus, fewer housing units are needed to accommodate the same number of workers. The fifth column adjusts the gross shortfall by the labor force participation rate factor to yield an adjusted housing-unit shortfall estimate.

In the fifth and final column, the adjusted housing-unit shortfall is expressed as a percentage of the total housing stock in each county. Positive percentages mean that county housing production has failed to keep pace with county employment growth; negative numbers and percentages mean that housing unit growth has led employment growth. Statewide, housing production lagged demand by more than half a million units during the 1980-87 period.

The model results for specific California counties and metropolitan areas and counties are also quite revealing:

- As might be expected, housing production significantly lagged job growth in several counties well known for their slow-growth sentiment: Marin, Napa, Santa Barbara, San Luis Obispo, Santa Cruz, and Ventura.¹⁶

**TABLE 5: Housing Unit Shortfalls for Selected California Counties and Metropolitan Areas:
1980-87**

METRO AREA and County	Housing Unit Growth: 1980-87			Labor Participation Adjustment	Adjusted	Percent
	Actual	Required(1)	Difference	Factor	Shortfall	Shortfall
GREATER LOS ANGELES	124,628	351,597	(226,969)	0.84	(191,595)	1.54
Los Angeles	56,482	83,279	(26,797)	0.86	(23,165)	0.41
Orange	24,663	115,956	(91,293)	0.76	(69,327)	2.81
Riverside	17,597	78,962	(61,365)	0.85	(52,416)	2.98
San Bernardino	21,681	97,074	(75,393)	0.83	(62,763)	2.89
Ventura	4,205	52,322	(48,117)	0.78	(37,682)	8.96
INNER SF BAY AREA	32,139	82,468	(50,329)	0.81	(40,720)	1.27
Alameda	9,327	12,063	(2,736)	0.84	(2,285)	0.24
Contra Costa	8,432	47,968	(39,536)	0.82	(32,248)	3.82
San Francisco	2,442	(2,611)	5,053	0.88	4,428	-1.81
Santa Clara	7,636	35,604	(27,968)	0.75	(21,040)	2.76
San Mateo	3,018	5,753	(2,735)	0.81	(2,216)	0.73
Marin	1,284	4,525	(3,241)	0.74	(2,386)	1.86
SAN DIEGO COUNTY	30,609	162,838	(132,229)	0.78	(103,189)	3.37
SACRAMENTO AREA	17,729	93,812	(76,083)	0.84	(64,135)	3.62
Sacramento	10,191	50,923	(40,732)	0.83	(33,694)	3.31
San Joaquin	2,978	18,286	(15,308)	0.89	(13,610)	4.57
Yolo	1,468	9,406	(7,938)	0.85	(6,742)	4.59
Placer	3,092	18,062	(14,970)	0.81	(12,168)	3.94
NAPA-SOLANO-SONOMA	7,638	59,008	(51,370)	0.77	(39,772)	5.21
Napa	527	4,624	(4,097)	0.84	(3,435)	6.52
Solano	3,209	23,248	(20,039)	0.76	(15,216)	4.74
Sonoma	3,902	32,578	(28,676)	0.76	(21,845)	5.60
STANISLAUS-MERCED	4,994	20,570	(15,576)	0.83	(12,957)	2.59
Stanislaus	3,938	16,564	(12,626)	0.84	(10,633)	2.70
Merced	1,056	4,440	(3,384)	0.81	(2,754)	2.61
MONTEREY-SANTA CRUZ	3,058	25,207	(22,149)	0.79	(17,538)	5.74
Monterey	1,718	8,449	(6,731)	0.80	(5,412)	3.15
Santa Cruz	1,340	18,020	(16,680)	0.79	(13,169)	9.83
STATE of CALIFORNIA	251,515	943,976	(692,461)	0.80	(553,969)	

*Notes: 1. Required housing units computed assuming equivalent jobs-housing growth ratios
as during 1970-80; adjusted for changes in household size.*

*Sources: California Dept. of Finance; County Business Patterns; U.S. Census;
Bureau of Labor Statistics*

- Housing production *also* lagged job growth in several counties well-known (until recently) for their pro-growth policies: Riverside, San Bernardino, Contra Costa, San Joaquin, Sacramento, Solano, and San Diego.
- Housing production kept pace with employment growth in two counties widely noted for their anti-growth sentiment: San Francisco and San Mateo.

There are only two reasons why housing growth would lag job growth at the county or metropolitan level. In the first case, a rapid expansion of a county or metropolitan economy might *temporarily* leave housing production behind. This was certainly true during the 1984-86 period, as homebuilders and homebuyers throughout California struggled to keep pace with booming regional economies. In the second case, a combination of formal and informal growth controls could serve to *permanently* limit housing production. To what extent are these housing shortages the result of ad hoc versus formal growth controls? Without further data, it is impossible to say. What is possible to say is that except for a few central coast counties, the growth-limiting effects of purely local growth controls have been quite small.

These results help explain why California home prices increased so dramatically during the 1980s. Throughout California, but especially in the state's coastal markets, housing supply failed to keep pace with housing demand. And the greater the absolute housing shortfall, the greater the upward pressure on home prices. Above all, Table 5 indicates that the problem of insufficient housing production was (and still is) systemic throughout California, and not limited to cities and counties that have enacted formal growth controls. What is pushing up California housing prices are region- or county-wide housing shortages. Compared to such regional shortfalls, the growth-limiting effects of local growth-control programs are but a drop in the bucket.

These findings should not be viewed as an exoneration of local growth-control programs, however. To the extent that such programs contribute to regional housing shortfalls, they directly contribute to rising housing prices and declining affordability.

VI. GROWTH CONTROLS and LOCAL FISCAL HEALTH

Growth and the Fiscal Treadmill

Economists oppose growth controls because of concerns over higher housing prices. Many city managers and municipal finance officers oppose growth controls because of fears that slower growth will translate into reduced public revenues. Local dependence on the property tax as a source of revenue for California cities and counties has been steadily decreasing since the 1977 passage of Proposition 13 (which limited tax assessment and tax rates). In place of property taxes, local governments have turned to user and impact fees, developer exactions, and sales tax revenue. As many California cities and counties have discovered, the easiest way to raise needed revenue has been to encourage certain types of growth and development.

Growth adds to municipal revenues in two ways. First, because of inflation, tax assessments on new development projects are much higher than on existing development. Thus, over time, more and more of the revenue base for local government in California has been shifted toward new development. Second, through formal systems of exactions, impact fees, and development agreements, cities have been able to require developers to build and/or pay for infrastructure improvements as a condition of development approval.

By the early 1980s, the once radical idea that new development should be the primary funding source for all new capital infrastructure (as well as additional public services) had become the conventional wisdom throughout California. In city after city, "making growth pay its own way" and "pay as you grow" became the watchwords of local development policy. For many city officials, sound development policy meant finding the right balance between the costs of servicing new development and the revenues and improvements generated by new development.

The emphasis on the fiscal impacts of growth began to crowd out other concerns; development was approved when it made fiscal sense, denied when it was insufficiently profitable. Small residential developments (which were perceived to cost more to service than they generated through fees) were discouraged, while retail and office projects (which generated additional tax revenues or cost less to service) were encouraged. By the mid-1980s, most growing communities in California were involved with what had come to be pejoratively known as "cash-box zoning" and "fiscal zoning."

The combined effect of these trends has been to force many communities onto a sort of "pay as you grow" fiscal treadmill. In order to finish planned infrastructure or provide needed services, they must continue to grow, since it is development that generates needed revenues. On the other hand, new growth simply adds to the demand for infrastructure improvements and adequate public services—demands which must then be funded through additional development.

Assessing Community Fiscal Health

What happens to communities that have tried to get off the fiscal treadmill and have tried to slow their rate of development? Has their fiscal health suffered as a result? In other words, does growth control affect a community's ability to pay for needed public services and infrastructure?

This analysis is a comparison of community fiscal health between six of the seven growth-control cities, and five of the six non-growth-control communities. Budgetary information for each city was obtained from the California State Controllers Office and covers the 1980-88 period.¹⁷

Assessing a community's fiscal health is not as straightforward as it might seem. Unlike private companies, cities are rarely subject to detailed audits. This means that published city budgets are little more than prospective guidelines as to how money is to be raised or spent; these budgets are not as restrictive as they might seem.

Comparing Revenue and Expenditure Growth

In the short run, growth controls create a wedge between revenue and expenditure growth. On the revenue side, growth controls slow the rate of development, and thus slow the growth of the property tax base. In the absence of other revenue increases, this can lead to a reduction in overall municipal revenue growth. At the same time, growth controls do little to alleviate the short-term demand for public services. As a result, slow-growth cities may find it more difficult to fund obligatory city services.¹⁸

To determine whether growth-control cities face greater fiscal hardships, we divided local own-source revenues by local expenditures for each city and year. Local own-source revenues include all revenues except intergovernmental grants, municipal utility income, and revenues from bond-financing. Local expenditures include all expenditures except those for municipally-owned utilities. As a measure of community fiscal health, the ratio of own-source revenues to expenditures should generally exceed 1.0, and either be level or increase over time. A long-term ratio value less than 1.0 means that a community is unable to pay for locally incurred expenditures with locally generated revenues. Or, to put it another way, a community has become overly dependent on external sources of funding. A rising ratio of revenues-to-expenditures means that own-source revenues have risen faster than expenditures; a falling ratio indicates that expenditures are growing faster than revenues.

Figure 4 presents revenue and expenditure comparisons for the various case-study and comparison cities for the period between 1981 and 1988. Throughout this period, the ratio of own-source revenues to expenditures exceeded only one in all of the communities studied except for Turlock, Fairfield, and Simi Valley. When compared on a case-by-case basis, the various growth-control communities slightly outperformed their respective pro-growth counterparts. That is, revenue growth outpaced expenditure growth by a greater margin in the slow-growth cities than in the pro-growth cities. This is particularly true for Livermore (as compared to Fairfield), Lodi (as compared to Turlock), and Camarillo (as compared to Simi Valley). It is somewhat less true for Redlands (as compared to Upland) and Thousand Oaks (also compared to Simi Valley).

The one exception to this generalization is Walnut Creek, where the ratio of revenues to expenditures slipped from above that of Redwood City in the early 1980s to below that of Redwood City in the mid-1980s. Significantly, Walnut Creek's comparative decline was for a period of accelerated commercial growth, prior to the adoption of Measure H. In more recent years— since the adoption of Measure H— Walnut Creek's performance has improved.

Assessed Valuation Trends

As noted above, Proposition 13 created a permanent (and growing) wedge between tax-assessed valuation and market valuation, thereby skewing traditional measures of tax capacity

FIGURE 4:

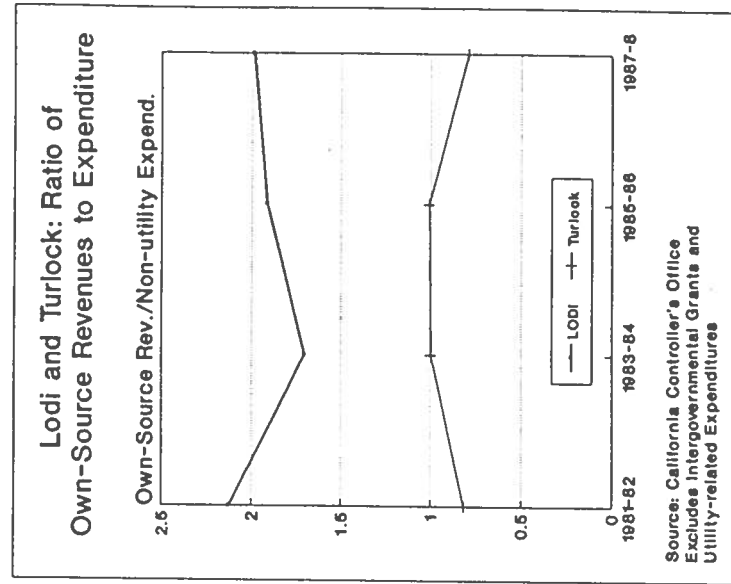
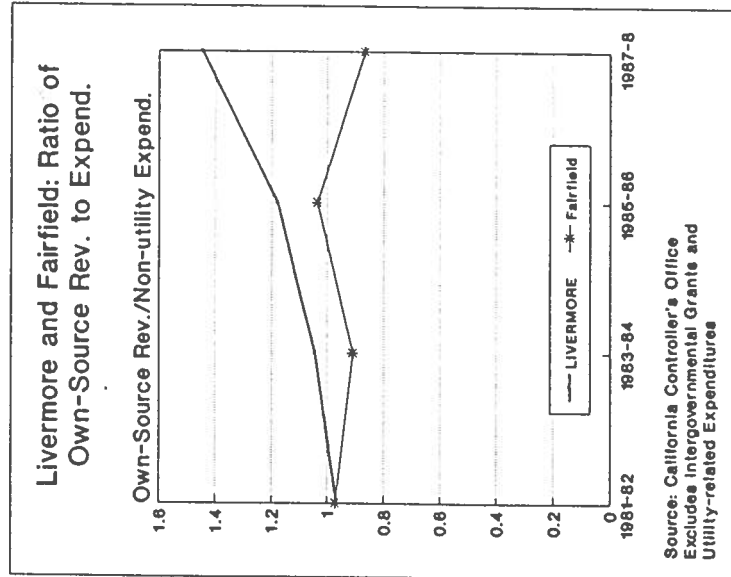
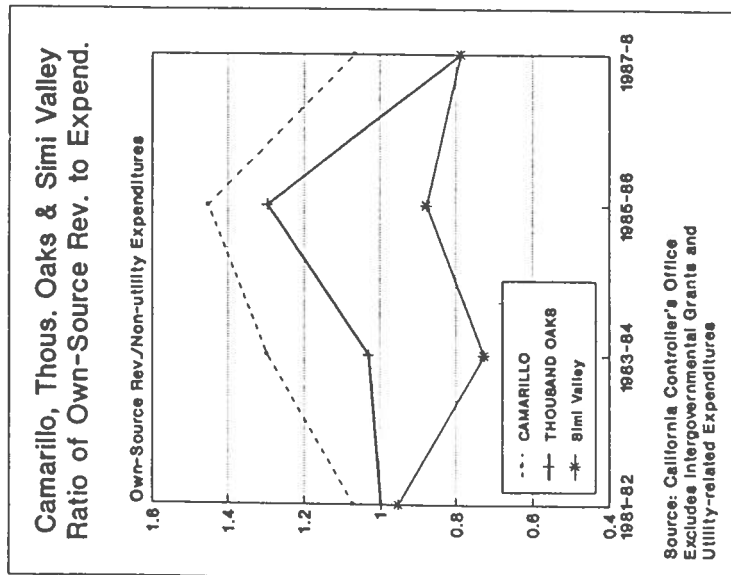
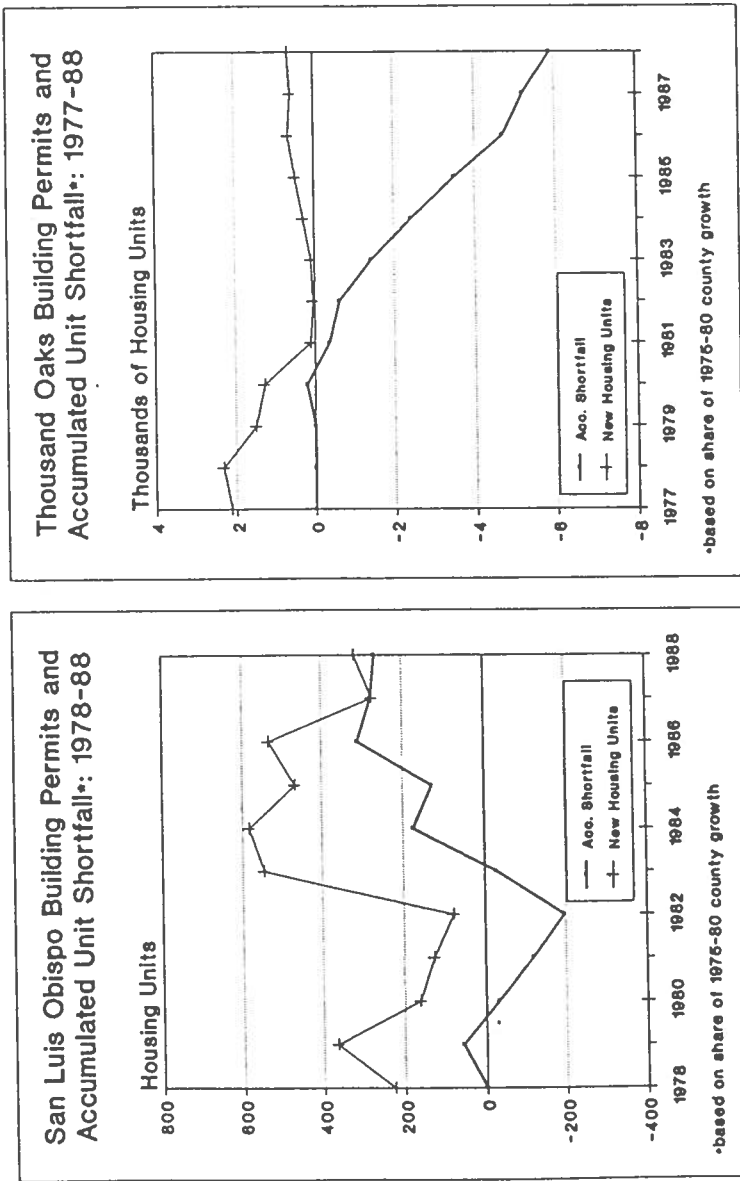


FIGURE 4: (Continued)



such as per capita assessed property valuation. This particular problem aside, per capita assessed valuation remains a reasonably useful gauge of community fiscal health. All else being equal, a decline in per capita assessed valuation indicates that the demand for city services and infrastructure, as manifest through population growth, is increasing faster than the taxable property base. Communities in which per capita assessed valuation is declining need to look for other, non-tax revenue sources.

The question of how, if at all, growth controls affect assessed valuation and per capita assessed valuation is really an empirical one. On one side of the argument, growth controls which reduce the rate of development (and thereby reduce the rate of growth of the property tax base) may adversely affect a city's fiscal capacity. Conversely, to the extent that growth controls also slow the rate of population growth, they could conceivably lead to an increase in per capita assessed valuation.

Throughout the 1980s, per capita assessed valuation rose in both the case-study communities and their pro-growth counterparts (see Figure 5). Significantly, the rate of increase in per capita assessed valuation was generally greater for the slow-growth cities than for their pro-growth counterparts. There are two reasons why this might be so. First, by limiting the supply of new development, growth controls make the remaining supply more valuable. This in turn increases assessed valuation. Second, by explicitly limiting residential development but not commercial development, the majority of growth-control ordinances encourage the long-term substitution of commercial development for residential development. And since commercial projects usually generate higher assessments per increment of population growth than residential projects, this form of substitution generally benefits city treasuries.

Per Capita Debt Trends

By slowing the pace of development, growth controls limit the financial leverage cities have over developers. In particular, developers may be less willing to build or finance large capital projects for cities unless they can be assured of a long-term development entitlement—the types of assurances yearly growth caps make impossible. Thus, cities that enact growth controls may, over time, find themselves assuming an ever larger share of their infrastructure development and maintenance costs.

Cities finance new infrastructure through the issuance of debt, usually in the forms of general obligation (GO) bonds, revenue bonds, or other public purpose bonds. Measured on a per capita basis, the amount of outstanding debt normally rises and falls as cities build or renovate their capital facilities. Unlike other measures, per capita debt levels can be easily compared between cities. High per capita debt levels are not bad, per se, provided that a city has the financial capability to meet its debt service, and that the capital is well used. Debt levels may jump upward as a

FIGURE 5:

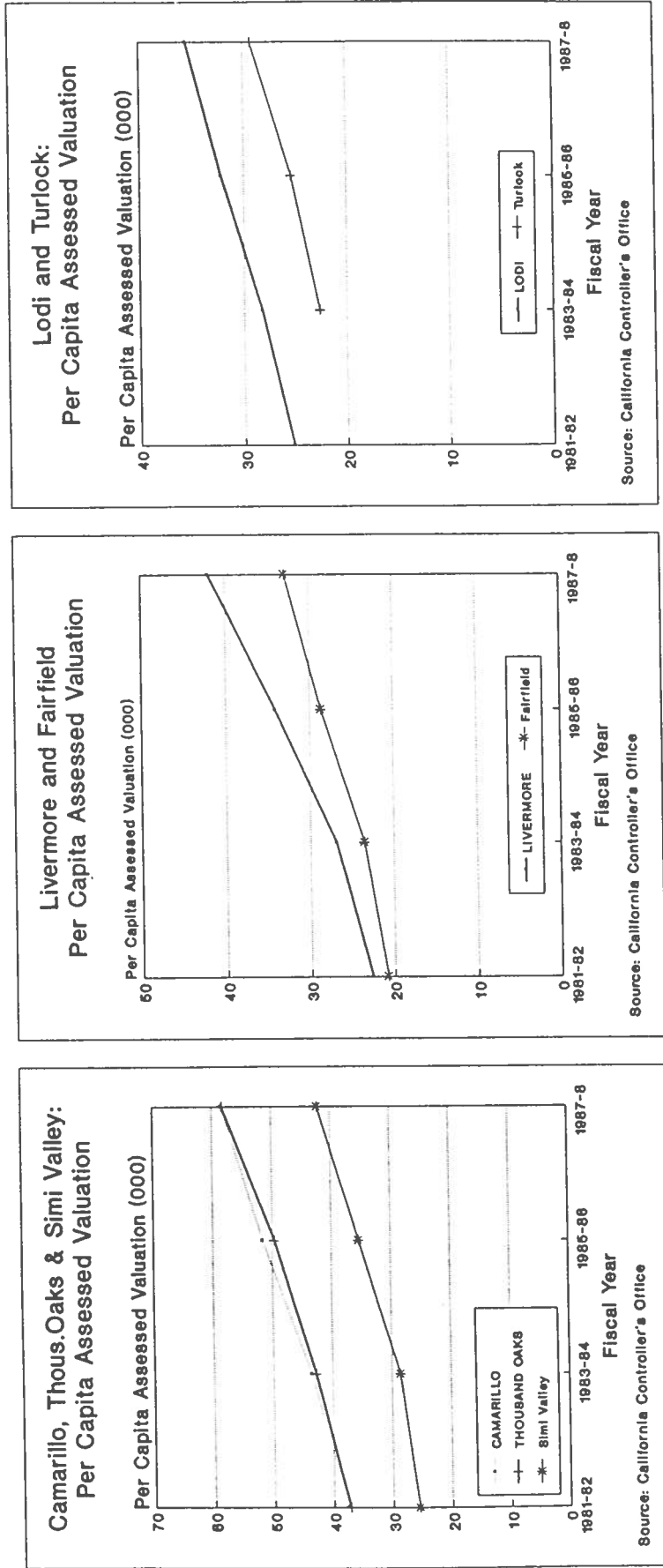
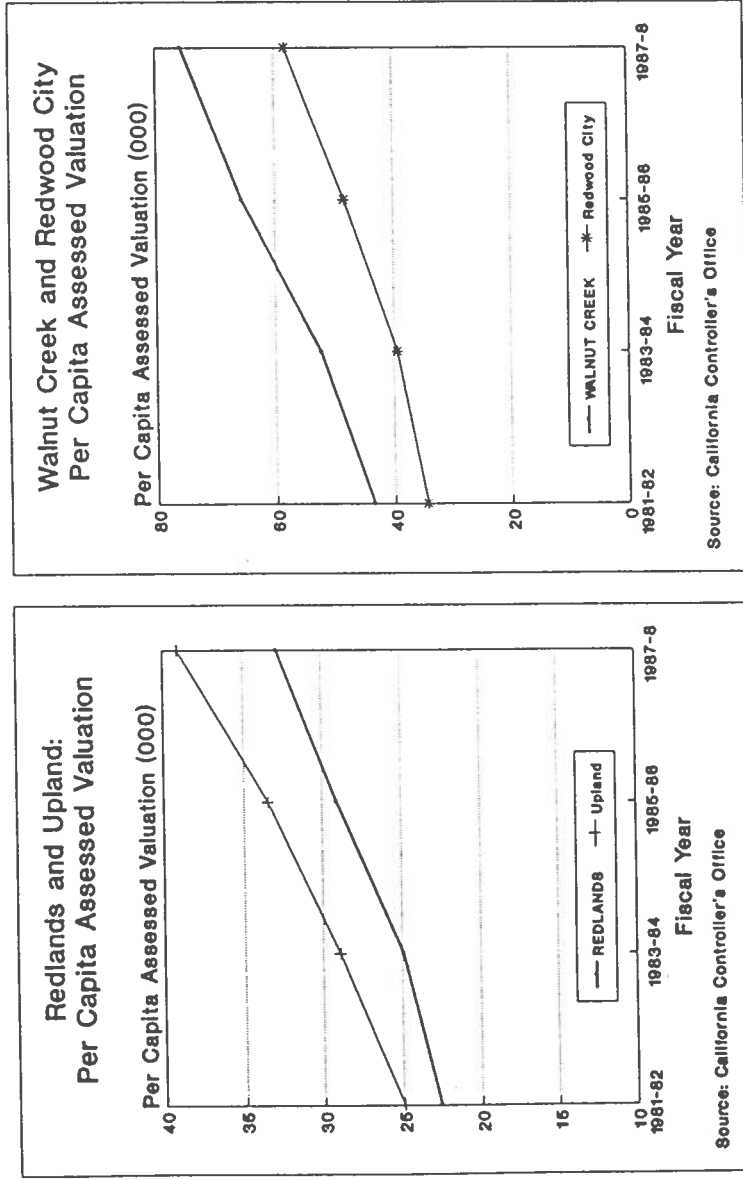


FIGURE 5: (Continued)



city takes on a new debt obligation, but over time they should trend downward as old obligations are retired. A pattern of rising per capita debt levels over an extended period of time usually indicates poor fiscal or capital management.

Generally speaking, per capita debt obligations declined during the 1980s, both for the various growth-control cities and for the corresponding pro-growth cities (see Figure 6). That is, per capita debt levels and trends do not appear to be a function of local growth policy. The one exception to this was in Redlands, which floated a \$25 million bond issue in 1986 to purchase and preserve orange groves threatened by development. Regardless of their positions on growth, California cities chose not to take on new debt obligations at the same time that they continued to retire old obligations.

Summary

In summary, growth controls do not appear to have adversely affected the fiscal positions of the communities that have adopted them. Growth controls do not appear to reduce a community's revenue base, or the rate of growth of that base. If anything, the rate of growth in the property tax base has been greater among growth-control cities (as represented by the six case-study communities) than among comparable pro-growth communities. Nor have growth-control ordinances imposed a greater debt burden on the cities that have adopted them.

Overall, it appears that growth-control communities have been better able to manage spending than their pro-growth counterparts while not suffering undue revenue declines. This does not necessarily mean that growth control is good for city budgets, however. What is more likely is that city finances are in better shape in those communities with traditions of good government, good management, good planning, and higher levels of citizen involvement— exactly the types of communities most likely to try to control growth.

II. CONCLUSION: TOWARD "GOOD" GROWTH CONTROL

The various dimensions of this analysis lead to a single surprising conclusion: viewed over a ten-year period, local growth-control programs— of the types adopted in seven mid-sized California cities during the early 1980s —have been generally irrelevant to the proper management of urban growth.

- Because they have not substantially limited growth or development, local growth-control programs have had only a minimal effect on local housing markets. In fact, housing prices remain lower in some growth-control or slow-growth cities than in nearby pro-growth cities.
- Slow-growth communities enjoy slightly better fiscal health than pro-growth communities. This difference, however, is probably due to the observation that growth-control

FIGURE 6:

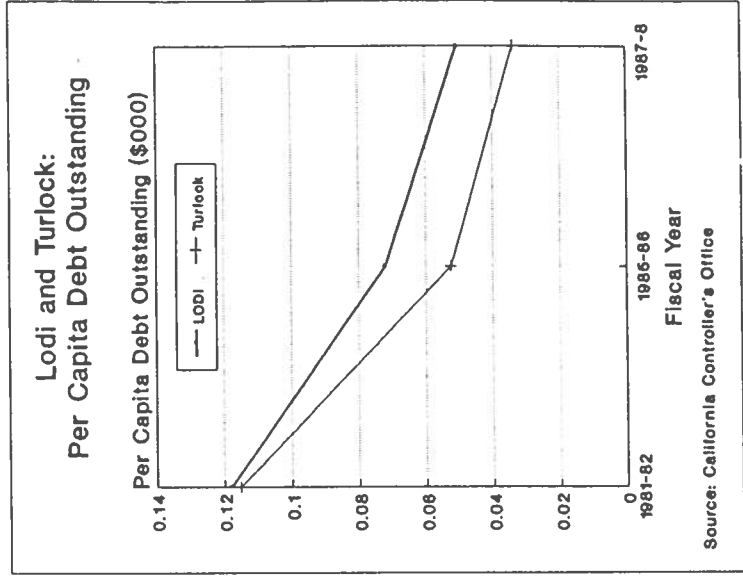
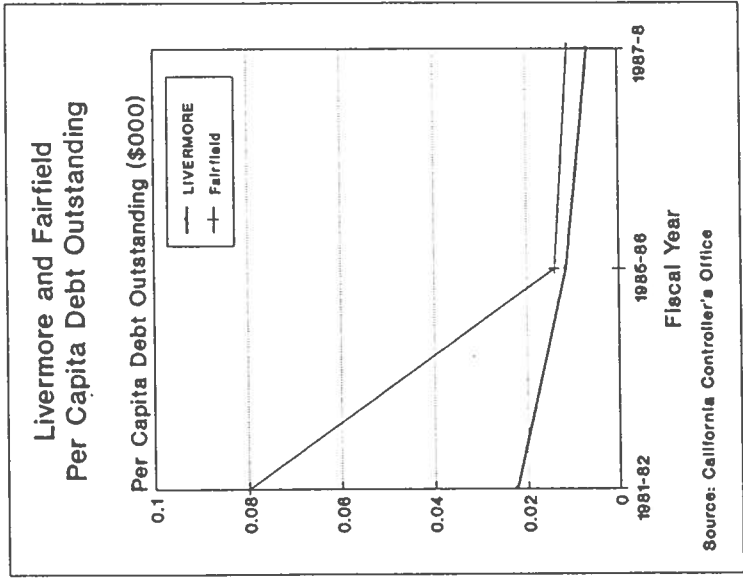
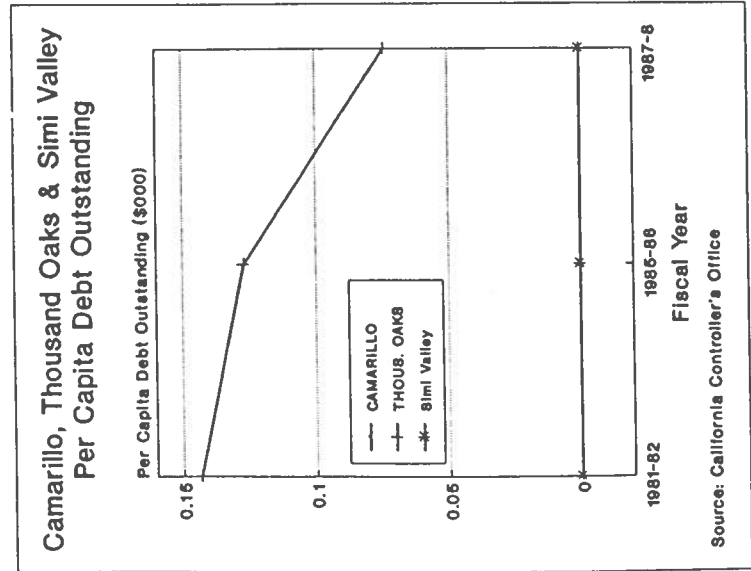
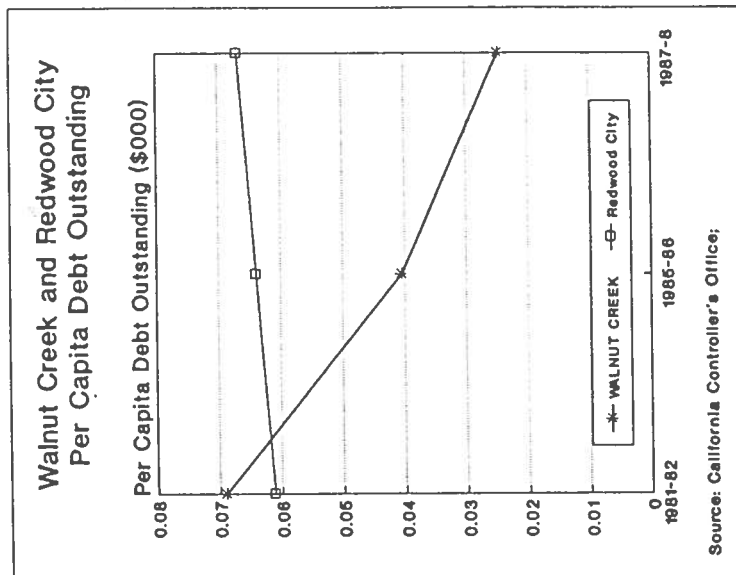
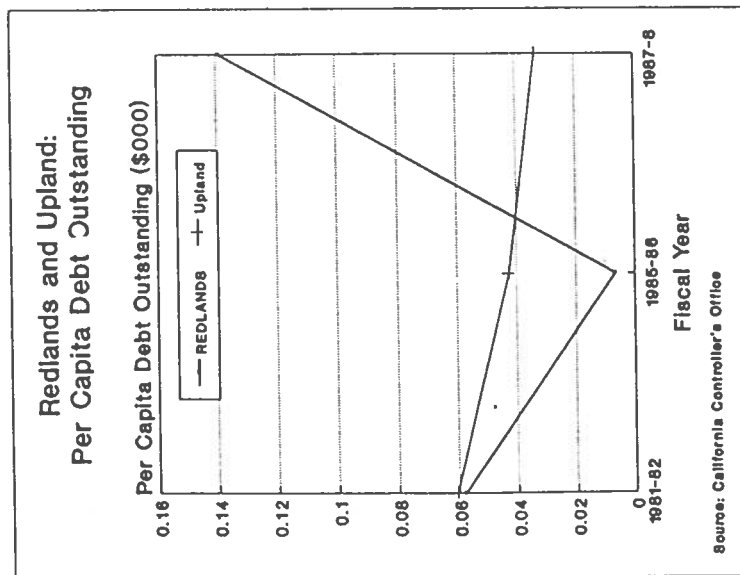


FIGURE 6: (Continued)



programs have been somewhat more likely to have been enacted in cities with competent planning and management.

In the long run, in fact, careless growth control may be much worse than no growth control. In too many of the communities that have adopted them, local growth-control programs have come to replace, not augment, sound planning practices. In such cities, the function of the planning commission and of development-related departments has changed from one of developing effective plans for dealing with growth and its impacts to one of simply administering a permit allocation system. Where local growth-control measures were originally intended to be one of several approaches to managing development, in many cities they have instead become the only approach.

Learning from Lodi and Thousand Oaks

One of the differences between good growth-control policies and ineffective growth-control policies is that good growth polices function together with, not in place of, other local planning and development policies — specifically those articulated in the community general plan. The value of growth controls as part of a coordinated growth-planning program is evident from the successes realized in two of the seven case-study communities, Lodi and Thousand Oaks.

Lodi's Measure A

Until 1989, Lodi's approach to controlling growth— requiring that all annexations, no matter how minor, be approved by the electorate— was one of the strictest and most unusual in the state. Unlike growth-control programs enacted in other cities, Lodi's Measure A regulated *where* growth should occur, not how much should occur. The specific goal of Measure A was to redirect growth away from prime agricultural lands and openspace at the city's boundary, and toward previously passed-over infill sites.

Over an eight-year period, Lodi's limit on annexation proved to be virtually airtight: of the 23 annexation proposals brought to the electorate, only 2 were approved by the electorate. Unlike most Central Valley cities during the 1980s, Lodi stopped growing outward. Instead, it grew *inward*. Not only did Lodi's population growth rate increase, but its share of county population growth also increased. Measure A also served to slow the outward movement of commercial and retail activity. As a result, Lodi's downtown, unlike so many other downtowns in the Central Valley, has remained an economically viable and vibrant place.

This re-direction of outward growth pressure was not accomplished solely through the administration of Measure A. Shortly after the passage of Measure A, the Lodi Planning Department revised its development fee structure and discretionary review process to make it easier for developers proposing infill development.¹⁹ Equally important, the city continued to aggressively pursue the development objectives laid down in the Lodi General Plan.

Measure A has produced some adverse impacts. Some residential development that would have occurred in Lodi has spilled over into unincorporated areas of San Joaquin County— along Lodi's northern and southern edges. Residents of the subdivisions in these unincorporated areas are able to take advantage of most city services, particularly the city's superior school system, while paying much lower property taxes.²⁰

Ultimately, Measure A proved to be a victim of its own success. Because Lodi was able to better manage its growth and development than its neighbors, it was able to maintain its high quality of life. This only served to make the city more attractive to potential residents, further adding to growth pressures. In August of 1989, Lodi's Measure A was struck down by the California Supreme Court.

Thousand Oaks

Thousand Oaks is the largest suburban community in Ventura County, a county known for its wealth and concerns with environmental issues. In 1980, the citizens of Thousand Oaks enacted their own Measure A, limiting residential building permits to 500 per year. In the ten years that Measure A has been in place, Thousand Oaks has continued to grow. Significantly, however, this growth has not overburdened city services, sprawled into environmentally sensitive areas, or substantially altered Thousand Oaks' suburban character. At the same time that it has grown, the city has been able to substantially increase the supply of moderately affordable housing, as well as undertake several major civic improvements.

How has Thousand Oaks managed to accomplish these things? In part, they can be attributed to the city's wealth, and to the willingness of local residents to spend tax dollars on desired services. But they are also due, in part, to the careful administration of Thousand Oaks' growth-control program. One key features of Thousand Oaks' growth-control program is that unused permit allotments are automatically returned to the city for discretionary allocation. Rather than have such allotments disappear, city planners use them to reward developers who provide affordable housing or higher quality projects. A second key feature of the Thousand Oaks program is that the point system used to evaluate competing projects explicitly favors projects with affordable housing. Equally significant, Thousand Oaks' growth-control program is administered in a way that supplements, rather than replaces, what was already a very strong planning process. Even before the 1980 passage of Measure A, Thousand Oaks planners had prepared and were implementing a long-term capital improvements plan. Finally, Measure A is administered in a manner which buttresses very strong existing subdivision ordinances.

NOTES

¹Including population caps, housing unit caps, and commercial development caps.

²Based on 1980 population.

³Making the link between growth-control initiatives and growth-control ordinances is not as easy as it might seem. Relatively few growth-control ordinances have been adopted directly via initiative (see Table 1), and the majority of growth-control initiatives have failed at the ballot box (Glickfeld and Graymer, 1988). At the same time, many failed growth-control initiatives have prompted the subsequent adoption of growth-control and management measures through the legislative process. In this sense, the majority of growth-control initiatives have probably been successful in prompting a change in public policy, although perhaps not always in precisely the way the initiative writers would have wanted.

⁴For a comprehensive list and discussion of approaches to growth management in California, see Irving Schiffman, *Alternative Techniques for Managing Growth*, Institute of Governmental Studies, University of California at Berkeley, 1989.

⁵This includes residential and commercial infrastructure requirements and public service standards, comprehensive residential downzoning, and specific commercial location requirements.

⁶The technique of comparing outcomes between statistically matched cases—one of which has undergone treatment or intervention, the other which has not—is known as quasi-experimental design (see Willemain, 1980). It is widely used in medical research to compare the efficacy of certain treatments. It is also widely used in social science research to evaluate the effects of particular policy interventions.

⁷In contrast to the San Francisco Bay Area, the Los Angeles Basin, and San Diego County, which import most of their water from the Sierra Nevada mountains and the Colorado River.

⁸1989 population estimates were assembled from the California Department of Finance.

⁹Lodi's Measure A requires that all annexation be approved by a majority vote of the citizenry. Although this is not "hard core" growth control on its face, the pattern of referenda results has been quite clear: over a 9-year period, only 1 of 23 annexation proposals was approved.

¹⁰In 1991, Measure H was overturned by the California Supreme Court, because it conflicted with provisions of Walnut Creek's General Plan—at least the version of the general plan in effect when the ordinance was adopted. Anticipating this decision, Walnut Creek updated its general plan in 1988 to specifically include the provisions of Measure H. As a result, the key provisions of Measure H continue to remain in place.

¹¹The one exception to this is along the central coast of California, where cities and counties from San Mateo County in the north to Ventura County in the south, have effectively and comprehensively turned off the growth tap.

¹²The extreme stringency of Walnut Creek's Measure H is a function of how the ordinance was implemented. Thousand Oaks' Measure A (which limited new home construction to 500 units per year) was adopted after ten years of growth during which time the city's population more than doubled.

¹³For example, Glickfeld and Levine (1990) found that 44.2 percent of the communities that have adopted local growth-control programs also provide density bonuses for the development of affordable housing. Moreover, those communities that are the most stringent in their attempts to control development are also the most active in their attempts to foster the development of affordable housing. This dichotomy between discouraging market rate development and encouraging the development of so-called "affordable" housing is an attempt by local governments to ameliorate the inflationary pressures inherent in local growth controls.

¹⁴As Schwartz and Zorn (1988) have pointed out, many of these studies have been characterized by methodological flaws which render their conclusions open to interpretation.

¹⁵A variety of countywide residential growth limits were on the ballot in Riverside, San Diego, and Orange Counties in 1988; however, all such proposals were defeated (Landis and Kroll).

¹⁶Counties labeled as slow-growth either have themselves implemented a significant number of growth-control measures or include a significant number of cities that have implemented growth-control measures; as reported in Glickfeld and Levine (1990).

- ¹⁷The California Controllers Office tracks the following revenue, expenditure, and debt categories for cities:
1. Revenue Accounts: taxes, special benefit assessments, licenses and permits, fines and forfeitures, uses of money, intergovernmental grants, and service charges, among others
 2. Expenditure Accounts
 3. Debt Accounts: general obligation debt, revenue bond debt, special assessment and obligation debt

This analysis does not include comparisons of San Luis Obispo with San Luis Obispo County. Under California law, cities and counties have substantially different service mandates and revenue options.

¹⁸In the long run, growth controls may also allow cities to reduce their expenditures.

¹⁹In fact, infill development proved to be so popular in Lodi, that it quickly outstripped available infrastructure capacity. In time, resident concern shifted from being focused solely on outward expansion, to include rising congestion and over-crowding in existing neighborhoods. Responding to such concerns, and to the prohibitive cost of upgrading existing infrastructure, in 1987, the city of Lodi substantially down-zoned many infill neighborhoods.

²⁰While it may be argued that such "free-rider" behavior is the result of inappropriate county growth management policy, this problem does point out the need to coordinate growth-control programs between adjacent governmental entities.

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GROWTH CONTROL AND THE FAILURE OF PLANNING

Ted K. Bradshaw

ABSTRACT

Historical and current patterns of growth control in California cities and counties suggest that the problem is not just too much growth but the inability of the local planning process to protect the diverse interests affected by growth. The failure of local planning is due not to a lack of will or local competence but to the failure of planning at the state or regional level.

The failure of state and regional planning results from a basic misunderstanding of changes in patterns of urbanization; an inability to join long-term planning with the resources to carry it out; and a lack of commitment to defending public over individual interests. Leadership and vision are required if the planning vacuum is to be filled.

Growth management has assumed a prominent position in California policy arenas in recent years. It is, however, an ambiguous concept, subsuming a diverse set of tools aimed at preventing or ameliorating a variety of urban dysfunctions. The most highly publicized growth control initiatives are citizen campaigns to stop local construction or to place population caps on growth¹. But, with few exceptions, these are evidence of the failure of local planning and governmental decision-making. When local planning processes are working well, growth does not lead to significant citizen opposition.

This chapter explores the ways in which growth management is manifested in California counties and cities, traces the development of various growth control strategies, and outlines policy issues the state must face in the area of growth management. The chapter concludes with a discussion of the ways in which California must respond to contemporary patterns of growth in order to avoid continuing conflict.

The Problem of Growth

Growth control involves more than slowing urban sprawl. It is often an attempt to preserve or recapture the perceived benefits of an earlier way of life with uncongested neighborhoods and adequate public services. As David Dubbink found in his study of two small communities attempting to control growth, there is a "shared rhetoric about rural living that conceals quite divergent concepts and objectives."² The same could be said of large urban areas. The more one looks at growth management strategies and goals, the more it seems that there is not one growth control phenomenon, but many.

The rapid population growth that California has experienced since the mid-nineteenth century seems likely to continue as a major influence on the state's economy. California's population has doubled every 20 years since 1870, reaching 20 million in 1970.³ From 1970 to 1990 the state added ten million new residents, with most of the increase in a surge of growth during the 1980s. The most recent projections envision a state population of 39 million by 2005.⁴ Many unknowns will shape California's future growth, but it is reasonable to assume that population will increase by some ten million residents over the next 20 years, depending on immigration trends and the health of the economy.

California appears to be entering a period of slower growth, accompanied by widespread media attention on the state's economic and growth-related problems.⁵ However, the slowing of growth in the early 1990s is more likely caused by the national and global economic slowdown and the decline in military spending, rather than by a shortage of affordable housing, traffic congestion, land use conflicts, fiscal shortages, or environmental degradation.⁶ The recession has temporarily replaced the pressures to control growth in California with efforts to stimulate economic development. Undoubtedly, as the economy rebounds, growth management again will become a priority issue.

Defining the Problem

The need for and causes of growth control activities in California have been widely discussed.⁷ In most cases growth control is linked to problems in the planning process.

Schiffman sees growth control as an extension of traditional land use planning beginning with Euclidian zoning.⁸ Land use planning in recent years has had to adopt new strategies to deal with broader environmental, social, fiscal, market, and economic pressures. According to Schiffman, the failure of many jurisdictions to do capable planning may be the source of some of the anti-growth sentiment in California cities and counties.

Glickfeld and Levine surveyed local jurisdictions in California, documenting the accelerating rate of enactment of growth control measures in virtually every region of the state.⁹ Most of these measures were enacted by local governments rather than by ballot initiative. Well publicized political initiatives have been less common than strategic efforts by communities to solve their problems through local planning and governing processes. Glickfeld and Levine found no relationship between local rates of growth and the enactment of growth control measures; growth management initiatives, they found, are a response to regional growth.

Landis observes that, in spite of their intense publicity, most growth control measures have been "largely irrelevant to the management of urban growth and the maintenance of quality of life."¹⁰ He argues that while the measures enacted by the seven cities he studied imposed no great costs, they also offered few benefits. Largely adopted through the initiative process, the measures imposed

significant restrictions on development, but they did so at the expense of effective planning. The most successful policies functioned "together with, not in place of, other local planning and development policies —specifically those articulated in the community general plan."¹¹ In cases where planning functions were displaced and court battles or complex administrative allocation procedures were established to allocate growth, the result was likely to be not a marked slowing of growth but a deterioration of local capacity to plan for infrastructure. According to Landis, growth control can lead to the failure of planning.

In other cases the blame is reversed. The report of the California Senate Urban Growth Policy Project concludes that the flurry of growth management initiatives in the 1980s resulted from the failure of planning and the inability of government to meet local needs. Weaknesses in California's system of planning for development, financing public services, and governing communities are blamed for the imbalance between state land use patterns and its transportation network, social and economic goals, and environment.¹²

Yet another interpretation of the problem is that strong growth control measures, especially ballot initiatives, may lead to stronger planning. Glickfeld, Graymer, and Morrison have noted that even ballot measures that fail may push planning departments to respond with measures that achieve the same goals.¹³ Planning efforts can incorporate many of the objectives of citizen-based growth control efforts, and in many parts of the state they have done so in time to defeat ballot initiatives. In other cases planning has been strengthened to achieve the objectives of an initiative so that mandated limits are never reached. This happened in Santa Cruz, where the allowed number of building permits has not been issued due to strong planning controls.

Whether growth control is a result or a cause of inadequate planning, a close examination of the growth control process leads to the conclusion that all growth control measures are not equal. A building moratorium that restricts the annual number of permits, for example, has much more direct, immediate, and measurable effects on growth than does an urban limit line or an agricultural rezoning, even though the latter may be effective in making urban areas more pleasant.

How Effective Are Growth Controls?

The extent to which growth has been controlled in California is debatable. From one perspective, growth has already exceeded the state's carrying capacity, adding an unmanageable total of ten million new residents over the past 20 years. From another perspective, California is a litigious and contentious state, with more barriers to growth and economic development than any other state in the nation. California also has seen some of the most progressive efforts to institute measures at the local level to provide for infrastructure and distribute the impacts of growth. To assess the extent of growth control in California, it is necessary first to consider the variety of actions defined as growth management and the effectiveness of those measures.

There is no single source of information on growth control measures in California, but two sets of data are broad enough to provide a basis for analysis. The first was collected in 1988 as part of the annual survey of the status of general planning in California conducted by the Governor's Office of Planning and Research (OPR).¹⁴ The second comes from a survey of cities and counties conducted in November 1988 by the League of California Cities with the California County Supervisors' Association. The League survey instrument was detailed and complex; the response rate was 100 percent for counties and 87 percent for cities; and the study was done in conjunction with an analysis of growth control and management measures at the Public Policy Program of the University of California, Los Angeles, Extension.¹⁵

Data from these two studies were combined and formed into indices of growth control for cities and counties.¹⁶ The indices formed a type of Guttman scale based on increasing purposefulness and stringency of growth management techniques.¹⁷ This scaling technique is useful for identifying patterns that are cumulative rather than exclusive,¹⁸ with each index indicating a higher level of intensity like a pyramid and smaller numbers of communities scoring on the more intense levels. The data were grouped into three indices made up of items such that most communities scoring on the higher scales also score on each lower one as well.

The first scale combined seven items reflecting growth management planning and zoning activities aimed at the orderly management of growth. Growth management in general plans, urban limit lines, and rezoning are typical of the process, but do not become associated with growth management unless there is controversy. This is a widespread and useful base of traditional planning found in many communities, generally known as growth management rather than growth control.

If planned growth is not possible, the more focused strategies of the second scale may come into play. This scale combined five items that involve the use of contingency or conditional strategies such as achieving job-housing balance or permitting growth only if infrastructure is capable of handling it. This mid-level intensity of growth management is more focused on the consequences of growth.

The third and highest-intensity scale includes unconditional efforts aimed at stopping growth through population controls or building moratoriums. Virtually all communities resorting to these techniques also have implemented strategies at the two lower levels. In fact, communities adopting these techniques also reported an average of four other growth management strategies included in the other indices; communities not reporting these strategies have used an average of two techniques.

The indices build on the notion that growth control techniques are used strategically and cumulatively, in spite of a few well publicized voter initiatives that precipitously cap growth. This means that a particular technique is selected from a variety of options based on the seriousness of the growth problem and the political environment at the time. It also means that growth control

efforts typically are additive, and that later efforts tend to refine and make adjustments to earlier ones. Citizen initiatives that place caps on growth generally are extreme measures imposed because general plan strategies have failed and adjustments to earlier efforts are seen as too complex, slow, or ineffective.

The intensity of growth management in California clearly can be seen as a pyramid of increasing intensity. At the base, growth management planning strategies are widespread, affecting half (254) of the 509 cities and counties in the state for which data were available. This level of activity is below the 72 percent adoption level reported by Glickfeld and Levine, but above the 27 percent reported by OPR.¹⁹ Differences in adoption rates are due largely to differences in definitions and interpretations. Many of the more successful attempts to manage growth through the planning process are not universally seen as growth management.

More explicit growth management programs generate less ambiguity. About one-third of all California jurisdictions utilize some form of contingency strategy that limits growth under certain conditions. Direct growth limitations through caps on population or building permits (veto-type programs) are found in 89 jurisdictions, or 20 percent of the cities and counties studied. These communities report having used an average of four other types of growth management strategies, and half (45) have used more than one veto strategy. All but one reported at least one other strategy; only two lacked a planning strategy; and only ten made no use of contingency strategies. This is strong evidence of the cumulative nature of growth management programs.²⁰

Figure 1 depicts the geographic locations of the strongest growth management communities in California—those with two or more veto strategies in place. Several counties, including Napa, Santa Cruz, Ventura, Santa Barbara, San Bernardino, and San Mateo, show the same level of growth control. From these geographic distributions it is clear that the types of growth control adopted reflect local pressures to control growth. Hotspots of growth control are concentrated on the urban fringes of Los Angeles and San Francisco, along with a significant number of infill communities. Recent development in some areas of San Bernardino and Riverside counties has not been contested, apparently because residents there have less history to protect. Older areas surrounded by growth, especially those with large middle-class populations, are most active in attempting to preserve their way of life.

Growth control is an issue primarily in areas where three conditions are present. First, the area is in or near a region experiencing considerable growth in terms of both rate and total numbers. For the most part, strong growth control measures are found in the wealthier communities of a region, although affluence is not enough to produce pressures for growth control. In the San Francisco Bay Area, Belmont, Brisbane, Orinda, and Pleasant Hill have used veto techniques to stop land uses they did not want in an otherwise fully developed community.

Figure 1

**California Communities with Two or More Veto Strategies
of Growth Control**



The second condition that tends to precipitate efforts to control growth is that growth exceeds local capacity to handle it. Growth pressures often come from subdivision of land on the edge of a municipality, but in many instances, especially in Los Angeles County, growth problems are in areas of infill and redevelopment. Much of the pressure to manage growth in Ventura County derives from a combination of rapid increase in population and the perception of slow government response to growth.

The third condition for growth control seems to be that growth threatens something that people value highly, such as the environment or the local culture. It is no accident that a high proportion of the growth control communities are found along the coast or in fragile bioregions

such as Lake Tahoe or the Napa Valley. Agricultural land preservation is increasingly part of the growth control debate. Growth control and environmental protection often go hand in hand.

The problem of growth control is represented most clearly in the use of veto techniques, which is an indicator that outside pressures have overwhelmed the local planning process. In such jurisdictions, people no longer feel capable of planning for what they want but are reduced to defining what cannot be done in the most basic of terms. Voters in these communities often have rejected growth control as too severe and have voted against measures that might interfere with the traditional planning process. The impetus for imposing veto strategies of growth control does not seem to be the rate of growth or the inherent inability of local planning to handle it, but the perception that outside pressures are exerting forces over which there is little or no local control.

Sources of Planning Failure

When local jurisdictions veto growth, it is evidence of the failure of local planning, but the reasons for failure often extend beyond the local jurisdiction. Usually the planning process fails not because local staff are incompetent, lacking in insight, or out of touch with community values and perceptions. In many cases growth is the consequence of plans made long ago; in others it is the result of decisions made outside the jurisdiction. Regional and economic trends may lead to unexpected and unwanted patterns of growth with significant effects on the local community.

The lack of mechanisms for long-term regional or statewide planning stand in stark contrast to local capacity. Don Benninghoven notes that problems that transcend municipal boundaries are important to cities:

We already have a carefully developed system for guiding the future of individual cities. . . . What we lack, however, are similar mechanisms for developing the future of a region, for dealing with issues that transcend city boundaries. Counties cannot provide the answer, since, with very few exceptions, they are preoccupied with fiscal survival, forced to make land use decisions based on revenue needs, rather than people's needs. What's more these problems extend well beyond county boundaries.²¹

The state policy approach to this is what William Fulton calls policy by neglect. Fulton notes that "the question is not whether California should have a growth policy. It already does— by default."²² Local governments, he says, do a good job of deciding "whether to throw up a new mini-mall along the Miracle Mile," but they fail completely in dealing with issues of state and regional importance. As a consequence, the decisions of coastal communities to limit growth and of inland communities to welcome it have become state policy.

As Landis and his associates point out, California must reestablish a coalition of farsighted interests like the one that planned for growth throughout the first 60 years of the twentieth century.

The coalition they envision will not be the same "pro-growth coalition of old. It must be a 'good growth' coalition."²³ At least in the short term, such a coalition seems unlikely, because there is no vision of what good growth might look like in California.

State and Regional Planning

State and regional planning have degenerated over the past 25 years in California. After a lofty start, with major state planning efforts in the 1960s that led to master plans for education, the state water project, and the state freeway system, there has been little overall state planning since then. While the results of these previous efforts have not always been seen as successes, the fact that they have stood for most of a quarter century and have become the backbone of several major systems that serve the state well is not accidental. California has not generated the broad-based and farsighted plans to meet the needs of a vastly increased population for over two decades, and policy now is unfocused and fragmented.²⁴

The state has attempted several more recent plans. In response to a state law requiring a state growth policy every four years, an urban plan was produced in the 1970s under Governor Jerry Brown, but efforts to implement it were stalled. Most state departments have strategic plans, but these are not coordinated. The Senate Urban Growth Policy Project concluded that all five of the state's planning elements are inadequate. Policies for conservation and development are unclear and sometimes in conflict. State and regional growth and infrastructure plans are narrowly focused and often work at cross purposes. Environmental laws allow individual communities to capture the economic benefits of development while ignoring the environmental consequences. Single-purpose regional agencies cannot resolve complex problems because of their narrow focus. And local general plans cannot cope with issues such as transportation, air quality, the jobs-housing balance, water supply, and solid waste because these issues are not limited to a single jurisdiction.²⁵

There is nothing in government today that looks like a strategy to accommodate ten million new Californians over the next 20 years. Before comprehensive state planning for growth can be undertaken, three new elements must be set in place: (1) a new set of premises must lay a foundation for urban growth; (2) the planning effort must be integrated with resources to implement it; and (3) the public good must be given priority in a proactive rather than defensive posture.

New Premises for Growth

A state plan is not viable unless it deals with a set of new trends that now undermine local planning and prevent construction of a broader vision. The future of our congested twenty-first-century cities should not be determined on the mold of the nineteenth-century city. The basic premises of a state growth plan must be carefully evaluated, and significant changes in at least eight areas of modern life must be considered: global economic interdependence; the regionaliza-

tion of cities; the failure of public transportation; increasingly decentralized land use; the replacement of small contractors with mega-developers; the unique characteristics of exurban employment; the trend toward isolated and segregated communities; and the fragmentation of policy in related areas.

Global economic interdependence now shapes regions more than the physical qualities of a place. Local growth in California today is dependent on the role of the state in the global marketplace. Much of what is exchanged in this marketplace is ideas and information, which flow through central cities to key regional hubs. Los Angeles is increasingly important as a global gateway to Pasadena, Hollywood, San Diego, Orange County, and Santa Barbara. San Francisco is important in large part because of the growth of high technology in Silicon Valley and Berkeley, not vice versa. These regional networks have massive transportation and communications implications that developers understand better than planners.

Regional cities no longer are organized around centers but function as interlocking grids. The reason that so many cities on the edge of metropolitan areas are having transportation problems is that roads and other systems are designed as spokes on a wheel to bring the edge city into the center, whereas most travel follows a decentralized, grid-like pattern.²⁶ Planning that is center-oriented (as most transportation, communications, and social and administrative services still are today) creates unnecessary bottlenecks.

Chinitz reports that 62 percent of workers commute from one suburban area to another;²⁷ and in households with two wage earners it is rare that both commute to the central city or, for that matter, to the same suburb. This pattern of work-related travel becomes ever more dispersed as businesses and employees change work locations. Large firms frequently move employees from one location to another, and splits, consolidations, and bankruptcies among smaller firms make employment location more fluid than ever. Combined with the Proposition 13 tax incentive to avoid buying a new home, the possibility of minimizing commute distances continues to diminish.

Public transportation has failed. Much of the local planning effort in expanding areas of California either neglects the transportation problem (which makes it worse) or assumes that the availability of public transportation will entice people out of their cars. While this may be true for a few people, the billions of dollars put into public transit have not reversed the continuing decline in ridership or provided for much beyond commutes to central cities. Since more people travel in more dispersed directions rather than to city centers, an effective level of service would be difficult to provide. Most transit systems also face the problem of escalating labor and operating costs, which increase in response to the number of destinations served rather than the number of passengers. In short, public transit holds little promise unless it can be substantially redesigned.

There is no short-run certainty that expanded public transit will reduce auto travel or lead to changes in land use to accommodate travel needs. Successes are limited to transit systems operating over long time frames and in areas with high congestion-related costs. This does not

imply that it is better to construct new freeways or learn to live with traffic congestion; nor is it a good idea to make travel in urban areas more expensive, which will negatively affect an area's economic competitiveness. It may be possible to consider new ways of reducing pollution using alternative fuels or more efficient engines, to increase road capacity through automation, and to reorganize employment patterns.

Land use allocations do not effectively integrate housing, work, and shopping so as to reduce dependence on cars. The "urban village" design movement, which promotes car-free development through high-density housing, bike and pedestrian trails, and close proximity to shopping and public transit, has been widely acknowledged as a solution. These ideas are integrated in new towns that propose up to 100,000 homes with easy access to shopping centers and industrial parks. The problem is that these plans assume that better access will lead to significant reductions in auto travel, but there is no evidence to suggest that this occurs.

Most urban village models are based on the needs and characteristics of the nineteenth-century city and cannot be expected to solve the problems of the twenty-first-century metropolis. While we need to avoid urban sprawl in the style of twentieth-century Los Angeles, the answer probably is not to be found in townhouses clustered around a mini-mart and trolley stop. As Hall points out, the increasingly random pattern of cross-trips that characterize modern California will reduce the attractiveness of public rail transit. High-speed rail, nonetheless, may be an answer for middle-distance trips such as between San Francisco and Los Angeles.²⁸

Modern land use is not centralized in one place. Fishman suggests that the root of the problem is the lack of a center in urban areas.²⁹ This means more than that people do not go there any more; they go elsewhere. The urban community is increasingly independent of urban location. People find their community in many different places, and they must get to each of these places somehow. Fishman suggests that people live in three overlapping networks of household, consumption, and production, each with its own spatial logic. Day care centers and schools are located near children; shopping centers where there are both good access and people willing and able to buy; and large firms where workers and materials can be brought to them and environmental problems can be mitigated. These networks formed concentric rings in the old city; in metropolitan areas today they form a "post-modern post-urban collage."³⁰ The increasingly dispersed patterns of contemporary living do not fit the model of the urban village.

In designing a system to serve modern travel needs, the logical place to begin is with destinations (such as the suburban shopping mall and office park), not with sources of ridership such as the urban village. Even if people today can meet some of their travel needs with public transit, the design of these systems often ignores those destinations most frequently visited. Suburban shopping malls, for example, are still outside the public transit loop. The typical mall, if served by transit at all, has a bus stop at the outside edge of the parking lot. Why not bring public transit underground

to the center of the mall? Why not place transit stops at the center of the work place instead of at inconvenient street intersections? Why not locate day care centers where people work, rather than in neighborhoods where they live? Better land use planning for the post-urban city must accommodate and link the diversity of uses and locations of modern families with the fluidity of a rapidly changing social system. Only then will public transit be widely used.

Mega-developers have replaced small contractors. Land development has become so costly and complicated that the major share of new housing now is provided by mega-developers. They alone can afford to pay the sizable fees, provide infrastructure, and survive long delays in the approvals process. This results in major chunks of land being developed at once, with one developer controlling the style, market, and function of an entire area. There is no returning to the past; the mega-developer now runs the show, and land use planning must accommodate this fact.

Employment follows population sprawl. Much of the planning literature assumes that people move to locations near jobs, whereas the opposite tends to be true. Exurban escapees and commuters first become self-employed, then larger firms follow. In the 1970s large numbers of Silicon Valley employees moved over the hill to Santa Cruz, gradually creating and attracting firms and branch plants to employ them. The same phenomenon has occurred in many suburban areas of the state, such as central Contra Costa County, which subsequently have become major centers for job growth.

Class and racially defined communities. Different community groups increasingly are isolated from each other. New communities are fenced and gated for reasons of both security and prestige, challenging the planning premises of open communities. Edward Blakely claims that as many as 300,000 Californians live in gated communities, a phenomenon he calls "forting up." The trend toward protected communities is a response to the fears of middle-class people in an unsettled urban environment.³¹ New towns are part of the move to create exclusive communities, as was the development of suburbs following the second World War.

New towns also are a response to local anti-growth sentiments created by massive development within or near existing communities. By starting from scratch, developers need not deal with city councils but only with county governments. New towns under development or proposed for the Central Valley will add thousands of new homes outside existing city limits. While most also will include commercial and industrial land uses, and some attempt to provide affordable housing, the emphasis is on exclusivity and, by default, homogeneity.

Policies are not integrated. Opportunities for improving the urban economy within a global marketplace depend on well integrated policies in an increasingly wide set of spheres, including housing, transportation, education, welfare, industrial land development, and natural resources—policy arenas that are critical for the well-being of the region. The Growth Management Consensus Project of California State University, Sacramento, reached agreement on a number of key

issues, the first of which was that the state should adopt coordinated policies to direct growth state-wide in eight interrelated areas: agricultural and natural resource protection; conservation and development; air quality; transportation; affordable housing; economic development; physical and social infrastructure; and social equity.³² The project found little evidence of progress in defining the parameters of these policy areas as they affect growth. Fragmentation seems increasingly characteristic of the state policy environment.³³

Integrating Vision and Resources

In addition to a new set of premises on which to plan for urban growth, state and local planning must be integrated with resources to fund plan implementation. The California Council for Environmental and Economic Balance has set forth a "growth leadership proposal" representing the work of a coalition of interests brought together to create a "vision for an urban renaissance."³⁴ Vision is essential, but it is not enough.

Increasingly, the ability to implement plans, and especially to fund them, is unconnected to the desirability of the plan. Misczynski observes that development decisions are made on the basis of anticipated short-term revenue consequences rather than on the basis of good community form and function.³⁵ These decisions may have negative effects on neighboring communities and on long-term regional stability.

Even growth management policies fail to integrate vision and fiscal reality. The focus has been on the high costs of development and on interjurisdictional competition for projects that generate the most revenue. Such competition encourages concessions to developers, which often means that a project ultimately will generate insufficient revenue to cover long-term costs, especially in recessionary times.³⁶ The problem is that the long-term and comprehensive costs of growth are difficult to predict and evaluate.

Teitz observes that the costs of growth during California's progrowth years were absorbed by the population at large, not by new residents only.³⁷ The infrastructure needed to support new development, including highway access, water, sewers, and schools, was paid for by the national government through bonded indebtedness and general fund tax revenues. However, infrastructure was provided without much planning. Public funding of infrastructure to support development is now rare, and communities impose a variety of exactions on development projects to defray some of the costs, including impact fees, dedication requirements, mitigation fees, utility connection fees, buy-in charges, linkage fees, and school fees. Real estate and some community groups oppose these charges, citing the effects on housing costs and the location decisions of employers.³⁸

It seems evident that access to public transit should be in place when development starts, as opposed to the current practice of waiting until an area is built out before extending transit lines to serve it. By the time public transit is made available to outlying communities, the area is

so organized around auto use that conversion to public transit is difficult.³⁹ Providing access to public transit prior to development might require that other sources of funding be found, but establishing access in advance is necessary to ensure the long-term use of that mode of transportation. This seems to have been the key to whatever success in public transit has been achieved in Toronto and in many Swedish communities.

Promoting the Public Good

The ability to veto is greater than the ability to build a vision. Local areas have gained a substantial veto over the location of facilities that will benefit the state or region as a whole. The lack of an agenda promoting the larger public good has led to a situation that Peter Hall describes as a "mass beggar-thy-neighbor policy, in which each locality attempts to pass on growth and its burdens to the next place down the line."⁴⁰ This policy is manifested in two ways: rejection of regional projects by local jurisdictions because of perceived negative impacts on the local area; and paralysis of planning for and siting of regional facilities as local government rights are defended at the expense of the larger public good.

If the public good were given precedence over local veto powers, some attractive options would become available to both accommodate growth and preserve local well-being. First, conservation could vastly reduce the need for major capital expenditures on expanded water, electricity, fuels, waste disposal, and sewage treatment facilities. In spite of the surge of growth in state population during the 1980s, no major new electrical generation plants were needed, in large part because of conservation and dispersed technologies.⁴¹ Recycling and low-flush toilets are showing similar promise in reducing the waste stream.

The second area of opportunity is found in housing, where new technologies (such as factory-made superinsulated walls) promise to dramatically reduce costs of construction and increase energy efficiency to the point that virtually no heating or air conditioning is needed. Affordability and quality may be available to more people than ever before.

A third area of opportunity lies in the area of infrastructure financing. The ability of new development to pay for all costs of growth may be reaching its limit as the large tax burden faced by new homeowners under Proposition 13 is combined with development fees covering everything from schools to freeway overpasses. While the costs are borne by new development, many of the benefits, including the increased value of existing homes, are shared by the larger community. Public-private partnerships are providing a means of both building infrastructure and giving communities greater long-term control over the location of development.

Other opportunities for accommodating growth while preserving local well-being may be found if the logic underlying growth management shifts from the concentric ring model to one reflecting a more flexible urban form. In the past, small towns integrated housing, jobs, and shop-

ping. Today the major urban areas grow at their edges with low-density housing and massive, dispersed shopping centers followed by industrial parks and office centers. Future urban forms can be organized so that uses with the highest density have the most central access. Instead of freeways serving only cars and trucks, new multi-mode access corridors should be developed, with commercial and industrial uses organized around these transportation links. Residential areas should be placed outside these corridors where they do the least environmental harm.⁴²

Finally, there is widespread agreement that urban growth should not compromise the environment. Perhaps the largest challenge is to identify habitats that are of particular importance and to keep development away from them. Prime agricultural land and wetlands in the Central Valley, for example, can be protected while growth is channeled to less environmentally valuable areas. The risk of development would be reduced, with greater habitat preservation as a trade-off.⁴³

In many parts of California, urban growth proceeds into areas of prime farmland or wetlands largely because that land happens to be in the path of development. Threats to such valuable land result in a parcel-by-parcel effort to stop development. What we lack is a proactive plan for growth that goes beyond restricting development to provide alternatives that protect the most important lands while organizing growth at a regional level. Growth scenarios such as these are feasible using Geographical Information Systems (GIS) data and computer-based mapping of alternative land uses.⁴⁴

California surely will recover from the recession and continue its pattern of rapid growth. The Center for the Continuing Study of the California Economy has projected increases of six million people and three million jobs in the 1990s.⁴⁵ Current concerns about "business flight" notwithstanding, as the global economy recovers, many California firms are in an ideal position to replace lost workers and expand.

The key question is whether growth will be gracefully accommodated or will set off another wave of capricious anti-growth initiatives. Successful growth management will require vision and leadership, as well as resources, but it will not require new levels of government. Existing state organizations, within their existing mandates, can forge a viable plan for reallocating state resources and redirecting policies so that local jurisdictions do not bear the burden of poorly planned growth. A proactive stance that addresses the place of California in the global economy, new urban technologies, and the changing structure of land use can provide local planning processes with an adequate base for managing growth and change.

NOTES

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- ⁵See, for example, "Tragic California," *The Economist*, May 23, 1992, pp. 18-19.
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- ¹¹*Ibid.*, p. 94.
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- ¹³Madelyn Glickfeld, LeRoy Graymer, and Kerry Morrison, "Trends in Local Growth Control Ballot Measures in California," *Journal of Environmental Law*, Volume 6, 1987, p. 136.
- ¹⁴Office of Planning and Research, *The California Planner's Book of Lists*, Sacramento, 1988.
- ¹⁵*Supra* note 9.
- ¹⁶Similar questions did not elicit similar responses from the jurisdictions studied, so the overlap between these two studies is low. However, the items correlate in similar ways, suggesting that the data, which may be questionable on any one item, may be combined into indices of growth management strategies.
- ¹⁷For a description of the indices and items in them, see Ted K. Bradshaw, "Is Growth Control a Planning Failure?" Working Paper No. 590, Berkeley, University of California, Institute of Urban and Regional Development, 1992. Guttman scaling was developed in psychology and has been little used in planning. The scale is based on cumulative intensities. In a good scale, all who score at level two are also at level one, and so on.
- ¹⁸The approach used here differs from other common analytical strategies. In their analysis of League of California Cities data, Glickfeld and Levine used factor analysis to identify six types of growth control. Factor analysis produces indices that are statistically independent of each other, implying that jurisdictions that adopt one measure are likely to adopt another of the same type but not others of a different type. This does not make sense for policy measures that are clearly cumulative.
- ¹⁹Office of Planning and Research, "1991 Local Government Growth Management Survey," Sacramento, September 1991, p. 2.
- ²⁰While these data do not show that planning precedes veto techniques, support for this interpretation is provided by the increased intensity of growth control initiatives over time. *Supra* note 13, pp. 111-58.
- ²¹Benninghoven, *supra* note 7, p. 2.
- ²²William Fulton, "Policy by Neglect," *California Republic*, March 1992, p. 23.
- ²³Landis, *supra* note 6, p. 45.

- ²⁴See, for example, Karen Smith Thiel's analysis of California's uncoordinated children's service delivery system in "Providing Services to Children in Need," in Kirlin, *supra* note 1, pp. 81-98.
- ²⁵Steve Sanders, "Prosperity, Equity, and Environmental Quality: Meeting the Challenge of California's Growth," Sacramento, Senate Office of Research, July 1991, pp. 2-3.
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- ³⁷Michael B. Teitz, "California Growth: Hard Questions, Few Answers," in John J. Kirlin and Donald R. Winkler, eds., *California Policy Choices*, Vol. 6, University of Southern California, School of Public Administration, Sacramento Center, 1990, p. 59.
- ³⁸Development fees have been blamed, along with a burdensome approvals process and increases in sales taxes and business license fees, for the decision of some firms to leave San Diego. See Miriam Rafferty, "Growth Controls Blamed for Housing Crisis: Exodus of Major Employers," *California Real Estate Journal*, November 15, 1991, p. 24.
- ³⁹See Michael Bernick, Peter Hall, and Robert Schaevitz, "New Planning Strategies for Transit Based Housing in Northern California," Working Paper No. 552, Berkeley, University of California, Institute of Urban and Regional Development, August 1992.
- ⁴⁰Hall, *supra* note 28, pp. 19-35.
- ⁴¹Jane Summerton and Ted K. Bradshaw, "Towards a Dispersed Energy System: Challenges to the Grid," *Energy Policy*, January/February 1991, pp. 24-34.
- ⁴²Edward J. Blakely and Ted K. Bradshaw, "Room for Whom," in Harold O. Carter and Julie Spezia, eds., *People Pressures: California's Central Valley*, Davis, University of California, Agricultural Issues Center, 1991, pp. 1-12.
- ⁴³The American Farmland Trust found that land in LAFCO spheres of influence around Central Valley cities was half prime agricultural and half of lesser quality. *Risks, Challenges, and Opportunities: Agriculture, Resources, and Growth in a Changing Central Valley*, San Francisco, 1989; see also, Deborah B. Jensen, Margaret Torn, and John Harte, *In Our Own Hands: a Strategy for Conserving Biological Diversity in California*, Berkeley, University of California, California Policy Seminar, 1990.
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GROWTH MANAGEMENT: California Struggles to Save the Dream

Judith Innes

ABSTRACT

Current polls indicate that Californians are increasingly dissatisfied with their environment—particularly the crowded urban areas and the traffic congestion—and yet statistics show that massive population growth will continue into the next century. Therefore, California leaders are now investigating various proposals for state and regional growth control management systems. Leaders here can learn from the successes and failures of growth management legislation in other states, as briefly outlined in this paper. Some of the most important lessons include the failure of top-down, bureaucratic regulatory systems, and the effective development of a consensus-building program.

Something is happening across the country that will fundamentally affect the way land uses are determined. Since 1985 seven states have adopted state growth management programs (Florida, New Jersey, Georgia, Maine, Rhode Island, Vermont, and Washington). Several others, including California, are considering adopting them. These programs are responses not only to public concerns about a declining quality of life, but also to a new consensus among business and environmental interests. They agree that sprawling patterns of growth cause traffic congestion, deteriorating air and water quality, and escalating demands for infrastructure. They agree that project-by-project conflict over development is a no-win game.

State governments see growth management as a way to make difficult decisions on the allocation of infrastructure funding. Local governments have begun to recognize that despite their land use authority, they can do little more than react to development in neighboring communities and to regulatory or investment decisions of state agencies.

In short, current growth patterns and decision-making processes are increasingly seen to be in no one's interest. The answer, these seven states have decided, is to establish a framework of objectives and a new set of processes for making growth-related decisions. Their ultimate purpose is to encourage growth patterns that will make for more desirable communities, more efficient use of public resources, and a more sustainable environment.

These statewide growth management programs are innovations in government and in land use control. They are primarily systems for coordination among local and state governments and the agencies that, for example, regulate air quality or provide highways. They coordinate by sharing power among the players, for the most part, rather than by regulating from the top down. As

envisioned by these programs, growth management is not single-purpose, like the previous generation of environmental regulation; it is an attempt to achieve many disparate public goals— e.g., economic development, environmental protection, and affordable housing—in a balanced manner. Statewide growth management forces the necessary tradeoffs by focusing on land use as the arena in which the struggle between these objectives is played out. Many agencies are now required to consider for the first time the land use implications of their decisions. These programs are also strategies for the management of public investment.

Consensus-building groups play crucial roles in both the design and implementation of these growth management programs. Typically the groups are carefully designed commissions and task forces that include the full range of interests who have a stake in growth. These "stakeholders" may include representatives of local government and regional and state agencies, and representatives of environmental, agricultural, housing, business, and development interests, as well as leading citizens representing the wider public. These groups are not merely advisory; they often develop specific policies and implementation strategies. They are run in a way that encourages mutual learning and searching for common ground, rather than emphasizing differences and conflicts. They seldom rely on hearings with expert testimony, citizen speeches, and rules about who can speak. Instead the groups often include the experts as members, and allow informal, wide-ranging discussion. Care is taken that all members' points of view and knowledge are heard and discussed, and the groups frequently use professional facilitation.

GROWTH MANAGEMENT PROGRAMS IN OTHER STATES

Growth management legislation in other states varies considerably in what it includes. The most common features are:

- 10 to 12 broad state goals;
- requirements for important players, particularly local governments and often state agencies, to make and implement plans that are consistent with state goals;
- principal responsibility for land use planning and zoning at the local level;
- planning and coordination at the regional level;
- review and comment procedures by various players on one another's plans;
- technical and financial assistance for local and regional planning;
- incentives and sanctions for local cooperation;
- provision for conflict resolution, including mediation or administrative hearing bodies; and
- statewide geographic information systems to provide a common database for joint decision-making.

Some programs have unique features that are drawing considerable attention. Florida, for example, relies on a requirement for "concurrence" of development impacts with adequate services and infrastructure. No plan or development order can be approved unless it can be demonstrated that services and infrastructure such as roads and parks will be available simultaneously with the impacts of development. Localities must set adequate and realistic standards for levels of service and identify the cost of needed facilities and the revenue sources. New Jersey has a plan that includes a map dividing the state into "planning areas," within which the state will follow different policies for regulation and infrastructure. New Jersey is also developing regional design principles for patterns of future settlement into centers and corridors. Vermont requires state agencies to conform to local and regional plans that are consistent with state goals.

Each state uses a different implementation mechanism. At one extreme is Florida's "top-down," regulatory approach, where a powerful state agency makes and enforces all the rules. Vermont, at the other extreme, has a laissez-faire model, with no required local planning and no implementing agency or oversight commission to carry out the state objectives. Implementation will be through a quasi-judicial procedure, where advocates for different interests will challenge nonconforming plans. Georgia's approach is bottom-up, with all planning starting locally and mediation required for interjurisdictional differences. New Jersey's strategy is collaborative and consensus building. It uses the counties as mediators between a state planning commission and the municipalities in a "cross-acceptance" process.

LESSONS FROM OTHER STATES

Top-down, bureaucratic regulatory systems are insufficient to implement growth management.

Florida's law gave ample power to their Department of Community Affairs (DCA) to compel local cooperation and spelled out dozens of specific policies, for which DCA created detailed rules. When some rules proved unworkable in different parts of the state, DCA substituted face-to-face negotiation with local governments. The latter approach allowed solutions more adapted to individual localities and proved to be a more efficient way of resolving differences than more standard bureaucratic procedures. DCA's efforts to apply rules to assure that local plans prevented sprawl ended in adjudication and a loss of credibility for the project. Sprawl is too ambiguous an idea, too linked to other policy issues (e.g., transportation), and too contingent on context (urban, suburban, or rural) to be managed with inflexible rules in a top-down regulatory system. Accordingly, in 1988 Governor Martinez appointed a Task Force on Urban Growth to define sprawl, its implications, and the policies to prevent it.

Carefully designed sanctions and incentives are necessary to assure cooperation of agencies and jurisdictions.

Sanctions, such as the withholding of state funds, are persuasive threats in the short run to encourage local government participation, but severe or long-term sanctions are politically difficult to apply. New funding as an incentive may work, and is more likely to encourage voluntary cooperation, but the most persuasive incentive is simply to give cooperating jurisdictions a place at the negotiating table with state agencies. The best methods of getting state agency cooperation are not yet clear, however, as the programs have just entered the phase in which agency actions will be important.

Regional bodies have had successful roles as technical support for local governments and as conveners and mediators among the regional players.

State growth management programs are most effective when they provide an institutional framework that enables regional coordination and planning. They have not been successful in their efforts to give regional bodies roles as decision-makers on the acceptability of local plans. In Vermont, where regional commissions were vested with authority to "approve" local plans, statewide citizen protests led to the weakening of the state's growth management act, and nearly to its repeal. In general, regional commissions have refused to take stands against their constituent local governments. They have, however, showed leadership in working with local officials to develop projects of regionwide benefit as well as in identifying and mediating conflicts. There is substantial evidence that a formal authority role is incompatible with either the technical assistance or mediator roles.

Consensus-building groups are essential to the creation of both growth management policy and implementation strategy.

Consensus building has played a key role in most states in the design of the original legislation and throughout implementation. Such processes were invented even when the original legislation did not mandate them. The Task Force on Urban Growth in Florida is one example, and Florida's state-local compliance negotiations is another. The near repeal of Vermont's legislation can in part be attributed to the fact that there was no process to maintain consensus during early implementation. In New Jersey, where the entire plan has depended on consensus-building, many issues have been resolved that remain problematic in other states. For example, the controversial question of how density regulation should differ for urban, suburban, and rural environments has been thoroughly discussed and substantially decided in New Jersey, while it remains a major issue in Florida.

WHAT SHOULD HAPPEN IN CALIFORNIA

Growth management is an idea whose time has come in California. Recent statistics show that massive population growth will continue and polls indicate that Californians are increasingly

dissatisfied with their environment. The public believes that their communities have become too crowded, that traffic congestion is the state's most serious problem, and about half believe that California is no longer one of the best states in which to live. Citizen support for regional planning is now widespread, at least in the Bay Area. Furthermore, in the current economic downturn, growth management is increasingly important as a tool for cost-effective public investment.

Although we have many tools for saying "no" to undesirable development, we have few techniques to encourage desirable types and patterns of development. Nowhere in our current system can the welfare of a region as a whole be used as the principal criterion for decision-making. Land use planning and regulation are done by cities or counties, which react to economic forces, state investment decisions, and the development patterns of other communities. Most state agencies are narrow in purpose, and none has the power to solve the problems to which they respond. Caltrans can widen highways, for example, but not influence the land use plans that have escalated demand for auto use. The Air Quality Management Boards can raise the cost of using a car, but only the transit agencies can provide the alternatives to driving.

The State Role

State legislation must establish objectives for growth management and both opportunities and incentives for the players in the growth process to communicate and collaborate. This is best done by coordinating relationships among agencies and between levels of government. The state should provide the institutional and procedural missing links so effective regional growth management can be established. A state growth management commission is needed as a stakeholder group to oversee development of the policies and regulatory concepts, work with regional bodies, learn from experience, and be an arbiter of conflicts. This commission requires its own staff. The state must also mandate that its own agencies as well as special districts collaborate in the process. Methods must be found to assure agencies' accountability and cooperation, such as requiring them to prepare plans with public review and making agency funding contingent on evidence of cooperation with other players.

Regional Role

Specific growth management strategies and plans should be negotiated at the regional level. Regions range widely in their economies, natural environments, and patterns of growth, and no uniform set of solutions would be appropriate statewide. These regional bodies should, in parallel with the state commission, be made up of stakeholders. These bodies should provide the forum for discussion of regional issues and the arena for the negotiation of conflicts, and they should offer technical and analytical support to localities.

Local Role

Basic power over the planning and regulation of land use should remain at the local level. Communities are the most knowledgeable about their own environments and most directly affected by decisions. Incentives should be established, however, to assure their cooperation in regionwide negotiations among localities and state agencies over growth patterns and facilities siting. State agencies have some regulatory and funding powers that can be directed to reward such cooperation, although those powers will need modification. Localities with regionally acceptable plans need to be able to reconcile state agency plans that are in conflict with their own.

Fiscal Reform

The current reliance on property and sales tax encourages communities to do "fiscal zoning," typically favoring offices and upper-income housing, in order to provide the greatest net of revenue over service costs. Sharing of local tax bases is needed if mutually beneficial regional combinations of land use are to be created. Incentives, including state funding, will be necessary if communities are to accept land uses that impose fiscal burdens, as does low-income housing, and if we want to site regionally needed, but locally unwanted, land uses like waste disposal facilities.

Settlement Patterns

The state commission should, in collaboration with the regions, establish principles for settlement patterns the aim of which is to build livable and affordable communities—communities that are compact, at a human scale, have a central core, and are distinct from their environs. Such principles encourage sustainability in the use of resources, enable development to be coordinated with infrastructure, lead to greater use of public transportation, and foster the sense of community that is fundamental to the quality of life.

Consensus Building

Continuous consensus building will be essential both to develop and to implement any legislation. The statewide program should be designed as a consensus-building process, incorporating the important actors in growth. State agencies as well as local governments, and business and development as well as environmental interests, will have to agree that the growth management strategy will benefit them if it is to be carried out. Inner-city interests as well as the urban fringe communities must also agree because the welfare of each part of the region is linked to the other parts. The process will not be completed overnight, but success will hinge on effective consensus-building.

CONSENSUS-BUILDING GROUPS

Consensus-building groups play an important role in the growth management arena. My own research shows that thus far, these groups have proved either essential or highly useful for a number of purposes:

- **Oversight, revision, and implementation of legislation.** New Jersey's State Planning Commission has played this role, moving beyond the broad concepts of the legislation through a process of trial and error to a usable plan and a workable cross-acceptance process. In Florida, where no such commission was established, a joint legislative committee was set up to review implementation and propose revisions to the law. Most states have some type of commission or board at state level to monitor, revise, and implement the legislation.
- **Providing arenas for negotiation among the affected players in growth.** Some issues require face-to-face discussion because of their complexity and because such discussion may be the only way to get beyond the rigid starting positions often taken by the players.
- **The development of specific policies, criteria, and standards for planning and regulation.** When the law must be framed into a set of practical tasks, internal contradictions and problems of application in the various regions and communities become clear for the first time. Consensus-building groups share their knowledge of tasks and places and create workable and shared meanings for policies, implementation strategies, and regulatory standards. In New Jersey, for example, group discussion resolved debates over when an area should be considered "built out" or "prime agricultural land," and produced definitions and regulatory approaches that were adaptable to various local conditions.
- **Working out of complex new tasks, particularly those involving intergovernmental relationships.** State agencies in Vermont were required to prepare plans on their land-use-related responsibilities, but many had no staff with experience in plan-making, much less with knowledge of land use. While staff were preparing these plans, they participated in an interagency working group that developed principles and practices for their content and format. The approach contrasts with Florida's, where plans prepared by agencies independently were widely regarded as useless and were returned to be redone. Vermont also relied on stakeholder working groups to design their intergovernmental geographic information system, and in the process resolved issues still causing conflict in other states.

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Legislation

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REGIONAL GROWTH MANAGEMENT

John D. Landis

ABSTRACT

The breakdown in planning for growth in California has spurred the introduction of five regional growth management reform proposals for consideration by the state legislature in 1992. This chapter evaluates and compares these bills in terms of how well they would address the major growth-related issues now confronting Californians and the extent to which they might be politically and institutionally acceptable.

Experience in California and in other states suggests that, to be successful, such a bill should include specific and measurable planning goals that can be supported by the widest spectrum of Californians; it should emphasize consistency between units of government but not necessarily across levels of government; it should include incentives for multi-jurisdiction and multi-function planning efforts but not necessarily require regional planning; it should promote cooperative planning by local jurisdictions but not necessarily require plan consistency; it should promote timely project review, true impact mitigation, and certainty in the development approvals process; it should require and fund a comprehensive land inventory system for use in planning by all units of government; and it should require the periodic production of a state growth management strategy that links long-term development, conservation, and spending plans of major state agencies.

The next few years will bring significant reforms to the process of metropolitan development and growth planning in California, although it is not yet clear what direction those reforms will take. Five separate regional growth planning reform proposals were considered by the legislature in 1992, including AB 3 (Brown), AB 76 (Farr), SB 434 (Bergeson), SB 797 (Morgan), and SB 929 (Presley). Two of these bills, SB 797 and SB 929, were approved by the Assembly Local Government Committee; SB 797 made it to the assembly floor before being defeated in a close vote!¹ A sixth set of proposals, prepared under the auspices of the Governor's Inter-Agency Council on Growth Management Task Force, had not been introduced by fall 1992.

Here we consider the five different growth management reform bills currently before the legislature. The chapter begins with a review of the public policy problems that have brought the growth planning issue to the legislative forefront. The five bills are then compared in terms of how well they would address the growth issues confronting California and the extent to which they would be politically and institutionally acceptable. Following a brief analysis of the regional growth management experiences of other states, the chapter concludes with a set of regional growth management proposals that build on California and national experience.

The author is indebted to Peter Detwiler of the Senate Local Government Committee for his thoughtful interpretation of the five growth management bills in their original and revised versions.

Politics of Regional Growth Planning Reform

Breakdown of State and Local Growth Planning

The five growth management reform bills currently before the California legislature constitute a de facto recognition that California's traditional growth planning process has broken down. Prior to 1980, California's approach to growth planning involved a division of responsibilities among state, county, and city governments. The role of state government was to plan, finance, and build capital infrastructure such as highways and higher education facilities; to finance human services such as welfare and Medi-Cal; and to oversee the management and protection of the state's natural and environmental resources. The role of county government was to administer state-mandated human services, to provide basic urban services to unincorporated areas, and to manage the broad process of urbanization.

County governments pursued the latter role through one of two approaches: they could promote urbanization within the existing (or gradually expanding) boundaries of their component cities by discouraging development in unincorporated areas; or they could promote urbanization outside existing city boundaries by approving development in unincorporated areas. Different counties took different approaches. Most coastal counties, as well as such inland counties as Yolo and Stanislaus, favored the former approach of trying to contain sprawl and urbanization. A number of other counties, most notably Sacramento County in the north and Riverside County in the south, chose to promote the growth of unincorporated areas.

The role of city governments in managing urban growth was to provide a higher level of services than that available in unincorporated areas (thus discouraging sprawl) and to plan for, manage, and service growth within their own borders. As new issues arose, such as the conversion of agricultural lands to urban uses, new wrinkles were added to the system.

This loose but workable approach to growth planning was undone by four sets of forces. First was the force of growth itself. For most of California, the 1980s were years of extreme and largely unanticipated population growth. Prior to 1975, the state had been growing at a fairly regular rate of 300,000 to 400,000 new residents per year. Rates of population growth began to pick up during the mid-1970s and rose consistently throughout the 1980s.² In 1990 the state's population growth topped 740,000 — an increment larger than the city of San Francisco, and the highest level of yearly population growth since 1943.

Growth in California during the 1980s was atypical in more ways than the number of new residents; that decade also witnessed significant changes in the spatial pattern of growth. During the 1960s and 1970s, population growth had been focused in three southern counties (Los Angeles, San Diego, and Orange) and one northern county (Santa Clara). While these counties continued to grow during the 1980s, growth also began spilling over into the state's inland areas, especially

Sacramento and San Joaquin counties in the north and San Bernardino and Riverside counties in the south.

The demographic composition of California's population also was changing. Of California's 6.1 million new residents between 1980 and 1990, nearly four-fifths were Hispanic, Asian, or black. Between 1980 and 1990 California's Asian population rose by 87 percent, while the Hispanic population increased by nearly 70 percent. Over the same period, California's black and white populations grew at rates of only 8.9 and 17.3 percent, respectively.³

Even as population kept growing, state government was withdrawing from the business of planning for growth.⁴ As in the case of the "freeway revolt" of the late 1960s, some of this withdrawal was forced; but more often it was voluntary. Beginning with Ronald Reagan in 1966, Californians elected three governors who were either disinterested in or openly hostile to the idea of state planning to accommodate growth. Over a period of 20 years, California moved from building infrastructure before it was needed to building it after it was needed—if at all.

The third force that undermined California's growth planning process was the passage of Proposition 13 in 1978. By limiting local property taxes, Proposition 13 shifted to new development the burden of paying for services to accommodate growth. This encouraged cities and counties to compete for such revenue-rich developments as office parks and retail centers—a practice that has come to be known as fiscal or "cashbox" zoning.

The fourth factor that undermined growth planning in California was a national trend toward suburban job growth. Attracted by cheap land, low rents, available infrastructure, free parking, and a willing labor force, major businesses began leaving central cities for new suburban office parks. The result was a suburban office and traffic boom of unprecedented proportions. In less than a decade, suburban "edge cities" overtook central cities as the business places of America, and once-free-flowing freeways quickly became congested. In many suburban communities, the planning process—which had previously been organized around residential, not large-scale commercial, development—was simply overwhelmed. A key side effect of the growth of edge cities was that existing metropolitan political and leadership structures, which had been dominated and guided by strong central cities, gradually became less relevant.

New growth challenges emerged even as the ability of cities, counties, and state government to plan for growth declined.⁵ Despite significant reductions in vehicle and industrial emissions, the Los Angeles Basin continues to violate the Clean Air Act. Urban development threatens many of California's most productive agricultural lands. Growth also has exacerbated the state's water supply and distribution problems.

Local residents turned to the ballot box to try to manage growth, or in some cases to stop it. As of 1989, more than 50 California cities had enacted population or housing construction caps.⁶ Breakdown of the growth planning process also has affected the development community.

the state, the development approvals process has become expensive, complicated, and open-ended. Instead of promoting environmentally, socially, and fiscally sound development, the local entitlements process has become a mechanism for impeding growth.

Perspectives on the Problem

The breakdown of growth planning in California is like the tale of Rashomon: everyone sees the same problem, but from a different perspective. Table 1 summarizes how different interest groups perceive the problem of growth planning in California, its causes, and possible solutions.

Table 1
Views of California Growth Planning Problems

		<u>Problems Identified</u>	<u>Solutions Proposed</u>
Business Interests	California Council for Environmental and Economic Balance	Lack of timely infrastructure development; lack of state growth policy; redundant and excessive regulation	Use of market incentives and disincentives to make more efficient use of existing facilities and to plan and develop new ones
	California Building Industry Association	Lack of sufficient housing supply to meet demand	Use of market incentives and disincentives to promote more orderly development patterns
	California Farm Bureau Federation	Declining crop yields due to nearby urbanization	Reduce sprawl and promote infill
	California Housing Council	Inefficient and inequitable planning and financing of infrastructure	Improve methods of planning and financing infrastructure
	Bay Area Council	Deteriorating economy and quality of life due to poor planning and government gridlock	
Public Sector	Southern California Association of Governments	Over-reliance on single-occupant auto and excessive commute distances; inconsistent policies between levels of government and across jurisdictions	Comprehensive planning framework that combines air quality, land use, and transportation concerns
	League of California Cities; California Chapter of the American Planning Association	Lack of consistent policies between levels of government and across jurisdictions	
	California Association of Councils of Government	Lack of policies to site projects of regional significance; inadequate local fiscal resources to accommodate growth	Improved cross-jurisdiction plan consistency tied to new infrastructure financing mechanisms
	California State Association of Counties	Inability of county and local governments to pay for growth-related services	Improved methods of financing urban services, including revenue-sharing
Organized Interest Groups	California Rural Legal Assistance Foundation/Coalition for Rural Housing	Lack of affordable housing opportunities for middle-class and minority communities	Residential infill; increase public investment in affordable housing; fair share allocations of affordable housing
	Ethnic Coalition of Southern California	Growth planning and policy-making has been done without regard to interests of all Californians	Strong state-level policies to promote equity
	Sierra Club/Greenbelt Alliance	Lack of state growth and environmental policies; poor air quality; over-use of energy and private autos; lack of affordable housing; needless consumption of open space, farmland, and environmentally sensitive areas	State policies to prevent urban sprawl and protect the environment; regional bodies to review large projects and establish urban growth boundaries

Business interests generally see the core problem as a breakdown in infrastructure planning —particularly transportation. These groups see the lack of a modern and uncongested system of infrastructure as increasing the costs of doing business, and thus decreasing the state's long-term competitiveness. To solve this problem, they advocate two types of solutions: pricing reforms to make more efficient use of existing facilities, and financing reforms to increase the flow of investment capital for infrastructure construction.

A subset of business organizations, including the Bay Area Council and the California Building Industry Association, has focused on the shortage of affordable housing and on the spatial mismatch between job opportunities and housing.⁷ To increase the supply of affordable housing, these organizations advocate loosening local development restrictions. California businesses see unnecessary and inefficient over-regulation as permeating every aspect of the state economy, not just the growth planning process. This view has become especially widespread since publication of the final report of the California Competitiveness Council, a task force set up by the governor and chaired by former baseball commissioner Peter Ueberroth.

The lack of affordable housing also has become a rallying cry for such public interest organizations as the California Rural Legal Assistance Foundation, the California Coalition for Rural Housing, and local legal aid societies. Frustrated in their attempts to convince California cities to accept their fair share of affordable housing, these organizations hope that a strengthened regional growth planning process can become the stick that produces more affordable housing.

Public-sector interests, including associations of elected and appointed public officials, attribute the failure of state and local planning for growth to inconsistencies in planning by different levels of government, neighboring jurisdictions, and single-function agencies (such as air quality districts and transportation agencies). Not surprisingly, these interests advocate a greater degree of coordination within and among levels of government.

Local government interests tend to see lack of money as the main problem. Both the League of California Cities and the California State Association of Counties complain of the inability of their member governments to raise the revenues needed to pay for state-mandated services.

Other interest groups see the breakdown of the growth planning process through their own lenses. Two environmental membership organizations, the Sierra Club and the Greenbelt Alliance, cite continuing urban sprawl, the destruction of productive farmland, and the conversion of habitat and open space as fundamental flaws in the growth planning process. After years of largely unsuccessful efforts to address these problems directly, both groups are now advocating reform of the planning process as the best way of achieving their goals.

Taking the position that a common set of perspectives is essential before a problem can be dealt with, the Center for California Studies at California State University, Sacramento, together with the California Assembly and Senate Offices of Research, undertook an eight-month consensus-

building project in 1991 known as the Growth Management Consensus Project. The Consensus Project brought together thirty representatives of business, environmental, social, and governmental organizations to develop a comprehensive view of California's growth management problems and some first-cut solutions to those problems.

Participants in the Consensus Project reached agreement on the problems facing California and desirable goals for state and regional planning, but were less successful in agreeing on specific policy responses.⁸ Areas of policy consensus included the need to foster more compact urban development patterns; to promote certainty in development decisionmaking; to improve infrastructure planning; to encourage more affordable housing; to preserve local control over land uses; and to involve all elements of California's diverse population in planning for the state's future. Areas of disagreement centered on the desirable mix of market-based and regulatory approaches to growth management; how best to conserve agricultural lands; the role of (air quality) indirect-source reviews in local land use decisions; the need for additional fair-share housing laws; and the optimal roles and responsibilities of regional agencies and regional governments.

Taking a Regional Approach: Why Now?

The ideas of regional planning and growth management are not new to California. The state's major urban regions all have councils of government that serve as regional information clearinghouses. Regional governments were proposed for the San Francisco Bay Area in the 1940s, and then again in the mid-1970s.⁹ Single-function regional agencies such as transit districts and municipal utility districts have long been a part of the metropolitan political landscape. Most recently, the San Diego Association of Governments (SANDAG) has begun implementing a system of regional planning without regional government based on the idea of "cross-acceptance" of city land use plans.

Elsewhere in the United States, a number of metropolitan areas—most notably Nashville-Davidson, Miami-Dade County, Minneapolis-St. Paul, and Portland, Oregon—have experimented with various forms of regional governance, planning, and service provision. These experiments have been viewed as moderately successful.¹⁰

Despite their own somewhat favorable experiences, and those of other states, Californians have consistently and steadfastly rejected regional government and regional growth management. Proposals for regional government and/or growth management have been criticized by state legislators and by local officials as administratively unworkable, politically illegitimate, and unlikely to solve the state's pressing growth problems.

The current impetus for regional growth management has two primary sources: organized interest groups (such as the Bay Area Council and the Greenbelt Alliance), which see California's growth and fragmented political structure as a formula for perpetual policy gridlock; and federal

and state regulatory agencies (such as the Environmental Protection Agency and the California Air Resources Board), which view many of the state's current environmental and transportation problems as having regional origins, and thus regional solutions. Some have suggested that if Californians do not adopt regional growth management on their own, federal regulatory agencies may do it for them.

Regional growth management has been presented as a possible solution for some of California's other problems, including the conversion of top-quality farm land to urban uses, the lack of affordable market-rate housing, runaway NIMBYism, and a 20-year shortfall of investment in infrastructure. At the local level, regional planning has found a few adherents as a way of resolving intermunicipal land use conflicts and as an alternative to locally enacted growth controls. Finally, some state agencies and policy makers have approached regional growth planning as a means of coordinating state development policies and capital spending programs.

Regional Growth Management Bills

To assess the potential for regional growth management in California, we begin by examining the specifics of the two assembly and three senate bills currently under consideration. The two assembly bills are AB 3, authored by Assembly Speaker Willie Brown (D-San Francisco), and AB 76, authored by Assemblyman Sam Farr (D-Carmel), chair of the Assembly Local Government Committee. The three senate bills are SB 929, authored by Senator Robert Presley (D-Riverside); SB 434, authored by Senator Marian Bergeson (R-Newport Beach), chair of the Senate Local Government Committee; and SB 797, authored by Rebecca Morgan (R-Los Altos). Key features of each bill are summarized in Table 2.

Assembly Bill 3

Introduced by Assembly Speaker Willie Brown, Assembly Bill 3 would fundamentally alter how California plans and manages growth. The primary thrust of this bill is to enhance consistency among state, regional, and local planning efforts. AB 3 would establish seven regional planning agencies to coordinate environmental, land use, and infrastructure investment planning.

At the state level, AB 3 would replace several existing planning and development advisory agencies with a new 20-member State Growth Management Commission. Every five years, the commission would prepare a single statewide development plan, which would subsume existing statewide plans¹¹ and include two new elements: a statewide inventory of critically important land and a statewide capital improvements plan. Once approved, this single plan would guide all subsequent state transportation, air quality, coastal, and critical lands policies, as well as serve as a framework for all capital expenditures by state government.

Table 2
Key Provisions of Legislative Growth Management Bills

	Primary Provisions	State Government Changes	Regional Planning/ Government	Sub-Regional	Local Government/ Planning Changes
Brown AB 3	Statewide plan consistency Growth boundaries tiered CEQA review	Existing advisory agencies replaced with 20-member state growth management commission which would: develop statewide comprehensive plan; monitor regional consistency with statewide plan; & set urban growth boundaries	Create 7 regional development & infrastructural agencies combining responsibilities of APCDs, RTPAs, COGs, & regional water quality control boards. Each regional agency would: 1) Develop a regional comprehensive plan 2) Monitor consistency of sub-regional & local plans	Allows state officials to create sub-regional authorities to direct preparation of sub-regional plans consistent with regional plans	Local general plans required to be upwardly consistent with sub-regional, regional, & state plans Institute tiered CEQA review
Presley SB 929	Coordinated statewide conservation & development strategy Coordinated statewide capital improvement plan to be implemented by new California public improvement authority Four development/conservation tiers to help prioritize areas for investment, development, & conservation Regional planning agencies would prepare regional strategies & proposals for implementation	1) Governor's office & OPR to develop statewide conservation & development strategy to guide state & regional development, & set forth 4-tier system prioritizing lands for development & conservation; 2) Department of Finance to assemble & coordinate 5-year state capital improvement plan; 3) Creates California public improvements authority to issue bonds to finance public improvements	Existing COGs would become regional planning agencies Regional plans would be evaluated by OPR & the legislature for consistency with statewide conservation & development strategy Exempts San Diego region, & San Francisco Bay Area (if SB797 is adopted)	No explicit provisions	Adds capital improvements to local general plan requirements which would identify areas for development, investment, & conservation based on 4-tier state classification system
Berge-son SB 434	Regional fiscal authorities to plan & finance new infrastructure Strengthened state-local plan consistency requirements State local land use court Reform & streamline CEQA; require consideration of social & economic costs & benefits	1) Expanded OPR would oversee development of 2-year state growth management strategy balancing environmental quality & state economic competitiveness 2) Creates 5-member state land use court to oversee local public agency permit issuance, determine local general plan consistency with state growth management strategy, & adjudicate disputes over developer fees 3) Substantial revisions to CEQA (at all levels of government) to include consideration of economic & social costs & benefits, eliminate no-project alternative 4) Pilot program of streamlined environmental permit reviews for 15 industrial projects	Local officials could create regional fiscal authorities to pay for development of regional-scale infrastructure & to prepare regional fiscal plans including tax-sharing agreements & revenue programs Authorities could raise revenues through regional impact fees, bond sales, benefit assessments, & Mello-Roos special taxes	No explicit provisions	1) Local general plans replaced with local comprehensive plans consistent with state growth management strategy & including: land use, housing, capital improvements, resources, & hazard elements 2) Local officials required to approve development consistent with local comprehensive plans unless significant adverse public health &/or safety impacts can be demonstrated 3) Streamlined CEQA review
Farr AB 76	Statewide plan consistency Strengthen existing regional planning agencies	Expanded OPR would oversee development of 2-year statewide planning report to serve as basis for allocation of state planning, capital, & environmental resources	Slightly expanded regional planning districts would prepare regional general plans, integrate other state & federal plans, consolidate redundant single-function agencies, & mitigate regional impacts of previously approved projects	Optional sub-regional plans must be approved by regional planning authorities	Local general plans must be consistent with regional plans
Morgan SB 797	Combines ABAG, MTC, & BAAQMD into single Bay Area regional commission	None Proposed	57-member Bay Area regional commission would prepare regional strategy for conservation & development for submission to legislature. Strategy would promote goals of economic vitality, natural resource protection & conservation, compact urban development forms, affordable housing, regional mobility, & adequate public facilities	Countywide planning associations would be created to assist Bay Area regional commission with preparation & implementation of regional strategy	None proposed, but would ultimately depend on provisions of regional strategy

By far the most controversial parts of AB 3 are the provisions that would create seven new regional development and infrastructure agencies.¹² These new agencies each would have a directly elected 13-member advisory board and would assume all the powers and responsibilities of existing councils of governments, regional transportation planning agencies, and regional water quality control boards. The new regional agencies also would have a variety of planning and plan review responsibilities not now held by existing agencies. Their planning responsibilities would include the development of a regional strategy to be consistent with the state plan. Once an approved regional strategy was enacted, it would obviate the need for indirect-source reviews—now the responsibility of regional air quality control districts.

In addition to the regional agencies, AB 3 would give local officials the option of forming sub-regional authorities to prepare sub-regional plans. At a minimum, each sub-regional plan would include six elements: congestion management; housing implementation; urban form; open space; capital facilities; and environmental quality. Sub-regional plans, if prepared, would be required to be consistent with regional strategies. The form of the governing body of each sub-regional authority would be left to its constituent members.

In recognition of the variety of regional contexts in California, AB 3 would allow regions to use indigenously developed processes to achieve the objectives of the bill. This provision, for example, would allow policy objectives to be met with the quite different structures and processes underway in San Diego and just beginning in southern California.

AB 3 would reform local land use planning in two key ways. First, each regional agency would establish urban growth boundaries for its cities. These boundaries would be designed to discourage urban sprawl, but would include sufficient developable land to accommodate anticipated growth. To minimize the likelihood that such boundaries would create unconstitutional "takings" of private development rights, each regional agency would develop programs to facilitate the sale of development rights by owners of parcels outside the growth boundaries.

AB 3 also would reform local administration of the California Environmental Quality Act (CEQA) by implementing a tiered review system. Smaller projects, and projects already found to be consistent with an adopted regional strategy, would be subjected to a less stringent form of impact assessment. So as not to substantively weaken CEQA, this form of tiered review could be applied only if local general plans, sub-regional plans, and the regional strategy were found to be consistent.

AB 3 proposes an interesting (and not entirely clear) mechanism for ensuring consistency among the various plans and planning levels. Local general plans would be required to be consistent with their sub-regional and regional strategies and, given an initial finding of plan consistency, subsequent changes to the regional strategy and sub-regional plans must be consistent with local general plans. Should interagency conflicts arise, AB 3 would empower the Governor's Office of Planning and Research (OPR) to select a neutral third party to facilitate conflict resolution.

To help pay for needed infrastructure, regional agencies and subregional authorities would be empowered to use the types of capital financing mechanisms currently available to local governments. These mechanisms include general obligation and revenue bonds, benefit assessment districts, and Mello-Roos Act special taxes. AB 3 also would require state officials to channel state grants and loans to projects within designated urban growth boundaries and to disapprove funding for projects found to be inconsistent with subregional and regional plans.

Once enacted into law by the legislature and the governor, AB 3 would become operative in a county only if approved by majority votes of the county board of supervisors and by three-quarters of the city councils representing three-quarters of the populations of incorporated cities within the county.

Assembly Bill 76

Introduced by Assemblyman Sam Farr, Assembly Bill 76 is much more modest in intent and scope than AB 3. Instead of creating wholly new planning agencies and mechanisms, AB 76 proposes selected changes in existing state, regional, and local planning agencies and laws to enhance consistency between plans of different levels of government.

At the state level, AB 76 would speed up OPR's production of its statewide Environmental Goals and Policy Report from the current four-year to a two-year cycle and expand it to include various environmental inventories and existing state plans (e.g. the State Transportation Improvements Plan, the California Coastal Commission Plan). This new state planning report also would serve as the basis for allocating state capital outlays. OPR's responsibilities would be enlarged, and it would be renamed the State Planning Agency.

At the regional level, existing councils of government (COGs) would be designated regional planning districts. Each district would be charged with preparing a single region-wide comprehensive plan that would include, in addition to the traditional general plan elements mandated by state law,¹³ an economic development element, a solid and hazardous waste element, an air quality element, and a capital improvements plan. Each region-wide plan also would include plans to consolidate existing single-function regional agencies as appropriate; mechanisms for integrating relevant aspects of state and regional plans; and a region-wide program to mitigate remaining negative impacts of previously approved projects.

At the local level, AB 76 would require cities and counties to certify that their general plans were consistent with the regional comprehensive plan (subsequent to its adoption). Determinations of consistency would be made by the regional planning district. AB 76 would not provide regional planning districts with new revenue-raising authority, but would include supplemental appropriations to fund the districts. To prevent cities and counties from having to do more with fewer resources, AB 76 stipulates that it would take effect only if supplemental appropriations were forthcoming.

Senate Bill 929

When Senate Bill 929 was first introduced by Senator Robert Presley in March 1991, it was quite similar to AB 3. The original version of SB 929 would have enacted a comprehensive statewide growth management program that strengthened regional and sub-regional planning; it would have replaced existing state-level growth management advisory agencies with a single, more powerful agency; it would have allowed for the voluntary creation of subregional planning agencies; and it would have amended state CEQA guidelines to allow for a tiered environmental impact review process. A side-by-side comparison of AB 3 and the original version of SB 929 revealed only two significant differences: SB 929 would have given responsibility for regional planning to existing (although strengthened) COGs, whereas AB 3 would place that responsibility in a set of new agencies; and SB 929 proposed that the state develop a standardized six-tier land classification system to guide state, regional, and local development decisions.

The new version of SB 929, as reintroduced in June 1992 and coauthored by Assemblyman Sam Farr, is a very different bill. Instead of a comprehensive state-regional land use planning bill, the revised version is primarily a bill to coordinate capital infrastructure planning and finance.

In its current form, SB 929 proposes a number of significant changes to state law. The bill would require the state Department of Finance to submit to the legislature an annual capital outlay master plan, combining and prioritizing the capital spending plans of all state agencies. To implement the plan, SB 929 would establish a California Public Improvements Authority and authorize it to issue bonds to finance public improvements. In essence, this new agency would become the state's infrastructure planning and financing arm.

SB 929 also would expand the OPR's responsibilities to include preparation of a statewide, comprehensive conservation and development strategy. The strategy would look ahead 20 years to California's economic development, land use, and environmental conservation needs, establish statewide conservation and development goals, and monitor the progress of state, county, and city governments in meeting those goals. To facilitate such efforts, SB 929 sets forth a four-tier land classification system, which would be used to categorize all areas of the state, including incorporated cities. The four tiers would include priority economic revitalization areas suitable for redevelopment and within existing developed areas; planned development areas suitable for infill development at designated minimum densities; urban reserve areas not currently developed but suitable for development 20 years hence; and resource conservation and environmental protection areas to be permanently protected from development. With its combination of goals, objectives, and land classifications, the proposed conservation and development strategy in effect would become a state general plan.

At the regional level, SB 929 would designate existing COGs as regional planning agencies, charging them with developing and implementing comprehensive regional strategies. Regional strategies would be submitted to OPR and the legislature to be certified as consistent with state

strategy. SB 929 would promote vertical and horizontal plan consistency through the use of fiscal incentives, not regulatory sanctions. In particular, state grants and loans would go only to those communities whose plans were consistent with their regional strategy, and to projects consistent with state goals and strategies. For projects within the first tier (economic revitalization areas), state funds would be awarded on the basis of reinvestment, redevelopment, and job creation potential. In the second tier (planned development areas), preference would be given to projects supporting contiguous and compact development forms.

Senate Bill 434

Senate Bill 434 also has undergone significant revision over its 15-month life. As first introduced in April 1991 by Senator Marian Bergeson, SB 434 was less a comprehensive growth management system than a program for planning and financing new infrastructure. As amended in June 1992, SB 434 expands upon that theme, but adds features designed to streamline the development approvals process.

SB 434 also proposes changes in state planning practices. On a two-year cycle, OPR would be required to prepare a single statewide growth management strategy. The strategy, which would be designed to balance the state's economic development and environmental protection needs, would be more than a statement of goals; it also would serve as a programming document, guiding the capital spending plans of all state agencies.

SB 434 builds on the recommendations of the California Competitiveness Council in proposing a new State Land Use Court. The five-member court (a separate branch of the state judiciary) would have jurisdiction over local development project decisions, CEQA reviews, permit deadlines, local comprehensive and redevelopment plans, and OPR consistency findings. The court could order a reluctant public agency to issue a development permit; uphold a public agency's permit denial; require damage payments if regulatory agencies miss statutory deadlines; determine consistency between the state strategy and local comprehensive plans; and adjudicate disputes over developer fees.

The most controversial provisions of SB 434 would require significant changes in the CEQA review process. Following the recommendations of the California Competitiveness Council, the bill would amend CEQA to require reviewing agencies to balance the social and economic benefits of proposed development projects against potential environmental impacts and mitigation costs. The no-project alternative would be eliminated from consideration, as would other alternatives judged to be economically infeasible. The maximum timeline for CEQA review would be shortened from one year to six months, and redundant reviews would be eliminated.

Instead of setting up new regional planning agencies, SB 434 would encourage local governments to form regional fiscal authorities with a single purpose: to plan and finance regional infra-

structure. These authorities could be established only at the request of a county board of supervisors (or, in the case of multi-county authorities, several county boards of supervisors) and three-quarters of the cities including three-quarters of a county's population. The method of selection and size of the governing board of each regional fiscal authority would be left to its cities and counties.

Regional fiscal authorities could acquire, plan, construct, and finance (but not operate) nine types of public projects of regional significance.¹⁴ Before a regional authority could build a project, it would be required to adopt a two-part fiscal plan setting forth proposed tax-sharing agreements and revenue-raising programs.

Each fiscal plan would be reviewed by other public agencies for local consistency, as well as by OPR for compliance with the state growth management strategy. As an administrative act, the adoption of a fiscal plan would not be subject to referendum. Projects planned and financed by regional fiscal authorities would not be exempt from CEQA.

To pay for new infrastructure, SB 434 would allow each regional fiscal authority to levy regional impact fees,¹⁵ establish benefit assessment and Mello-Roos special tax districts, and issue general obligation or revenue bonds. To make the financing of new infrastructure more equitable, the authorities would be required to establish tax-sharing agreements involving impacted cities, counties, and special districts.

SB 434 also would streamline the local planning process. The current system of county and city general plans would be replaced by a system of county and city comprehensive plans. Local comprehensive plans would include five elements (land use, housing, capital improvements, resources, and hazards), as compared with the nine general plan elements required by current state planning law. They also would include a cumulative environmental impact review of all proposed land use changes and development projects in order to avoid later analyses of individual projects. Once completed, each city and county comprehensive plan would be reviewed for consistency with the state growth management strategy. Local redevelopment plans and sphere-of-influence designations also would be reviewed for consistency with the state strategy.

Findings of plan consistency would be important for two reasons. First, in a change that would sharply limit local discretion, state and local officials would be required to approve development proposals that were consistent with their comprehensive plans, unless it could be demonstrated that a project would have significant adverse impacts on public health or safety. In addition, state agencies would be required to abide by local comprehensive plans, provided that they had been certified as consistent with the state strategy. Through the mechanism of consistency, the state strategy and local comprehensive plans would function as a long-term planning contract—binding each side to approve specific projects, but also preventing each side from overruling the other.

Senate Bill 797

Senate Bill 797, introduced by Senator Rebecca Morgan, can be viewed in two ways: as a limited bill that consolidates the powers and responsibilities of three existing San Francisco Bay Area regional agencies; or as a model for other California regions seeking broad-based regional growth management strategies.

SB 797, which applies only to the nine-county San Francisco Bay Area,¹⁶ follows on the work of BayVision 2020, a self-constituted task force chaired by former U.C. Berkeley Chancellor I. Michael Heyman. The bill proposes to merge the Association of Bay Area Governments, the Bay Area Air Quality Management District, and the Metropolitan Transportation Commission into a single agency—the Bay Area Regional Commission—with limited responsibilities for regional transportation planning, air quality management, and assessment of housing needs. The new commission would be headed by an interim governing board of 57 members, including 22 members representing the region's cities, 17 representing its nine counties, and 18 representing the public at large.

Other than taking over the responsibilities of its component agencies, the commission would have only one purpose: to prepare a long-term regional strategy for the development and conservation of the San Francisco Bay Area. Development of the strategy would be guided by six sets of goals¹⁷ and by nine newly established countywide planning associations. Although SB 797 leaves the details of the regional strategy to the commission, it strongly suggests that a system of city-based urban growth boundaries be at its heart. The bill further suggests that such boundaries be delineated to balance the region's 20-year population growth needs with the conservation of open space and farmland.

SB 797 requires that the regional commission complete its strategy by December 1, 1995, and submit it to the legislature for approval in the 1996 legislative year.

Assessing the Bills

How well do the five regional planning reform bills respond to the challenges of growth in California? There are no simple answers. The ultimate success of any plan or strategy depends less on how it is written than on how and by whom it is implemented. The five bills present frameworks for planning and governance, not specific programs or plans. As detailed as they are on the subject of legislation, as planning frameworks the bills represent just a beginning. Indeed, all of the proposals emphasize that plan development and implementation would be the responsibility of various regional agencies and authorities. Table 3 summarizes how the various proposals might affect the growth planning process in California.

Table 3
Comparing the Bills

	Legislative Bill					
	Current System	AB 3- (Brown)	SB 929 (Presley)	SB 434 (Bergeson)	AB 76 (Farr)	SB 797 (Morgan)
<i>Planning</i>						
Intra-regional planning & development	Informal & voluntary	Regional agencies	Regional agencies	Voluntary regional fiscal authorities	Improved regional plans	New Bay Area regional commission
Statewide planning consistency	Not required	Required	State CIP	Required	Improved state plan process	No provisions
Coordinated functional planning	Varies by region, but generally not	Not clear	Not clear	Statewide consistency requirements	Potentially (but not assured)	New regional commission
Coordinated planning/infrastructure investment	"	"	Coordinated state/local capital improvement plans	Regional fiscal authorities & comprehensive plan requirements	"	"
<i>Urban Form</i>						
Promote contiguous development	Varies by city & county	Urban growth boundaries	Somewhat (development tiers)	Not clear	Strengthened consistency requirements (otherwise not addressed)	Potentially, but depends on form of new regional commission
Encourage utilization of existing facilities	"	Not clear	Not clear	"	"	"
Preserve open space	"	By-product of urban growth boundaries	Perhaps (development tiers)	"	"	"
Encourage central-city re-investment	Varies, but generally not	"	"	"	"	"
<i>Environment</i>						
Promote improved air quality	Air Quality Management Districts	Regional agencies	Not clear	Not explicitly addressed	"	"
Promote improved water quality	State oversight	"	"	"	"	"
Preserve habitat & natural areas	Varies, depending on who has jurisdiction	Not clear	Perhaps (development tiers)	"	"	"
Preserve wetlands/hillsides	"	"	Not clear	"	"	"
Preserve agricultural lands	Varies by city & county	Not directly addressed	Perhaps (development tiers)	"	"	"
<i>Development Approval Process</i>						
Streamline permit approvals	No incentive	Some improvements to CEQA	No provisions	Significantly	Not addressed	No provisions
Promote permitting certainty	No incentive	Somewhat	"	"	"	"
Avoid/mitigate negative impacts	Minimal framework for cumulative or anticipated impact assessment	Not clear	"	Not clear	Strengthened regional planning	"
Develop projects of regional importance	No mechanism	Regional agencies	Perhaps (regional agencies)	Regional fiscal authorities	Improved regional plans	Depends on new commission
<i>Fiscal/Investment Issues</i>						
Improve methods of financing infrastructure	Varies by city	No	New state authority	Regional fiscal authorities	"	"
Jurisdictional equity	Rare	Not addressed	Not addressed	Tax sharing agreements	"	"
Proper use of impact fees/development agreements	Varies by city & county	"	"	Yes	"	"
Facilitate investment/service provision in developed areas	"	"	Regional agencies	Not addressed	"	"
<i>Legal Issues</i>						
Avoid unnecessary litigation	No mechanisms	"	Not addressed	Not directly, proposals for state land use court are open-ended	"	"
Avoid takings	"	Sale of development rights	"	"	"	"

Improving the Planning Process

California planning law requires plan consistency within units of government, not between or among them. Except for a few cases of voluntary cooperation, California cities and counties regulate land uses, provide public services, and build capital infrastructure in near-perfect isolation. Rarely do neighboring cities cooperate in planning new services or coordinate land use planning along common borders. Quite the contrary: cities and counties often plan defensively, assuming that neighboring jurisdictions will try to attract revenue-rich development and export service-intensive development.

To varying degrees, each of the five legislative growth management proposals is designed to promote horizontal (between neighboring jurisdictions) and vertical (between levels of government) plan consistency. Where the proposals differ is in how consistency is to be achieved.

Plan consistency between levels of government is at the heart of AB 3, SB 434, and SB 797. AB 3 and SB 797 embrace regional planning agencies and regional plans as a means of ensuring horizontal and vertical plan consistency. SB 434 supports the idea of plan consistency, but eschews regional planning; instead, it would require that local comprehensive plans (a simplified version of current general plans) and state agency capital plans be certified as consistent with the state's overall growth management strategy. Notions of plan consistency also are central to AB 76 and SB 797, but these bills, unlike the others, would strengthen rather than replace existing regional agencies.

It is not clear how the new and expanded regional planning functions described in four of the five bills would fit with the activities of existing infrastructure agencies such as BART, SCRTD, and various open-space and municipal utility districts. These agencies are not directly engaged in regional and local land use planning, but their decisions regarding facility extension and land acquisition have direct effects on regional development trends and patterns. It is a mistake to omit them from consideration or to assume that their planning activities ultimately will be folded into those of proposed regional agencies.

Except for SB 434 (which establishes regional fiscal agencies to build and finance new infrastructure) and SB 929 (which requires the production of a single statewide capital improvements plan), none of the proposed bills clearly describes the relationships between infrastructure investments and long-term development planning. AB 3, AB 76, and SB 797 seem to assume that these relationships will sort themselves out. In fact, as would seem to be indicated by the federal government's transportation improvement planning process (which seeks only to establish consistency between transportation projects), the gap between planning and infrastructure investment can be difficult to bridge. This is especially true when state and regional investment resources are limited.

To summarize, all five of the legislative bills set forth proposals to improve plan consistency within and among levels of government. AB 3 and SB 797 would promote plan consistency by

setting up new levels of governance; AB 76 and SB 929 would strengthen and rationalize existing regional agencies. SB 434 is less concerned with the concept of regional government than with the idea of coordinating development policies of state agencies and of state and local governments.

Urban Form and Urban Development

The desire to minimize urban sprawl — especially non-contiguous or "leapfrog" development — was central to California's land use planning reforms of the 1960s and 1970s. These reforms included the establishment of Local Agency Formation Commissions (LAFCOs) to coordinate local annexations, the establishment of voluntary agricultural preservation and property tax reduction contracts (through the Williamson Act), and the promotion of transferable development rights.

The extent to which these reforms have contained urban sprawl has varied throughout the state. They have been most successful when they have had the support of local constituencies and when local elected officials have actively promoted them, as along California's central coast. They generally have failed to contain urban sprawl in the state's fast-growing inland corridors.

All five of the proposed legislative bills embrace the idea of reducing urban sprawl, but only AB 3 (which requires the establishment of urban growth boundaries) includes provisions specifically designed to do so.¹⁸ The concept of urban growth boundaries figured prominently in earlier versions of SB 929 and SB 434, but was dropped because of opposition from development interests. The current version of SB 929 sidesteps the question by limiting state capital expenditures to existing urbanized or planned development areas as defined in its four-tier land classification system.

In addition to reducing urban sprawl, all five legislative proposals include such general development goals as promoting economic development, encouraging housing affordability, discouraging long-distance commutes and encouraging transit use, and making more efficient use of existing infrastructure and public facilities. Except for SB 929, which proposes to channel state capital improvement funds to particular land classifications, all of the proposals are vague on the issue of how these goals are to be accomplished.

Environmental Quality

None of the five legislative proposals includes much in the way of specific provisions for improving environmental quality. All seem to share the assumption that environmental issues can be addressed through improved regional planning or by requiring plan consistency. Proponents of AB 3 and SB 797, for example, argue that because the automobile is a primary source of air pollution, air quality planning and transportation planning should be combined at the regional level. While such a step would lead to a more integrated

planning process, it is not clear whether it will lead to improved transportation services and cleaner air.

While some might see the lack of specificity on environmental preservation as a drawback, others would see it as an advantage. By leaving the specifics of environmental protection to regional, subregional, and local agencies, the five legislative initiatives provide essential flexibility.

In a sharp break with the past, SB 434 separates the administration of CEQA from the goal of environmental protection. This bill assumes that the purposes of environmental protection are best served by plan consistency, and its authors see CEQA as harmful to California's economic climate and ineffective in protecting the state's natural environment. SB 434 proposes shortening the CEQA review process, limiting it to projects not already considered in community master plans, reducing the number of alternatives that must be considered, and mandating that economic and social as well as environmental costs and benefits be considered.

Development Approvals Process

To developers, improving the planning process means reducing delays, streamlining the approvals process, and reducing uncertainty. To many local residents, improving the planning process means stopping inappropriate projects and mitigating adverse impacts.

Although it may make sense on paper, the current development approvals process has become a tangle of inefficiencies. Statutory timelines for action commonly are ignored, as, in some cities, are general plan goals and guidelines. New regulations are layered on top of existing ones without considering their cumulative effects. The process by which projects are approved varies widely across jurisdictions. Even within a single city, the review process may vary from one project to another. All approvals are regarded as tentative, subject to reversal at any time by subsequent administrative, legislative, or judicial action. Issues of cumulative environmental and social impact, as well as overall project costs and benefits, are rarely addressed in a coherent fashion.

Except for SB 434, the bills now before the legislature would do little to remedy these problems. AB 3 proposes to streamline the CEQA process by instituting a system of tiered reviews, but this reform would not apply to most projects. None of the proposals provides for a more certain or timely review process, and only AB 76 addresses the issue of mitigating cumulative impacts. Where these bills do make progress is in the siting of projects of regional importance, particularly public projects. Under the terms of AB 3, AB 76, and perhaps SB 929, public infrastructure projects that are consistent with adopted state and regional plans would face a streamlined review process.

In contrast to the other four bills, SB 434 tackles the issue of development approvals head-on. By adopting the recommendations of the California Competitiveness Council, SB 434 would

streamline CEQA reviews to make it more difficult for opponents to slow or stop development. In fact, SB 434 would cut back on discretionary development reviews of all types. Once a community had adopted a comprehensive plan, it would be required to approve development proposals consistent with that plan unless they were found likely to generate unmitigatable impacts on public health or safety. (Some projects might fail such a test, but many others would not.) In essence, what SB 434 would do is to replace the current highly discretionary general planning process with one that would result in a fixed blueprint of future development. This would shift the burden from the developer, who now must demonstrate that a particular project should be built, to project opponents, who would be required to prove that it should not. Whether SB 434 goes too far in this respect is open to debate.

Fiscal and Infrastructure Investment

As is widely acknowledged, Proposition 13 threw a monkey wrench into California's infrastructure planning. Instead of a system in which responsibility for infrastructure planning is divided between state and local governments, the current system puts that responsibility on whatever level of government is capable of paying for it. Instead of a system in which the costs of new infrastructure are shared by new and existing residents, the current system requires costs to be borne almost entirely by new residents, primarily through impact fees, development fees, and exactions.

The state's response to issues of fiscal imbalance has been far from comprehensive. A few new mechanisms have been created (chiefly Mello-Roos districts) by which local officials can plan and finance new infrastructure. But the state has done little to counteract the trend toward infrastructure development by citizen initiative—that is, the requirement that all new general obligation bonds be approved by two-thirds of registered voters. The courts have insisted that locally based impact fees be reasonably related to the costs of development, but oversight of this decision remains uneven.

Of the five legislative proposals (in their original forms) only SB 434 addressed the related issues of infrastructure investment and local fiscal capability. SB 434 would not eliminate fiscal limitations imposed by Proposition 13, but it would make them easier to live with. Because the regional fiscal agencies proposed under this bill are voluntary, they should have a greater chance of obtaining citizen approval of new infrastructure funding. SB 434 also includes provisions for communities to share tax revenues. Although certain to be controversial, such provisions would reduce the importance of fiscal concerns in local land use decision-making.

In its most recent form, SB 929 is largely a capital improvements and infrastructure planning bill. This bill proposes that the state adopt a single statewide capital improvements plan to guide all state capital expenditures, and that capital grants to local governments be made in accordance with the statewide plan. To finance new infrastructure, SB 929 proposes establishing a

state public improvements authority and giving it the power to issue bonds. These provisions, however, don't go quite far enough. At the local level they do little to eliminate the problem of cashbox zoning, and they do not make new revenue sources available to local governments. Instead, they may force local governments to compete for limited state infrastructure funds.

Except indirectly —by shifting development to infill areas— none of the five legislative proposals would address the state's most vexing infrastructure planning problem: how to pay for new and improved infrastructure in established communities. Because they are growing slowly or not at all, such communities generally have been unable to make use of impact and development fees. Nor are they blighted enough to designate themselves as redevelopment areas.

Legal Issues

Inevitably, major land use and development decisions end up in court. Until recently, state and federal courts were giving wide and expanding discretion to local governments to regulate development. With the recent *Nollan* and *First English* cases, however, the courts have signaled that there may be limits to such discretion.¹⁹

All five legislative bills would impose significant new regulations on the use of private property, and thus would generate increased litigation. AB 3 and SB 434 anticipate this problem, but in different ways. AB 3 requires that mechanisms be put in place to transfer development rights from areas in which development is prohibited (or categorically reduced) to other areas. In this way, AB 3 would reduce the number of court challenges.

SB 434 follows the lead of the California Competitiveness Council and proposes the establishment of a new state court to deal with land use matters. The benefits of such a proposal— the first of its kind in the nation — would be twofold. It would concentrate the burden of land use litigation and, by creating a court that would deal solely with land use issues, it might result in more focused and more consistent decisions. Unfortunately, the current version of SB 434 presents the idea of a state land use court far too generally to judge its feasibility or constitutionality.

Can the Bills Be Implemented?

It may be premature to attempt to predict how well each bill would work, since a program must be implemented before it can be evaluated. In this section and in Table 4, we look at political, institutional, and resource barriers to implementation of the proposed bills.

Barriers to Adoption

Before a legislative proposal can be implemented, it must become law. AB 76, SB 929, and SB 797 must be passed by the legislature and signed by the governor. The two other legislative proposals, AB 3 and SB 434, must also be approved by a majority or super-majority of city and

Table 4
Implementation Issues

	Legislative Bill				
	AB 3- (Brown)	SB 929 (Presley)	SB 434 (Bergeson)	AB 76 (Farr)	SB 797 (Morgan)
Required to adopt?	Majority vote of county boards of supervisors & 3/4 of city councils representing 3/4 of incorporated area population	Majority vote of legislature	Majority vote of legislature; formation of regional fiscal authorities would require majority vote of county supervisors & 3/4 of cities with 3/4 of area population	Majority vote of legislature	Majority vote of legislature
<i>Institutional Capacity & Issues</i>					
Institutional capacity in place?					
• State	Reconstitutes & expands existing agencies	Expands OPR/new public improvements authority	Significant expansion of OPR	Expansion of OPR	Yes
• Regional	New agencies required	Slight expansion of COGs	Requires new type of regional agency	Some expansion of COGs	No
• County/local	Few changes required	Few changes required	Revises local general plan process	Few changes required	Yes
• Regulatory/service agencies	Combines some existing regional agencies	Not clear	Substantial revisions to CEQA	Few changes required	Combines some existing agencies
Bottom-up vs. top-down implementation	Mostly top-down	More bottom-up on planning, more top-down on infrastructure	Potentially top-down	Mostly bottom-up	Regional-down
<i>Resources & Technical Capacity</i>					
Planning resource provisions in bill?	Re-channel existing funding sources plus a few new sources	No	Expanded use of existing revenue mechanisms	Some state appropriations required	Uses current funding sources
Implementation resources in bill?	Improved use of existing revenue mechanisms	Improved use of existing revenue mechanisms	Expanded use of existing revenue mechanisms & new state land use court	Prioritized use of existing state funds	Prioritized use of existing state funds
Existing technical capacity					
• State	Requires some expansion of state capabilities	Must be significantly expanded	Must be significantly expanded	Yes	NA
• Regional	No	Yes	Requires new type of regional agency	Yes	No
• County/local	Yes	Yes	Completely revise local general plan process	Yes	Yes
• Regulatory/service agencies	Generally yes	Generally yes	Yes	Yes	Combines some existing agencies
<i>Flexibility</i>					
Provision for conflict resolution	Yes (although somewhat sketchy)	Not clear	Adjudicated through new state land use court	Cross-acceptance mechanisms	Not clear
Frequency of plan updating	State plan every five years	State plan every five years	Requires 5-yr. revision of local general plans	Requires 2-yr. revision of state plan	Not clear
<i>Constituencies</i>					
State officials/agencies	Not clear	Not clear	Not clear	Not clear	Not clear
Regional/functional agencies	No	Not clear	Probably	Yes	Not clear
Local officials	No	Not clear	Will vary	Yes	Varies by locality
Environmental organizations	Varies by organization	Maybe	No	Varies	Yes
Business groups	Not clear	Yes	Yes	Not preferred	Yes
Social/equity organizations	Not clear	Not clear	Not clear	Not clear	Not clear
Minority communities	No	Not clear	Not clear	Not clear	Not clear
<i>Power Relationships</i>					
Who gains power?		State planners, business interests	State policy-makers; state land use court	Existing COGs	Depends on commission make-up
Who loses power?		Not clear	Environmental organizations & opponents of development	Existing state agencies	
<i>Equity Concerns</i>					
Spatial	Not addressed	Not addressed	Some, through tax-sharing agreements	Not addressed	Not addressed
Income	Not addressed	Not addressed	Not addressed	Not addressed	Not addressed
Racial & ethnic	Not addressed	Not addressed	Not addressed	Not addressed	Not addressed

county representatives. AB 3 would take effect in a particular region only if it received a majority vote of county boards of supervisors in that region, plus a majority vote of three-quarters of the city councils representing three-quarters of the population of that region's incorporated cities. Under the terms of SB 434, the establishment of voluntary regional fiscal agencies would require a similar level of local approval.

The efforts of SB 797 (BayVision 2020) proponents to garner local support suggest just how difficult the battle is likely to be. Despite its name, this is not a vision for the San Francisco Bay Area, but a modest proposal to combine three existing regional agencies into a single region-wide transportation and air quality planning agency and to begin developing a region-wide plan. BayVision 2020 has yet to be formally adopted by the general assembly of the Association of Bay Area Governments, the only existing regional forum for elected and public officials in the Bay Area— and a body that one might think would be strongly in favor of regional planning. BayVision 2020 has stalled for a simple reason: some smaller local governments believe that regional planning in any form will be dominated by larger cities or by coalitions of cities from particular sub-regions.

The problems facing BayVision 2020 are indicative of those that may be encountered by any legislative proposal with strong regional planning at its core: constituent cities may believe that what they would get from regional government in terms of improved planning is less than what they would have to give up in terms of independence. As currently written, three of the five proposals (AB 3, AB 76, and SB 797) do not include incentives sufficient to entice local governments to participate in regional planning. SB 929 finesses the issue by leaving the substance, form, and implementation of regional plans to existing (albeit slightly strengthened) regional agencies. SB 434 sidesteps the problem altogether by mandating that local general plans (reborn as comprehensive plans) be consistent with state growth management plans.

If the experiences of BayVision 2020 suggest the difficulties of building regional planning agencies, the very different experiences of SANDAG (San Diego Association of Governments) indicate the potentials. Instead of adopting regional planning and governance in one fell swoop, the members of SANDAG have been edging toward it for 25 years. SANDAG includes fewer municipalities than the Bay Area, and most of them have experienced the same set of problems: rapid growth, declining resources, and rising public resistance to growth. SANDAG is a forum for a relatively small number of local governments to address common interests and problems, not an arena for many local governments to adjudicate disputes.

Yet another approach is seen in recent developments in southern California, where the Southern California Association of Governments (SCAG) is taking a leadership role in developing a more integrated regional planning process. SCAG has signed memoranda of understanding with regional agencies such as the South Coast Air Quality Management District and the Metropolitan Water District state and national agencies such as regional water quality boards and the Bureau of

Land Management, and other interest groups. These agreements delineate roles in developing a regional comprehensive plan intended to establish a common framework for other plans and to inform public and private decision-making. To provide a more inclusive and representative political setting, the SCAG executive committee was expanded to 63 members, all locally elected officials.

Institutional Capacity and Resources

For new institutions such as regional planning agencies to succeed, they need a permanent political constituency committed to success; the capacity to work with other important institutions; the technical capabilities required to accomplish their purposes; and sufficient resources. Measured against these requirements, AB 76 and SB 929 are the most likely to succeed. Rather than requiring the establishment of new constituencies, institutional relationships, and technical capabilities, these two bills build on the capabilities of existing councils of government. At the state level, both AB 76 and SB 929 would require a modest expansion of the Governor's Office of Planning and Research and modest increases in state-level interagency coordination. SB 929 also would require the establishment of an entirely new governmental body, the California Public Improvements Authority, but there are ample models for such an agency both within and outside California. Finally, and most important, both bills would provide at least some of the resources needed for implementation. AB 76 would set aside funds to cover start-up costs. SB 929 includes provisions to cover state-level start-up costs, but plans for covering down-the-road costs of adopting and implementing regional plans are left purposely vague. SB 929 also fails to provide sufficient technical guidance for implementing its four-tier land classification system.

AB 3 and SB 434 probably present the most difficult implementation problems. While AB 3 includes provisions for start-up funding and conflict resolution, it would require new technical capabilities at state, regional, and sub-regional levels, as well as a reconstitution of several state-level agencies. Beyond providing mechanisms to ensure plan consistency, AB 3 also fails to fully define the roles of its proposed regional and sub-regional agencies.

The difficulties presented by SB 434 are of a different nature. At the local level, this bill would discard more than 20 years of local general plans, substituting a new model, the local comprehensive plan—which would be required to be consistent with the state growth management strategy. Given the diversity of local governments in California, SB 434 underestimates the technical and institutional problems associated with adopting a new local planning process and ensuring that local plans are consistent with state policies. SB 434 also is vague about relationships between the proposed state land use court and existing federal and state laws and courts. Would the proposed court, for example, be empowered to hear cases in which takings are alleged? On the positive side, SB 434 does include provisions that would make some of its new proposals (such as the state land

use court and regional fiscal agencies) self-funding; left open, however, is how mandated changes in the local planning process would be paid for.

SB 797 falls somewhere between these two extremes. Because its immediate aims are so limited, the short-run institutional and technical difficulties of implementing SB 797 would be minimal. And because SB 797 combines rather than augments existing agencies, the lack of start-up resources would not be a serious problem. In the long run, however, SB 797 would experience some of the same problems as SB 929. Sooner or later, the process it sets forth would have to produce a plan, but nothing is said about what that plan might look like, how it would deal with existing units of government, and how it would be paid for.

Constituencies and Power Relationships

Another way of gauging the problems these five bills might encounter in implementation is to identify their potential constituencies. This can be done by examining how interest groups have reacted to the proposals, as well as by speculating how those groups might be affected.

SB 434 would do most to shake up the system, and thus has the fewest obvious constituencies. Because it calls for an overhaul of the planning process in a manner that would significantly restrict local discretion, SB 434 would be unpopular with city and county officials and community organizations. And because it so alters CEQA (some might say, eviscerates it), SB 434 is sure to be anathema to environmental interests. The constituency for SB 434 would be home builders and the development community, who would applaud its simplification of the development approvals process. Organized business interests also may appreciate SB 434's support for development and infrastructure.

AB 3 also has few obvious constituencies. Under this bill, the roles of state and regional agencies would be substantially altered, and in embracing sub-regional planning AB 3 could undermine the independence of local governments. Because its substantive goals are so vague, AB 3 does not clearly appeal to organized environmental, business, or social service organizations. Finally, some minority groups have expressed concern that AB 3 would concentrate political power in the hands of white, suburban interests.

Because it tightens up planning practices but doesn't change them all that much, AB 76 might find natural constituencies in existing regional planning agencies and local governments. In the San Francisco Bay Area, an environmental group (the Greenbelt Alliance) and a business group (the Bay Area Council) have worked in tandem to promote SB 797. Both groups see the bill as breaking the decision-making gridlock that currently grips the region. Existing regional agencies, which would be merged under the bill, and local governments have been more hesitant to sign on.

The original version of SB 929 suffered from many of the same constituency problems as AB 3. The current version, however, includes something for everyone. Business interests should applaud

its infrastructure orientation, as should state agencies that lack their own capital funds. SB 929 calls for improved planning coordination on terms to be worked out by each region, a provision that should appeal to existing regional agencies and local governments. Environmental interests should appreciate SB 929's land classification system, which, depending on how the technical details were worked out, might conserve vast amounts of land currently threatened by urbanization. On the downside, SB 929 does little to respond to California's air and water quality problems, nor is it likely to please development interests looking for fundamental reforms of the entitlements process.

In terms of power, responsibility, and resources, who would win or lose under the various proposals? Ultimate winners under AB 3 probably would be state policy-makers and the new regional agencies. State policy-makers also would gain power and responsibility under SB 434, largely at the expense of local governments, environmental interests, and citizens groups. Development interests would be another winner under SB 434. Under AB 76 power and planning responsibility would flow from existing state agencies to COGs.

Winners and losers under SB 797 and SB 929 are much less obvious. Rather than changing power and institutional relationships, these two bills provide frameworks within which existing interest groups could work together and incentives to encourage them to do so.

Equity Issues

Although SB 434 does address the problem of fiscal equalization, none of the five proposals explicitly deals with issues of income, racial, or spatial equity. In proposals designed to promote statewide growth these are glaring omissions.

Moving Forward

As of August 1992, two of the proposed bills, SB 797 and SB 929, had been approved by senate and assembly local government committees and moved on to the Assembly Ways and Means Committee for further consideration. How and if they will emerge from that committee, whether they will be approved by the legislature, and whether they will be signed by the governor are, at this point, unknown. In its current form, SB 434 is unlikely to emerge from committee. Neither AB 3 nor AB 76 is likely to receive further consideration as an entire bill, although aspects of both could be included as amendments to subsequent bills.

Political Evolution of Growth Management

Reform proposals typically are based on an analysis of what is wrong with the current system and what needs to be reformed. With the exception of SB 434, all of these bills in their original forms saw the system of local government as too fragmented to deal with the state's population growth. Based on this diagnosis, the prescription was straightforward: strengthen

existing or build new regional planning relationships to promote consistent planning and development policies within regions and throughout the state.

As appealing as this prescription was to planners and interest group leaders, it was less appealing to local governments, special interests, and minority groups that perceived regional planning as another vehicle to deny them influence. As a result, none of the bills in their original forms attracted sufficient support to be voted out of committee.

In the meantime, relentless population growth started to seem less inevitable. The national recession, once it finally arrived in California, has proved to be unexpectedly deep and long. Businesses once again have started talking about leaving the state — pushed out, they say, by the high cost of doing business. Fed up with a declining quality of life and a depressed economy, many affluent Californians are leaving the state's largest urban counties. And California's record budget deficit, supposedly a one-year aberration resulting from the recession, has started to look structural. In mid-1992, the problem facing California seems to be not too much growth, but too little.

Two of the original five proposals— SB 929 and SB 434— were amended to reflect these new realities. The regional planning provisions at the core of the first version of SB 929 were excised, and new provisions emphasizing statewide capital facilities planning replaced them. Rather than new regional institutions becoming a framework for additional regulation, existing agencies would become a system for coordinating incentives.

The changes to SB 434 were even more dramatic. What had started as a modest proposal to voluntarily coordinate new capital construction became a far-reaching effort to dismantle local planning processes and environmental regulations and to substitute a top-down system to minimize planning and development conflicts.

These changes moved the two bills in opposite directions. Reborn as a general-purpose infrastructure planning bill rather than a regional growth management bill, SB 929 quickly attracted a wider following. The new version of SB 434, on the other hand, proposed so many controversial changes to the existing system as to become politically inviable.

The other proposal currently going forward, SB 797, also has been modified, although not as comprehensively as SB 434 or SB 929.

Learning from Other States

As SB 797 and SB 929 move forward through the legislative process, their authors would be wise to consider the experiences of two other large, urbanized states that have undertaken similar initiatives: Florida and New Jersey.²⁰ Key provisions of these states' approaches to growth management are summarized in Table 5, along with those of four other states that have adopted statewide growth management programs: Georgia, Rhode Island, Vermont, and Maine.

Table 5
Growth Management Programs in Other States

	Florida (1985) <i>Local Government Comprehensive Planning & Land Development Act</i>	New Jersey (1986)	Rhode Island (1988) <i>Comprehensive Planning & Land Use Regulation Act</i>	Georgia (1989) <i>Georgia Planning Act</i>	Maine (1988) <i>Comprehensive Planning & Land Use Regulation Act</i>	Vermont (1988) <i>Act 200</i>
Major Goals	Coordinates timing of public & private infrastructure investment (concurrency) Promotes planning consistency across & between state & local governments Protects coastal environments	Promotes orderly growth & development; protects the environment; revitalizes urban areas, providing adequate public facilities & meeting state & local affordable housing needs	10 broad goals covering growth, housing, natural environment, & plan consistency	None	10 broad goals covering growth, housing, natural environment, public services, & facilities	12 broad goals covering economy, housing, & environment
State Role	State Department of Community Affairs (DCA) establishes rules, criteria, & procedures for local planning; may withhold state grants to noncompliant communities	State Planning Commission prepares & adopts state plan; identifies areas for growth, limited growth, agriculture, & conservation; prepares infrastructure needs assessment & helps negotiate cross-acceptance	State Planning Council adopts State Guide Plan to coordinate individual state agency plans; Division of Planning assists local planning efforts & certifies local plans consistent with State Guide Plan & policies	Governor's Development Council coordinates state agency plans; Department of Community Affairs certifies local governments as qualified to receive planning grants; Board of Community Affairs assembles plans into one document	State Office of Comprehensive Land Use Planning reviews & certifies local plans for consistency with state goals and provides technical assistance	Department of Community Affairs provides planning grants to local governments & evaluates local plans for consistency with state affordable housing goals
Regional Role	Regional Planning Councils prepare regional plans, review developments of regional impact, & review & comment to DCA on local plan consistency with regional plans	None; counties are designated bodies for negotiating local plan cross-acceptance & providing technical assistance	None	Regional Development Councils draw up regional plans & provide technical assistance to local governments	Regional Councils assess regional needs & resources, develop regional policies, & assist in developing local plans	Regional Planning Commissions made up of local representatives prepare regional plans consistent with local plans & state goals & determine eligibility for local planning grants
Local Role	Mandatory local plans must be consistent with state & regional plans, & include capital improvements & coastal management elements and concurrency management plan	Local governments respond to state plan map designations & policies, but local-state plan consistency not required; participate in plan cross-acceptance procedures with neighboring localities	Local comprehensive plans must be consistent with state plans & policies; state prepares local plan if locality does not	"Qualified" local governments develop comprehensive plans including land use regulations & capital improvement plan	Local governments adopt growth management plans consistent with state goals & guidelines & with regional plan	Local plans optional; state planning grants contingent on localities undertaking plans; local governments can veto regional plan
Coordinating Mechanism	DCA reviews & evaluates regional & local plans for consistency, & for concurrency between private development & 6 types of public facilities; no local review of neighboring localities' plans	State allocation of expected growth to counties & localities; neighboring communities negotiate plan cross-acceptance	Division of Planning certifies local plan consistency; state agency plans must be consistent with certified local plans	State & regional plans must be consistent with local plans	Local governments may request voluntary certification by the state, which provides preferential technical, funding, & legal assistance	Council of Regional Commissioners reviews state agency plans for consistency with state goals & regional plans
Problems to Date	Local governments have had insufficient state & local funds to implement infrastructure required under concurrency provisions	Growth allocation & cross-acceptance processes are taking longer than anticipated			Lack of state budget resources	

Florida's concurrency approach. In 1985, the Florida legislature passed the Local Government Comprehensive Planning and Land Development Act, commonly known as the Growth Management Act. This act established requirements and timetables for the adoption of various regional, city, and state agency plans and required that they conform with state-level growth management goals. In this sense, Florida's Growth Management Act is similar to proposals set forth in AB 3, SB 929, and AB 76.

Florida's Growth Management Act also imposed what has come to be known as a "concurrency" requirement. Concurrency requires that once local plans and development regulations have been adopted and found to be consistent with regional and state plans, no new development may be approved by local government unless infrastructure capacity is available to support it. The act also sets forth sanctions by which the Florida Department of Community Affairs might act to deter urban sprawl and increase locally zoned densities.

Implementation of Florida's Growth Management Act has been complicated by a number of factors. Certification of consistency between local and state plans has been slower than anticipated, in part because of the time it has taken state agencies and local governments to gear up their planning capacities, and partly because many local governments resisted the state's unbending criteria for judging consistency.

A more serious problem has been the lack of fiscal resources necessary for Florida communities to achieve concurrency goals. Unless major increases in state and regional funding are forthcoming, Florida's innovative approach to coordinated growth management may prove too expensive to be workable. On the positive side, Florida's Growth Management Act—with its emphasis on state-local consistency—has led to improvements in local planning capacity and to higher levels of inter-municipal and intra-regional cooperation.

Florida's experience offers four lessons for California, mostly by counter-example. First, growth management, if it is to be done at all, cannot be done without spending some money. Second, once the initial round of state, regional, and local planning activities is finished, there must be adequate funding mechanisms to begin plan implementation. Third, implementation of regional growth management plans must involve a continuing three-way partnership among local government, state or regional government, and the private sector. And finally, regional planning institutions can work as a forum and coordination mechanism only if they are not dominated by either state or local government interests.

New Jersey's cross-acceptance approach. The imperative for coordinated state growth planning in New Jersey came from two separate sources: judicial concerns about the availability of affordable housing and popular concerns over rising traffic congestion, declining environmental quality, and an eroding quality of life. Under court mandate to adopt a "fair-share" housing and growth program, the legislature established a state planning commission in 1986. The primary responsibility of the commission—appointed by the governor and comprised of state agency heads, representatives of local government, and public members—is to prepare a statewide growth management plan identifying specific areas for growth, limited growth, agriculture, and conservation. The statewide plan also must include an infrastructure needs assessment to evaluate New Jersey's current and projected infrastructure needs.

The legislature also required that New Jersey's more than 500 local governments meld their individual plans into a single statewide plan through a process of negotiation known as "cross-acceptance." Under the New Jersey system, counties are the designated bodies for negotiating cross-acceptance between the state and local governments.

New Jersey's approach to growth management is not as heavyhanded as this description might make it seem. The state planning commission is empowered to negotiate plan cross-acceptance between communities, but it cannot mandate it. Nor can it require that the goals of local plans be consistent with state goals. What the commission can do is withhold discretionary capital funding from communities that adopt plans inconsistent with the state plan or with the plans of neighboring communities.

New Jersey's approach — with its emphasis on growth tiers, incentives, and cross-acceptance within counties — is similar in many ways to the provisions included in SB 929. How well has it worked? Fairly well, according to most observers.²¹ The state planning commission unanimously adopted the state plan on June 12, 1992. All New Jersey municipalities and counties, even those not required to do so, participated in the cross-acceptance process. Supporters of the state plan prevented passage of a bill requiring legislative approval before the plan could take effect. As Judith Innes has noted, cross-acceptance has systematically reduced hundreds of local land use disagreements to a small handful.²²

New Jersey's experiences, though still evolving, offer some important lessons for California. First, planning guidelines and criteria need to be flexible. Through the process of cross-acceptance, initial definitions of growth tiers gave way to the concept of communities of place as the focus for new development. Second, stronger forms of county-wide planning and growth management may be a viable alternative to new regional planning institutions. Third, achieving horizontal consistency (plan coordination among neighboring local governments) may be more important than achieving vertical consistency (plan coordination between levels of government). Fourth, from its inception, regional growth management planning must be seen as a two-way street: as a vehicle for local governments to act in accordance with state policies, but also as a mechanism by which state agencies respect local plans.

Growth Management as Cooperative Planning

It is still debatable whether growth management has a future in California. What is not debatable is the fact that if a state growth management bill is ever to reach the governor's desk, and perhaps be signed, it must be practical, straightforward, and designed to address the growth issues that California will face during the 1990s. What should such a bill include?

First and foremost, such a bill should include a limited number of substantive planning goals that can be adopted by state agencies and local governments. Such goals should be specific

and measurable. At a minimum, they should include constructing needed infrastructure, improving air and water quality, preserving open space, farmland, and endangered habitat areas, reducing traffic congestion, encouraging job growth throughout the state, and promoting the production of affordable housing. Planning goals should not be designed to favor one type of development over another or to restrict transportation options. In short, they should focus on those things that can be supported by the broadest spectrum of Californians.

Second, a workable bill should emphasize consistency among similar units of government, but not necessarily across different levels of government. That is, the bill should emphasize horizontal plan consistency among agencies at the state level and among neighboring municipalities at the local level. It is unrealistic and wasteful to try to develop, monitor, and implement vertically consistent plans in a state the size of California. Two of the bills now before the legislature— AB 3 and SB 43 —put far too much emphasis on vertical plan consistency.

Third, the bill should include incentives for multijurisdiction and multi-function planning efforts, but should not necessarily require regional planning. Many of California's growth problems are multijurisdictional but not necessarily regional. Requiring that California's growth problems all be seen as regional will hamper, not facilitate, their resolution. State law should not promote regional government, regional regulation, or regional planning, except where it is the choice of the governed. Rather, the state should encourage cooperative, regional problem-solving mechanisms such as the voluntary regional fiscal authorities proposed in SB 434.

Fourth, the bill should amend California planning law to require that county general plans be undertaken at the same time, and in cooperation with, the general planning efforts of cities and LAFCO reviews of spheres of influence. It is easier to promote cooperative planning by establishing a common planning timetable than by requiring plan consistency.

Fifth, the bill must reform the development approvals process to promote timely project reviews, genuine impact mitigation, and increased certainty in outcomes. The best way to do this may be to require that communities undertake cumulative environmental impact and mitigation studies for anticipated development as part of the general and specific planning processes. AB 3 suggests such a reform, although not in sufficient detail for implementation. SB 434 also suggests reforming the development approvals process, but in such a radical way as to be politically infeasible.

Sixth, the bill should emphasize incentives over regulations. This is an often-cited principle, but one that bears repeating. One set of incentives should be new financing vehicles for use by local governments that cooperate with each other in planning infrastructure or providing services.

Seventh, the bill should require and fund a comprehensive land and environmental inventory system so that all units of government have the same high-quality sources of information with which to make planning and development decisions. The type of land classification system proposed as part of SB 929 is a step in this direction.

Eighth, the bill should require periodic production of a state growth management strategy that links long-term development, conservation, and spending plans of all major state agencies. Such a strategy should not be a yardstick for enforcing local plan consistency, but a means of integrating the planning efforts of California's many state agencies and of providing a document to guide local planning efforts.

NOTES

- ¹The vote on SB 797 was squeezed in between final passage of the state budget (after two months of deadlock between the legislature and the governor) and adjournment. Opposed by local elected officials in Sonoma, Solano, and Napa counties, the bill did not receive a lengthy hearing. Proponents of SB 797 promise that they will introduce essentially the same bill in the next legislative session.
- ²Michael Teitz, "California's Growth: Hard Questions: Few Answers," in John Kirlin and Donald Winkler, eds., *California Policy Choices*, Vol. 6, University of Southern California School of Public Administration, Sacramento Center, 1990.
- ³Center for the Continuing Study of the California Economy, *California Population Characteristics*, Palo Alto, California, 1991.
- ⁴John Landis, "Does Growth Control Work? A New Assessment," *Journal of the American Planning Association*, Fall 1992.
- ⁵California Senate Office of Research, *Does California Need a Policy to Manage Urban Growth?* Sacramento, California Legislature, 1989.
- ⁶Madelyn Glickfeld and Ned Levine, *Growth Controls: Regional Problems — Local Responses*. Cambridge, MA, Lincoln Institute of Land Policy, 1991.
- ⁷In this context, affordable housing means housing affordable to households making 120 percent or less than area median incomes. This definition includes both middle-class households interested in home ownership and low-income households looking for rental units.
- ⁸Growth Management Consensus Project, *Project Director's Final Report*, Sacramento, California State University, Center for California Studies, 1991. The following groups were represented: California Manufacturers Association, BayVision 2020, California Chambers of Commerce, County Supervisors Association of California, California Coalition for Rural Housing, California Housing Council, California Farm Bureau Federation, Environmental Defense Fund, Mexican American Legal Defense and Education Fund, California Building Industry Association, California Association of Realtors, National Association for the Advancement of Colored People, Sierra Club, California Business Properties Association, California Council for Environmental and Economic Balance, Natural Resources Defense Council, Coalition of Asian Pacific Americans, Greenbelt Alliance, Planning and Conservation League, The 2000 Partnership, California Councils of Government, American Planning Association, League of California Cities, Latino Issues Forum, South Coast Air Quality Management District.
- ⁹Richard Rapaport, "Regionalism — Part 1," *San Francisco Focus*, 39:2 (January 1992).
- ¹⁰Governor's Office of Planning and Research, *Models of Regional Government*, Sacramento State Printing Office, 1991.
- ¹¹Including the State Transportation Improvement Program, the State Rail Plan, the state implementation plan for air quality, the California Coastal Zone Conservation Plan, and the Statewide Housing Plan.
- ¹²The seven regions are the San Francisco Bay Area, the San Diego region, the Los Angeles region, the south-central coast, the north-central coast, the Sacramento region, and the Central Valley.
- ¹³Including the elements of land use, transportation, housing, conservation, open space, noise, and safety.
- ¹⁴Including transportation facilities, ports and harbors, sewers, water facilities, flood control, solid waste, open space, cultural facilities, and educational facilities.
- ¹⁵These could not duplicate or be duplicated by local impact fees.
- ¹⁶Including Alameda, Contra Costa, Marin, Napa, San Francisco, San Mateo, Santa Clara, Solano, and Sonoma counties.
- ¹⁷These goals include promoting economic vitality, protecting the natural environment, ensuring the development of more compact urban forms, promoting the supply of affordable housing, discouraging long-distance auto commutes, and planning for orderly development of needed public facilities.
- ¹⁸SB 797 strongly suggests, but does not require, the establishment of urban growth boundaries around existing cities.

¹⁹William Fulton, *Guide to California Planning*, Point Arena, CA, Solano Press Books, 1991.

²⁰John DeGrove, "Growth Management and Governance," in David Brower, David Godschalk, and Douglas Porter, eds., *Understanding Growth Management: Critical Issues and a Research Agenda*, Washington, D.C., The Urban Land Institute, 1989.

²¹Dennis Gale, "Eight State-Sponsored Growth Management Programs: a Comparative Analysis," *Journal of the American Planning Association* 58(4): 425-39, 1992; Judith Innes, "Group Processes and Social Construction of Growth Management: Florida, Vermont, and New Jersey," *Journal of the American Planning Association* 58(4): 440-53, 1992.

²²Innes, *Ibid.*

GROUP PROCESSES AND THE SOCIAL CONSTRUCTION OF GROWTH MANAGEMENT: FLORIDA, VERMONT, AND NEW JERSEY

Judith Innes

ABSTRACT

Consensual groups are playing a growing role in planning. Typically, these involve broad representation of stakeholders along with experts, intensive discussions, and treatment of group members as equals. This paper looks at the group processes that have been invented to play key roles in the implementation of new statewide growth management programs in Florida, Vermont, and New Jersey. In the case of Florida, a top-down, powerful regulatory process had to be modified by the use of groups to get efficient procedures and acceptable policy. In the case of Vermont, a laissez-faire adjudicatory system proved insufficient to get wide public support of the process, though groups did aid in working through how to do state agency planning and build information systems. New Jersey's system, built on collaborative group process, demonstrates that many issues that remain problematic in the other states can be resolved by carefully designed groups. The paper concludes that group processes have been useful for the development of shared meaning, the application of policy to context, doing complex new tasks, coordination among players, and creation of new strategy. The group processes have only partly succeeded for several reasons. Some fail to include key stakeholders; others lack group facilitation; some do not continue long enough. Most are not well linked into the processes by which decisions are actually made. The rethinking of the institutions remains the next challenge.

Consensual group process is being "discovered" in many arenas of theory and practice. Strategic management and strategic planning in business (e.g. Rowe et al. 1989) and in government give a central role to such groups for tasks such as envisioning futures, identifying strategic issues, and solving problems (Bryson 1988). They have been proposed and used for integrating science and policy (Ozawa 1990); for dispute resolution (Amy 1987; Rabinovitz); and for community goal setting (Bryson and Einsweiler 1988). The joint conference of U.S. and European planning schools in 1991 lists 16 papers under the category of "negotiation, mediation and group process."¹ John Friedmann (1988) in his review of planning thought identifies "social learning" as one of the major styles of planning. Habermas' "theory of communicative action" (1984) makes a case for learning through group processes that are carefully constructed to assure that all interests are represented.

GROUP PROCESSES IN PLANNING

Consensual groups involving stakeholders, experts, and citizens are increasingly supplementing, and occasionally supplanting, such traditional elements of planning practice as goal-setting by citizen commission, analysis by experts, standard-setting by bureaucrats, design of programs by consultants or staff, and even formal policymaking by agency heads and elected officials. These groups, which usually engage in intensive discussions over a period of months, are often run by facilitators. Such groups typically attempt to treat participants as equals, hear all views, and reach consensus. Some operate by challenging and reformulating assumptions and problems. Such groups can learn jointly, change individual perceptions, and develop shared meanings and accepted strategies for otherwise intractable issues.²

Traditional processes for land use planning have sometimes operated like such groups. Planning commissions, especially in small communities, may include stakeholders, such as developers or environmentalists, along with planners in informal, consensus-seeking discussion. Increasingly, however, legal requirements prevent such exploratory discussions by forcing public bodies into formal, stepwise procedures, with noticed meetings, agendas that must be followed, and standardized decision criteria (Rudel 1989). As a result, ad hoc groups, like task forces and advisory committees, since they are freer from such requirements, have been the most likely to operate as consensual groups.

The trend toward using such groups is evident in state growth management programs adopted since 1985. These programs are broad and multipurpose and aim to balance environmental protection and economic development with a range of other concerns, such as limiting infrastructure costs. The programs are essentially strategies to coordinate the actions of local governments in land planning and regulation with state agencies' environmental regulation and infrastructure provision and with actions of the private sector.

This paper reports on group processes in the growth management programs of three states where implementation is furthest along: Florida, Vermont, and New Jersey. My initial work comparing these emergent programs (Innes, forthcoming) shows that even where they are not part of the original legislation, group processes are being invented for many purposes. This paper shows how group processes are used to identify issues, develop shared meaning for basic policy concepts, explore how policy and standards will work in practice, negotiate among interests, design implementation strategy, and work through complex new tasks. The research also suggests that the membership and management of these groups and the way their work is linked to the overall decision system are critical factors in whether they play effective roles in the design and implementation of the program.

The research involved field and telephone interviews conducted in 1988, 1989, and 1990. Between 15 and 25 people in each state who were playing key roles in the growth management program were interviewed in depth. These included state, regional, and local staff, agency heads, citizen commissioners, elected officials, and leaders of environmental and other organized interest groups. Program documents were also used, including legislation, proposed legislation, guidelines, minutes of meetings, plans, and findings of administrative hearings. In New Jersey the author also attended key meetings and observed the group process first-hand.

STATE GROWTH MANAGEMENT PROGRAMS AS SYSTEMS FOR SHARING POWER

Unlike an earlier generation of state land regulation,³ growth management programs do not preempt local control for special problems of regional or statewide impact, but systems to share power over a wide range of issues. All the states involved have experienced periods of rapid growth, visible increases in traffic, problems with air and water quality, and conflict among developers,

environmentalists, and local governments. The legislation in all the states was enacted with wide public consensus and the backing of major development and environmental interests. These interests have decided they prefer rules of the game to endless controversy.

The legislation⁴ typically includes the following: (1) 10-12 broad state goals; (2) requirements for important players — local governments and state agencies in particular — to make plans which are consistent with state goals; (3) review and comment procedures by various players on one another's plans; (4) incentives and financial assistance for local planning; (5) the development and application of common policies and standards across the state; (6) some provision for conflict resolution; and (7) statewide geographic information systems (GIS) which will identify the location and amount of land uses, environmentally fragile areas, and so on (Innes, forthcoming). Within this general framework there are many variations. No state has all of these features, and the three states I will discuss have chosen distinctive implementation strategies.

FLORIDA: MODIFYING A TOP-DOWN STRATEGY

Florida's program, passed in 1985, is top-down and bureaucratic, giving ample power to the State Department of Community Affairs (DCA) to assure local plans conform to state goals. No group processes were set up by the legislation — not even a commission to elaborate policy or develop implementation strategy. Instead, DCA prepared lengthy rules and standards against which to measure local plans. All local plans go to DCA, along with comments from state and regional agencies. DCA either approves the plans or makes objections in writing. The locality can either change the plan or take the issue to the state Administrative Board.

Compliance Agreements

After the first round of plans was submitted, it became clear that the procedure for resolving differences was slow and inflexible. DCA began by disapproving nearly half the plans, and it seemed likely many localities would come back a second time with unsatisfactory plans. About three years after the legislation was enacted, DCA invented "compliance agreements." These would be new plans negotiated in face-to-face meetings of DCA staff with local government officials. This procedure resulted in agreements in all but three of the one hundred or so disputed plans as of May 1990.

These are not truly consensual or stakeholder-based groups because environmental groups, developers, and other interests are not included. Moreover, local officials are under pressure to settle, even if the choice is distasteful, because they can lose significant state funding retroactively. Though localities have some choice in how they comply, in practice most agree DCA "gets what they want." DCA staff see the negotiations as the opportunity to show the localities that they "mean business" and as an efficient procedure, rather than as a way to give localities a greater voice. DCA's power is, however, only to require plan compliance and not to control implementation. Conformance in the next phase will depend on local watchdogs and on the acquiescence of the localities.

Oversight and Review

The legislature invented the Joint Select Committee on Growth Management to oversee and assess policies and legislation. This committee has become expert on growth management, has monitored experience with the law, and recommended changes. The group discusses issues, hears from lobbyists and experts, and tries to achieve consensus. Staff are well versed on issues and play a strong role as experts/participants. They operate to a considerable degree like a stakeholder group, including informally some interest representatives. When an amendment is proposed, the Committee chair may go around the room, asking the lobbyists as well as committee members, "are you on or off?"

While this committee has had useful functions in reviewing the program and creating partial consensus, it is not integrated into the overall decisionmaking system nor does it reflect all players with interests and influence. It is not directly connected to DCA, and at times the two take conflicting positions. The committee does not have the power to report out legislation, and the reforms it has recommended have not necessarily been adopted. Special interests go directly to the legislature for what our respondents called as "piranha strikes," often in direct opposition to the committee.

The Meaning of Sprawl

Though one of the principal reasons for growth management in Florida was sprawling development and its consequences, neither the original act nor the regulations made that issue central. The principal regulatory concept is "concurrency," which means no plan or development order will be approved unless it can be shown that adequate services and infrastructure will be provided *simultaneously* with the impacts of development. This provision was intended to prevent further traffic congestion and degradation in air and water quality, while still accommodating growth. When the governor refused to support new taxes to fund infrastructure, concurrency would act as limit on growth. Moreover, the requirement would encourage sprawl because developers would then build at low density on the cheapest rural land, where there was existing road capacity, and where the existing septic systems would be sufficient.⁵

DCA began to use the act's provision that sprawl should be prevented, demanding for some plans that zoning be changed from 1 unit per acre to 5, and in others 1 unit to 40 acres or even to 160. They disapproved plans which "overzoned"—provided more land for development than needed for predicted growth—and objected to single-use developments.

The rulings not only aroused opposition from local officials and developers, they also caused confusion and discredited DCA. One of our respondents said that trying to anticipate DCA was like "shooting at a moving target." Another said "sprawl is like pornography, hard to define." Many contended that antispawl policy should depend on the context, such as whether the area was urban, suburban, or rural. The difficulty was a "one-size-fits-all law." Finally, one county took DCA to the Administrative Board over this issue and the Board spent time taking expert testimony on the mean-

ings of sprawl and the reasons for discouraging it. Their ruling provided the clearest definition to that point.⁶

The issue of sprawl became so central that in 1988 the governor created another group process, a Task Force on Urban Growth. Its members were high-level stakeholders and experts on growth, including developers, businessmen, environmental leaders, professors, elected city and state officials, state cabinet secretaries, and the head of the APA chapter. Their report, after thirteen months of discussion (Florida 1989), contends that sprawl is not only an issue of protecting the environment, easing traffic congestion, and using state resources efficiently, it is about a public sense of loss of community and identity associated with undifferentiated suburbs. The report proposes such breaks with tradition as mapping the state into "urban service areas" and "urban expansion areas" and reorganization of state and local agencies to prepare and implement regional transportation strategy.

This group prepared a report defining a shared and not previously obvious set of meanings for sprawl. They grounded these not only in their own views, but also in social and economic research. They challenged assumptions, purposes, and strategies of the legislation in a way that would have been inappropriate for a bureaucratic agency. Moreover, despite their diversity, they did all this without a minority report. It remains to be seen whether the ideas will be transformed into action. There is no obvious mechanism to do so, and, in any case, key players such as local government and state agencies were not represented.

VERMONT: THE ADJUDICATORY MODEL OF COORDINATION

Vermont's Act 200, passed in 1988, relies on a decentralized approach, with enforcement through quasi-judicial proceedings and liberal rules of standing for public agencies and private citizens. The law establishes neither an oversight commission nor a regulatory bureaucracy. Local planning and land regulation are optional. The act originally established 32 strongly worded goals and required all local plans that are done to be evaluated for consistency with these by regional planning commissions, which are made up of local officials. Plans inconsistent with state goals are permitted, but localities with approved plans get access to new funds and have special rights in disputes and the state permitting process (Act 250). Guidelines for planning are developed by regional commissions. The law requires regional commissions and state agencies to prepare plans consistent with state goals and compatible with approved local plans. A Council of Regional Commissions, made up primarily of local and regional officials and a few other stakeholder group representatives, reviews state agency plans and comments on them to the legislature. It is empowered to mediate or adjudicate disputes over local and regional plan consistency with Act 200 as well as disputes between localities and state agencies.

The Battle over the Meaning of Act 200

Despite the permissiveness of Act 200, its implementation has been controversial. While the problem can be partly attributed to Vermont's politically divided population, there was a failure to achieve widely shared meaning for the Act. The effort to look at the problem began with the Governor's Task Force on Vermont's Future, with high visibility members from industry, universities, farming, ski operations, the state land trust, the cabinet, the legislature, and the League of Cities. They operated in an exploratory, learning mode. They met for many months and traveled across the state, holding 23 hearings and focus-group sessions with citizens and interest groups. The report, however (Vermont 1988), simply expressed support for doing something to protect the economy, environment, and quality of life. The task force then disbanded. Their work gave legitimacy to growth management as a general principle, but it did not deal with strategy. Act 200 was put together shortly thereafter, mainly in the legislature without the aid of any special group process.

The consensus that seemed to be behind the law was to turn to antagonism and mistrust within a year. The controversy began in the tiny upstate town of Sheffield, where town leaders decided to bring their protest against the act statewide. They called themselves Citizens for Property Rights, argued that Act 200 was oppressive state control of local government, and protested the regional commissions' right to approve local plans. They feared the Act would damage the economy. They argued that planning and zoning were confiscation of property. They worried that the process would give environmentalists too much control.

This was a battle over symbols. Far from state control, local planning was optional, with only modest cost for towns choosing not to plan. If towns did prepare approved plans, they would have access to new resources and be able to demand that state agencies conform to their plans. The state, in any case, has regulated land development for nearly 20 years through Act 250, and it can deny permits to projects over 10 units or 10 acres and to virtually any projects in towns *without* planning when state-appointed boards determine that there will be environmental damage. Towns with planning therefore have *more* control over their own development than without it. The battle over whether zoning, much less planning, represents taking of property has long since been resolved by the courts. Finally, rather than stopping growth, Act 200 gave the state a high rating as an investment risk. The adjudicatory model of conflict resolution, however, would give the advantage to Vermont's well-funded environmental watchdog groups.

Though the founders of the revolt were from a rural, blue-collar, economically depressed community, they found support in communities under growth pressure and among professionals and self-described environmentalists. Posters went up in villages across the state saying "Act 200 is a bad law." The broad-based public interest group of business and environmental leaders formed to support the Act abruptly fell apart. On town meeting day in 1989 nearly half the towns voted not to participate in Act 200.

Although most town officials were committed to planning and continued to do so, regarding the vote as merely advisory, the state legislature did take it as a sign of discontent. By June it had reduced Act 200's goals from 32 to 12 simpler and less enforceable ones, made the approval of local plans by regional commissions optional for several more years, and increased the rights of localities which did not have an approved plan.

The puzzle is why so many opposed the law when it seems that it was in accordance with their values and interests, and why community leaders mostly supported it, while ordinary citizens opposed it. The simple answer seems to be that the Act had no well understood public meaning. Observers told of leading citizens who opposed the law, but who could not articulate reasons and knew little about its provisions. Citizens for Property Rights was able to endow Act 200 with the problems⁷ associated with an unpopular law on education, although there were no real parallels. Moreover, the idea of planning is new to many Vermonters, so they had little notion of what its practical benefits might be. Act 250 had modified the most environmentally unsound developments, so the visual symbols of failure to plan were not obvious. No one on the Governor's Task Force had represented the originally unorganized constituency of Citizens for Property Rights. Moreover, no legitimate group, such as a commission, legislative committee, or task force, existed during implementation to address the questions.⁸

After amending Act 200, the legislature, in the hope of forestalling further conflict, established a working committee which was made up of stakeholders, including members of Citizens for Property Rights. The committee was given no clear task. Emotionally opposed perspectives were brought together without group facilitation. One observer said some members appeared uninterested in even discussing the law. The majority contended (Vermont 1990) that it was too soon to amend the law again, while the minority said, "Act 200 has become a tangible surrogate for the intrusion of state government into our personal life and that of our community" and urged repeal. The differences in views and the fact that the minority continued to adhere to the symbols suggests that little learning or common understanding was achieved and that deeply held values and beliefs were untouched.

Task Groups

Group processes to develop methods of doing complex new tasks have been more successful in Vermont. One task was state agency plans. State agencies had not previously prepared plans, much less considered the land use implications of their actions. They did not know how to apply the state goals to their own practices, nor what a useful plan would look like. In Florida, where no group process was used, state agency plans were widely viewed as not useful. In Vermont, however, a committee made up of several state agency heads was appointed to guide the process, along with a staff-level working group with members drawn from the 19 agencies required to prepare plans. They defined in operational terms key concepts such as "projects that affect land use," reviewed

and commented on agency programs affecting land use, clarified implications of state goals, and discussed issues such as what an agency should do when adherence to one goal puts them in conflict with another. Despite the abrupt disbanding of the committees with a new governor, plans were completed and latent questions about implications of the law were addressed and resolved. The group process educated those who had to plan.

Act 200 set up an interactive process to design a statewide GIS integral to implementing growth management. The system involves data from many agencies and requires use by many players at state, regional, and local levels. Building a GIS is complex technically and managerially.⁹ Working groups at state and regional levels engage technicians and managers, as well as citizens, business people, and planners in group processes. Pilot programs for applications provide bottom-up social learning for GIS users and inform state-level committees about the practical issues.¹⁰

NEW JERSEY: CROSS-ACCEPTANCE AND COLLABORATIVE PLANNING

New Jersey's program is unique in that it is based on consensual group process, rather than on top-down bureaucratic regulation or on quasi-judicial conflict resolution. It, more than any other state program, is an experiment in a new style of collaborative planning and social learning.¹¹ Its approach has thus far identified and resolved many issues similar to those that remain problematic in other states. This case provides a special opportunity for identifying the potential of group processes.

New Jersey established as the central actor in growth management a state planning commission (SPC). Its membership is drawn from the state cabinet, municipal and county government, and the wider public, including environmentalists, business interests, Republicans, and Democrats. The law also sets up an Office of State Planning (OSP), in the politically neutral Department of Treasury, with the sole job of staffing the Commission.

The legislation is designed as the first step of a process. The SPC is to prepare and adopt a plan to carry out state objectives, such as preventing sprawl, promoting development and redevelopment, and protecting environmental resources. Its task is unique among state programs in that it is required to define *areas* for growth, limited growth, agriculture, and so on. The most creative contribution to the tool kit of growth management is, however, "cross acceptance." The legislation defines this as a requirement to *negotiate* agreement on the state plan with the counties and municipalities. The term itself communicates the spirit of mutual adjustment among the parties.

While this program also aims for consistency among state and local plans, the strategy is different from other states. Participation by localities is voluntary. All municipalities had master plans and land use regulation prior to the law, and they are not required to conform to the state plan. The process is collaborative, bringing localities together at the county level to prepare a report, rather than requiring individual local responses. Incentives for participation and local adjustment are substantial, however, and they have grown stronger as cross acceptance has engaged more

players and become more credible. Many towns are small; property taxes are high; and few regional bodies facilitate communication or cost-sharing. Localities are acutely aware of their dependence on state decisions on infrastructure and environmental regulation. Even while town leaders remain skeptical about the ultimate influence of the plan, they have concluded it is better to be at the negotiating table than not. If the state does make a decision on infrastructure in a particular area, it will be in their interest to adapt their own plans to correspond. While localities had a similar interest in Vermont, no comparable process informed or convinced community leaders that they might influence the state.

Although the SPC cannot force the governor, the state agencies, or the legislature to implement the plan, its membership includes key cabinet officials, who, in assenting to the plan, implicate their agencies. Those who wrote the legislation believe that if the plan is prepared with "full participation of state, county and local governments as well as other public and private sector interests," it will be carried out. A governor is unlikely to challenge a well constructed agreement among his many constituencies.

Evidence of Success

Six years after the passage of the act, this strategy has been effective. The most notable evidence is that the controversy that erupted about the preliminary plan has been replaced by substantial acceptance of the emerging interim plan among players.¹² Local officials speak favorably of cross acceptance, and all counties and municipalities participated. Some recalcitrant players, like farm interests, have altered their original stance challenging the law's legitimacy and agreed to come to the table (in contrast to Citizens for Property Rights). Representatives of cities, who were at first skeptical that the plan would offer them anything, have become supporters. Even the coastal areas, exempted from the legislation because they were already governed by a regional regulatory authority, opted to participate.

Moreover, agreements have been reached. Midway through the process, over 500 issues of disagreement were reduced to a dozen or two. Important changes were made to the plan. New ideas were developed. Among my respondents it was the consensus that state planning was accepted. This seemed confirmed when Governor Florio in spring 1991 announced he would use the plan as the basis for capital allocation in the state. It also seemed confirmed when, in the face of recession and massive layoffs of state employees, OSP's budget and staff remained basically untouched. With the departure of key staff, however, and the continuing recession in the state, whether and how the plan will be implemented remains unclear.

State Planning in Practice

I contend the successes of the process are in great part due to the philosophy that guided SPC and its staff and to the practices they developed to carry out the act. The first step was that

they produced a Preliminary Plan, a three-volume document of policies, criteria, and standards designed for wide public use (New Jersey 1988). It included a "tier map," which divided the state into seven categories of existing land use such as "redeveloping cities and suburbs," "suburbanizing areas," "exurban reserve," and "agricultural areas." It included statewide and tier-specific policies on topics ranging from densities to areas of critical concern, housing, and capital facilities.

This plan was controversial. The map relegated some communities to little or no development, and its density standards were quickly challenged. Some business interests contended the plan would destroy the economy and demanded an economic impact statement be done. Others claimed it would unfairly take away property rights. Business and developers feared having to channel their activities into troubled older cities instead of affluent suburbs.

SPC set up a three-phase cross-acceptance process. In phase one, municipalities compared the Preliminary Plan to their own plans, conditions, and projections, and counties prepared reports identifying points of agreement and disagreement. OSP staff summarized and organized these into carefully framed issues for discussion. Phase two involved negotiations between a subcommittee of the SPC and representatives of the municipalities in each county. The vast majority of differences were transformed into agreements through reframing of issues, clarification, modification of the plan, and even major changes. The interim plan, completed in June 1991, will be followed by an impact assessment. At that point the third phase, issue resolution, will address remaining disagreements before the final plan is prepared.

During this period another set of group processes was also operating. SPC set up Advisory Committees, each to review the plan from a perspective such as urban, suburban, or rural policy, agriculture, regional design, housing, or infrastructure needs. Membership was drawn from knowledgeable and interested parties in state and federal agencies, environmental groups, academics, business, and farming. Their reports have played key roles in the revision of the plan.

Philosophy

This outline of the procedures suggests, but does not explain, the philosophy of consensual groups that permeates this planning process. The approach is built into the act, which itself was prepared by such a group. A self-selected, but representative, group of citizens and stakeholders, including executive directors of the leagues of counties and municipalities and state agency officials, negotiated the design of the State Planning Act. The legislation was submitted, passed, and was signed with few changes.

The Act's implementation emphasized consensual groups as the primary mode of operation. The SPC quickly decided its 17-member commission was unwieldy and divided into smaller subcommittees. These do most of the plan and policy development and work through issues, sometimes in day-long retreats. They operate in an open way, including members of the public in their discussions. Typically, their recommendations are adopted by the SPC as a whole.

Staff view their task as "strategic management," and give careful attention to the design and management of groups. They offer training in mediation and group process to state and county staff as well as to other participants. They have selected members of certain advisory committees to represent a "microcosm of the larger public debate" in the hope of building creatively on "tensions" among the interests. In groups, staff work to create multi-way communication. They listen, learn, respond to participants, and build trust. They facilitate meetings, provide information, clarify communication, reframe issues, record discussions and agreements, and prepare position papers. In a meeting I attended, for example, the Director frequently articulated and reframed his interpretation of the meaning of group members' statements until all parties were satisfied that they understood one another.

The philosophy of SPC is summed up in a report of one of the advisory committees.

Wise decision makers know that consensus fares better than edict where there is limited or no authority to enforce. In New Jersey jurisdictional arrangements there is . . . minimal authority for regional growth management Thus is born the imperative for collaboration Collaboration involves equality, mutual respect, and full representation to be effective. All levels of government, the private and non-profit sectors, and citizens and interest group ought to deal as equal partners. Full representation also includes a wide array of professional assistance, beyond planners, landscape architects, engineers, and lawyers.¹³

What Was Discussed

In cross acceptance, groups raised similar questions across the state. The municipalities' and counties' concerns were often about criteria for allocation of land to tiers and policy for the tiers. They questioned the criteria to allocate land to agriculture or exurban reserve. Should it depend on the type and viability of the agriculture? What if an island of office development already existed in the center of an agricultural area? Is it appropriate to have three- to five-acre lots in reserve areas, or should it be cluster zoning? When is a suburb really "built out?" Questions on the meaning of concepts were common. For example, were the tiers tantamount to zoning? If so, were they intrusions on home rule? City representatives objected to a "municipal distress index" on the grounds it would harm their image. Groups dealt with equity issues like whether the allocation of areas to agriculture was an unfair taking. Many discussions were philosophical, trying, for example, to give meaning to ideas such as "rural character."

Counties and municipalities were concerned that the plan did not say just how policies would be implemented. They were hesitant to agree to the plan without knowing what it would cost them and what effects it would have. There was much discussion about standards, both to understand the theory behind them—for example, what does carrying capacity mean?—and to explore the implications of standards as applied in different contexts. Participants had conflicting

concerns —a fear of rigidity on the one hand and, on the other, a worry about ambiguity. They addressed the problem by talking it through, developing trust, and compromising.

In the meantime, the advisory committees were involving players new to planning; they were learning about the problems as well as about each other's concerns; and they were developing ideas. City representatives learned that the state plan was not simply concerned with growth at the fringe. The rural policy committee outlined criteria for determining densities in rural areas. The regional design committee proposed making "communities of place" focal points for settlement, rather than the tiers, and outlined a hierarchy of such communities, including urban centers, corridor centers, towns, villages, and hamlets, each with its characteristic size, density, jobs, and other activities.

In the negotiation phase, staff, in consultation with county officials, filled in the worksheet designed by participants. This identified not only the issues of disagreement, but the interests of the participants. The focus on interests rather than positions permitted the "getting to yes" model of negotiation (Fisher and Ury 1981). In a typical example where agreement was reached, Cumberland County wanted the state plan to be a vehicle through which to shorten permitting of development, though the plan did not mention this. This was also in SPC's interest, so the agreement was to recommend this for implementation. On the other hand, on the issue that state planning might force localities to give up land use authority, no agreement was reached because protecting home rule could not be reformulated as a shared interest.

By the time negotiations were complete, SPC had made agreements to reconsider or add policies, add language, or adjust policies. Sometimes the difference was resolved by talking through the problem and finding there was less disagreement than originally thought or that a minor change would suffice. Some of this discussion involved the SPC clarifying its policies and how they expected them to work. Sometimes it involved reframing the problem so that a consensus solution could be found. Importantly, the process did not require that every disagreement be resolved.

Changes Resulting from the Process

Cross acceptance has resulted in significant changes in the state plan. The term "tiers" was eliminated and the emphasis changed to "communities of place" as the focus for new development. The difficulties of distinguishing between distressed and other cities or between exurban reserve and agriculture areas are being resolved by combining these into a smaller number of categories and dropping the distress index. Statewide policies for agriculture, redevelopment, and growth patterns were added. Standards and guidelines were relegated to an advisory manual. An implementation subcommittee of SPC was created to define strategies.

This process has engaged tens of thousands of New Jerseyans. They have learned about each other's interests and perceptions, as well as about the problems of growth and the tools of planning. They include citizens and professionals in public and private sectors, leadership of business and environmental communities, and elected officials. These people have been directly

and intensively involved at various levels of government, in formal and informal committees and task forces. The average citizen, however, has not participated extensively thus far. Public hearings and meetings are mainly attended by the professional staff of organizations.

The process has created an alliance of key players and spokespersons for the plan. Many of these players have gotten adjustments they wanted and made agreements that now give them a stake in the plan's implementation. Insofar as the participants are truly the players, this agreement is itself a major step. State agency heads and directors of organizations like the league of municipalities are in positions to help assure the plan is backed by action, either by influencing others or because they are themselves decisionmakers.

Group process, if run in a way that empowers and engages the participants, has a dynamic of its own. Members come to care about finding a solution that meets each others' concerns. They put creative energy into the invention of new strategies which may run counter to their original assumptions. Group process can be a way of allowing participants to consider the unthinkable and to support dramatic departures from conventional practice.

Evidence that such a dynamic was at work in SPC can be drawn from the farewell speech of Len Leiberman, member of the commission and former head of New Jersey's chamber of commerce. In an emotional statement at his final meeting, he said,

I think (the plan) will come to be understood as revolutionary in the creative sense. We are moving to a new way of defining the boundary line at the core of representative government, the line between freedom for every individual and the needs of society and between the public and the private interest I originally came loaded with prejudices. Government was bad and we should beat up on them so they can let brilliant people in the private sector do what they do. For me, learning how good public servants can be was the most transforming experience.¹⁴

WHY GROUP PROCESSES ARE IMPORTANT IN GROWTH MANAGEMENT

Growth management as undertaken by these states is such that group processes have to play an important role. The arguments for this contention come from several different literatures. First, these programs are primarily efforts to coordinate. Thompson (1967) contends that only where tasks are repetitive, the technology known, and the environment predictable should coordination be by standardization of all parts and inputs, as Florida's initial approach attempted. If a task involves sequential interdependence—the output of one part of the system is input to the next—participants can coordinate by making plans that are consistent with one another, as they now do in most growth management programs. If, however, the inputs to one activity are outputs to another *and vice versa*—where highways generate development *and* development generates highway demand, coordination involves reciprocal interdependence. For this case—the

dominant one in growth — coordination must be done by mutual adjustment. Face-to-face discussions are essential for such adjustment.¹⁵

Christensen (1985) in her discussion of planning and uncertainty argues in parallel fashion that when there are multiple goals, planning requires bargaining or mediation. When the means for accomplishing goals is also uncertain, as research on the effects of growth control techniques suggests (Landis 1991), then adaptive approaches are needed. When both goals and means are in question, either charismatic leadership or a social learning strategy are needed. Only where we know how to accomplish the task and agree on a single objective is top-down regulation appropriate (de Neufville and Christensen 1977).

State growth management programs are innovations in the practices and norms of government. Rogers (1983), in his review of hundreds of innovations in a wide range of organizations, concludes that three of the critical factors in success are: compatibility with values and understandings of the players, observability of the benefits, and comprehensibility. Successful adoption requires the creation of shared meaning for the innovation and its applications (Eveland et al. 1977). Group processes provide the best opportunity to achieve most of these results.

Finally, growth management presents a particularly challenging task of linking knowledge and action. It requires many kinds of knowledge — from facts and predictions about growth patterns and relationships among activities, to knowledge of interests and values of players and practical understandings of how things work. The knowledge must, moreover, help to change the behavior of a wide variety of players. The task is particularly problematic because the issues at stake — property rights, land use control, quality of life — have important symbolic and emotional meanings in the U.S. In Vermont, for example, a story circulated widely that a citizen repeatedly testified at hearings that "Act 200 scares me to death." Then one day at the podium, he died. The story might have been just an unfortunate coincidence, but the state plan in New Jersey was also blamed for the death of two opponents.¹⁶ This particular myth had power as an image because growth management threatens so many assumptions and practices.

The standard model of using quantitative and scientific information for "rational" calculation by experts and formal choice by decisionmakers¹⁷ does not deal well with questions such as the effect of unique qualities of individual contexts and communities, with qualitative issues such as values, nor with intuitive and "how to" knowledge. It does not allow the integration of facts and values and provides little link to the emotional dimension that encourages or discourages the players in their actions.

As the positivist view of knowledge, on which this standard model is based, is challenged by a phenomenological view (Bernstein 1976), we begin to develop corresponding alternative models for how to link knowledge and action. The phenomenological view takes everyday knowledge as a starting point for inquiry, and it regards the task of knowing as one of making sense of whole phenomena, rather than distilling out fact or simple principles. Learning is

inductive rather than deductive, and facts are regarded as socially constructed in a community rather than objective and separable from the observer. Consensual groups, particularly those jointly involving stakeholders and experts, are expressions of this alternative model of knowing and acting. They can deal with multiple kinds of knowledge and are not forced to artificial separations of fact and value, science and politics, and formal analysis and experience. For all these reasons, such groups are more likely to produce ideas and solutions that will be acted upon.

SUMMARY AND CONCLUSIONS

Despite their differences, each of the three states has dealt with key tasks by inventing group processes. These include: the development of shared meaning of issues and policies, the redesign of policies and standards to apply in varied contexts, working out of ways to do complex new tasks, negotiation and coordination among players with different perceptions and agendas, and the development of a sense of statewide community. In some fundamental sense, group processes have been used to socially construct the ideas and the strategies of growth management.

But the group processes have thus far been only qualified successes, moving the programs forward somewhat, resolving some disputes, working through some tasks, identifying some new ideas, and achieving some degree of consensus. The products of the groups have not necessarily been implemented. Their agreements have not necessarily been shared by the wider public. In some cases the groups have failed to include key stakeholders who later sabotage the effort. In other cases no group facilitation helped participants work constructively on their differences. Sometimes the groups did not continue to operate in the implementation phase. Most importantly, the activities of the group processes were frequently not well linked to the bureaucratic procedures and political processes by which decisions are actually made. Even in New Jersey, where group processes were integral to the development of the plan, there is as yet no formal link established between agreement on the plan and action of the state government. Clearly, if group processes are to play the roles for which they are best suited, it will require a fresh look at our planning and decisionmaking institutions and some creative new designs of these institutions.

NOTES

¹ACSP-AESOP Joint International Congress, July 8-12, 1991, Oxford, U.K.

²For a discussion of how such consensual groups may be designed, see Marshall (1985). For a discussion of how they can work in practice, see Ozawa (1990). For discussion of dialectical approaches which challenge assumptions, see Schwieger et al. (1989).

³These include Vermont Act 250, Florida's as well as a host of other legislation enacted in the early 1970s. They are documented in Popper (1981) and Healy and Rosenberg (1979).

⁴These states are Florida, New Jersey, Vermont, Rhode Island, Georgia, Washington, and Oregon. Hawaii has a statewide land use program of a very different form. Programs in Oregon and Hawaii both were enacted at least 15 years earlier.

⁵See Audirac et al. (1990) and Neuman (1991) for a debate which suggests the centrality and ambiguity of the sprawl question.

⁶Department of Community Affairs v. Charlotte County and the City of Punta Gorda. Case No. 89-0810GM. State of Florida, Division of Administrative Hearings.

⁷This process of attaching myths to policies has been described in de Neufville and Barton (1987).

⁸The Council of Regional Commissions presumably will play this role, but only after local plans are developed and disputes have worked their way up to them.

⁹The process of developing this type of GIS is discussed in Innes and Simpson, 1991.

¹⁰At the present writing, the budget for this program has been drastically cut due to statewide fiscal concerns, so its future remains somewhat in doubt.

¹¹Georgia's bottom-up planning strategy will offer a different social learning model.

¹²This paper was written a few weeks before the interim plan was due for release.

¹³New Jersey State Planning Commission, 1990, p. 24.

¹⁴Speech to the Commission, May 1990.

¹⁵Mutual adjustment also occurs in well functioning markets, but cases of public goods provision are not handled adequately through markets.

¹⁶This was in a letter to the Director of State Planning in May 1990.

¹⁷I outline this model in more detail in Innes, 1990, Introduction. Basically it is a model grounded in the positivist/scientific view of knowledge, and it is a stepwise procedure where citizens and policymakers establish goals and frame problems; professionals and experts gather and assess information, searching out facts and principles in a value neutral way; and policymakers choose on the basis of the information. While we may recognize this pattern is seldom the practice, it nonetheless has been the predominant model offered in planning education for linking knowledge and action.

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