



# SANDAG

**An Assessment of Its Role in the San Diego Region**

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## INTRODUCTION

Throughout California, governance is the responsibility of the state and federal governments and a diverse array of local and regional institutions. In San Diego, these local and regional institutions include a county government, cities, tribal nations, special districts, specialized regulatory agencies, and a council of governments called the San Diego Association of Governments (SANDAG). For over 20 years, San Diego residents and local officials have debated whether this complex governance structure is well suited to addressing the region's growing transportation, housing, environmental, and other challenges.

In 2002 and 2003, after studies on alternative regional governance structures (see Figure 1) failed to achieve widespread agreement, the Legislature enacted two measures that provided for incremental changes to the San Diego region's governance structure. Together, Chapter 743, Statutes of 2002 (SB 1703, Peace) and Chapter 508, Statutes of 2003 (AB 361, Kehoe), modestly increased the authority and responsibility of SANDAG by:

- Consolidating within SANDAG the regional transit planning and capital project development functions of two metropolitan transit-operating agencies.

**Figure 1**

### **Alternative Regional Governance Structure Studies**

#### **2000: Joint Agency Negotiation Team on Consolidation (JANTOC)**

At the suggestion of the SANDAG Executive Committee, elected and appointed officials from throughout the San Diego region met for a year to discuss options for improving regional decision making. The JANTOC focused considerable attention on approaches to resolving issues relating to local land use authority and regionally significant land uses. In its final report, JANTOC identified a series of principles to use in the review of alternative regional governance structures, including ensuring that land use and transportation decisions are made by the same set of decision makers. The JANTOC suggested that its report be used as a framework for future discussions regarding regional coordination and agency consolidation, but did not make specific recommendation regarding changes to the governance structure.

#### **2001: Regional Government Efficiency Commission (RGEC)**

Chapter 764, Statutes of 2000 (SB 329, Peace), created the San Diego RGEC, an 11-member body comprised of gubernatorial appointees and local agency representatives. Chapter 764 charged the commission with reviewing the region's governance system and submitting a report to the Legislature by August 2001 for consolidating regional agencies. The plan developed by the commission proposed a 15-member "regional authority," with 12 full-time members directly elected from districts created throughout the county. These commissioners would be joined by the Mayor of San Diego, the chair of the Board of Supervisors, and the chair of a new policy board (made up of locally elected officials that would advise the regional authority).

- Directing SANDAG to develop a regional comprehensive plan and use the agency's significant authority over regional transportation funds to further the goals of the plan.
- Modifying the structure and voting procedures of SANDAG to (1) increase modestly the authority of larger cities in the region and (2) designate a committee structure, including a committee with broad responsibility for transportation oversight.

Declaring these changes to be an "incremental step towards the establishment of a regional agency having authority over a range of issues," the Legislature directed the Legislative Analyst's Office (LAO) to prepare a report evaluating the San Diego regional governance structure and SANDAG's effectiveness in a variety of areas, including land use, transportation, affordable housing, and the environment. This report is submitted in compliance with this requirement.

### **Overview of LAO Report**

On a day-to-day basis, Californians probably care more about the *actions* of their governmental institutions than how responsibilities are assigned across institutions or how institutions fit within an intergovernmental hierarchy. Nevertheless, the design of a region's governance structure can affect (1) the region's ability to respond to constituent needs and preferences and (2) constituents' ability to give input to decision makers and hold them accountable. Accordingly, this report begins with an overview of the San Diego region and the different governments serving the region.

The report then examines SANDAG's recent activities relative to the specific policy issues and concerns identified in Chapter 743 and Chapter 508. These include SANDAG's effectiveness in:

- Influencing land use development in the region.
- Addressing the transportation needs of the region, including public transportation.
- Making progress on matters relating to the environment and affordable housing.

The final section of this report addresses the most challenging requirement of the legislation: assessing SANDAG's scope and authority for regional decision making and examining alternative governance structures.

## Chapter 1

# Governance of the San Diego Region

## A SNAPSHOT OF THE REGION

Ideally, a region's governance system should reflect the needs and particular characteristics of its communities. Accordingly, we begin our review of the San Diego region's governance system by noting some of its key geographic, population, and economic characteristics.

### **San Diego Region Largely Parallels the County's Borders**

When the Legislature divided California into 58 counties between 1850 and 1907, it drew boundaries that generally followed human settlement patterns and the state's natural landscape. Today, due to advances in transportation and increases in population, many of these century-old county boundaries no longer encompass modern social and economic regions. Almost a third of the people living in the nine-county San Francisco Bay Area, for example, live in a different county than they work. The incongruity between many county and modern socio-economic regional boundaries presents difficulties for some countywide agencies to address issues that are regional in scope.

The boundaries of the County of San Diego, in contrast, generally follow the natural and human development patterns of the region. In the San Diego region, for example, fewer than 4 percent of its residents or employees work in a different county than they live. As result, people frequently use the terms "County of San Diego" and "San Diego region" interchangeably.

As shown in Figure 1 (see next page), the San Diego region is located at the southernmost tip of California. It is bordered on the west by the Pacific Ocean, on the south by Mexico, on the north by Orange and Riverside Counties, and on the east and by Imperial County. The region covers 2.7 million acres (almost the size of the State of Connecticut) and its terrain falls into three geographic categories running in a north-south direction. A gently rolling coastal plain extends inland from the Pacific Ocean for about 20 to 25 miles and is the place of residence and employment for most San Diegans. Foothills and mountains, rising in elevation to 6,500 feet, comprise the middle section of the county. The eastern third of the county is desert, extending from the Laguna Mountains to Imperial County. As Figure 1 shows, much of the eastern two-thirds of the county is owned by the state or federal government, or Indian tribes.

### Population Concentrated Along Coast

After Los Angeles and Orange, San Diego is the third most populous county in California. Most of the county's population resides in 1 of the 18 cities in the county. Figure 2 provides a map of city boundaries, and Figure 3 (see page 6) shows the population of each city. About 54 percent of the population resides in the City of San Diego or one of its neighboring cities to the south (Chula Vista, Coronado, Imperial Beach, and National City). Another 11 percent of the population lives in one of five coastal cities to the north of the City of San Diego (Carlsbad, Del Mar, Encinitas, Oceanside, and Solana Beach).

Most of the remaining one-third of the population live within 25 miles of the Pacific Ocean—either in an inland city or in part of the unincorporated area of the county. Less than 1 percent of the region's residents live in the eastern half of the county, an area less suited for development due to its high mountains, state and

**Figure 1**  
**San Diego Region**

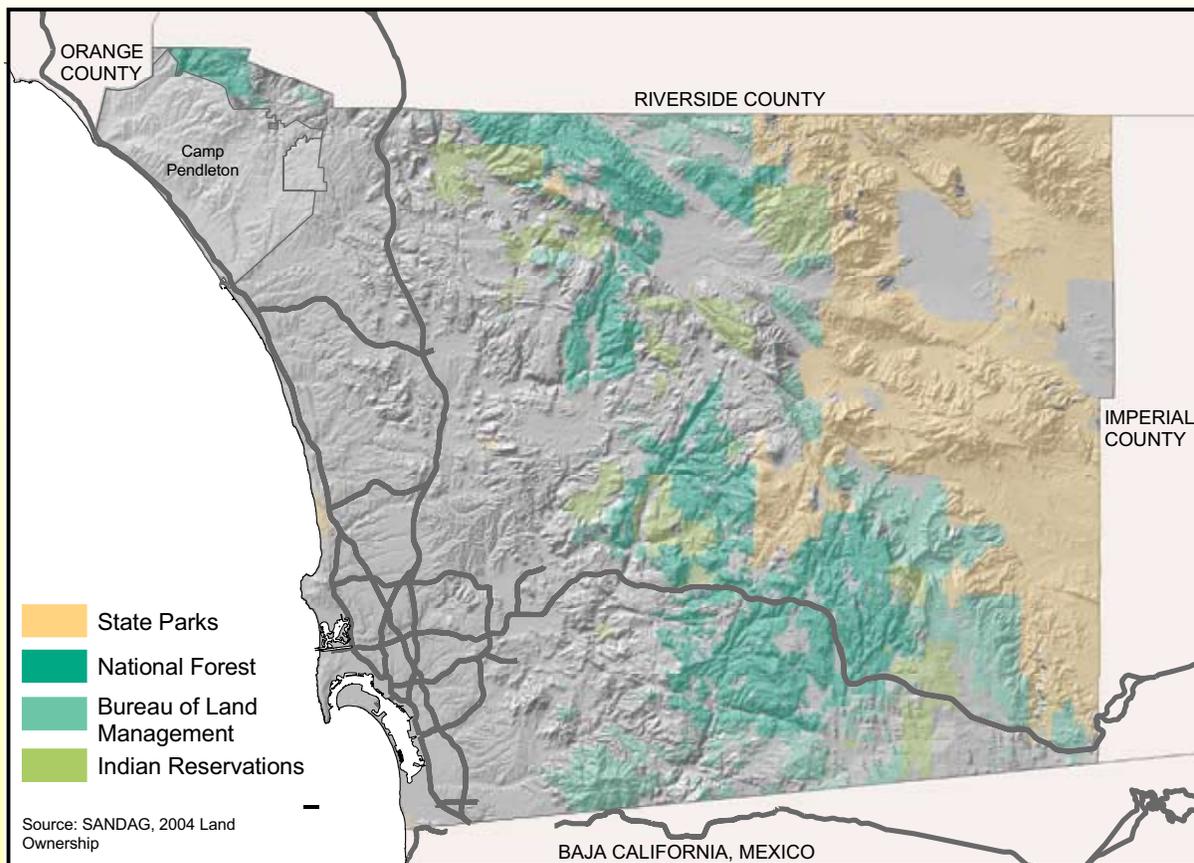
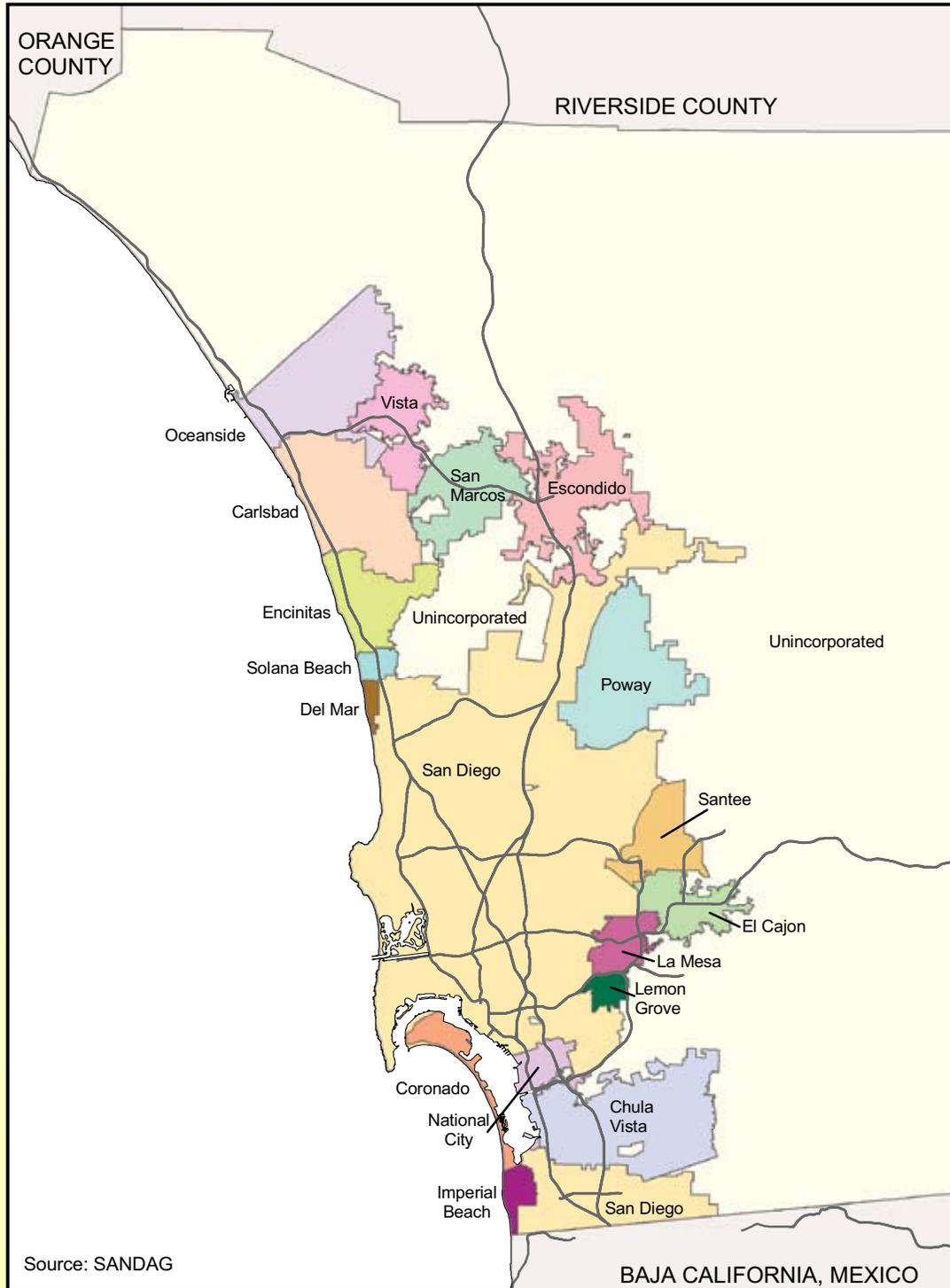


Figure 2

**Cities in San Diego County**



national parks, desert lands, and dependence on scarce ground water supplies.

### Diverse Economy

The region's three largest sectors of the economy are defense; information, professional, and business services; and services to visitors.

- Defense.** Total military population (including active duty military, civilian employees, retirees, and their families) account for nearly 10 percent of the area's population. Over 130,000 acres in the county are used for military purposes. The largest military installation is Marine Corps Camp Pendleton.
- Information, Professional, and Business Services.** A significant amount of the employment in this high-wage and growing industry cluster is located to the north of downtown San Diego, particularly in areas known as Sorrento Valley and University City.
- Tourism.** The region's mild climate, natural beauty, 70-mile long coastline, large state and national parks, and many attractions draw over 25 million visitors a year.

**Figure 3**  
**Most San Diego County Residents Live in a City**

2004

City	Population
Carlsbad	92,995
Chula Vista	209,436
Coronado	26,459
Del Mar	4,555
El Cajon	97,643
Encinitas	62,586
Escondido	140,671
Imperial Beach	27,779
La Mesa	56,050
Lemon Grove	25,592
National City	57,047
Oceanside	173,307
Poway	50,632
San Diego	1,294,032
San Marcos	67,426
Santee	54,022
Solana Beach	13,431
Vista	94,048
Unincorporated	469,493
<b>Total, San Diego County</b>	<b>3,017,204</b>

## GOVERNANCE IN SAN DIEGO

Political tradition in the United States long has placed an emphasis on local governance. Vesting significant responsibility at the level of government closest to the people gives citizens easier access to the decision-making process, acknowledges local diversity, and fosters local innovation.

Over 100 years ago, the Legislature recognized the need for a sub-state level of government and established counties for this purpose. To allow residents to further refine their governance system to address specific needs and interests of local communities, the Legislature enacted a broad series of authorizing acts that allow residents and their local officials to establish and define the boundaries of cities and a wide array of special districts (including “joint powers authorities,” whereby local agencies join together to carry out a common responsibility more effectively or efficiently than if they acted alone). Over the last several decades, as the need for regional involvement to address statewide and/or federal objectives became apparent, the state and federal governments have overlaid some additional responsibilities onto existing local agencies. In cases when no local agency with appropriate scope existed, the state or federal government created specialized regional agencies to carry out these functions.

Because of California’s long-standing preference for local governance and for local control over the design of the regional governance structure, public goods and services in California regions typically are administered by a very large number of governmental agencies. In the San Diego region, these agencies include a county, 18 cities, and over 200 special districts and other agencies. In addition, the San Diego region is home to 18 Native American reservations represented by 17 tribal governments, the most in any county in the United States.

Pursuant to the California and United States Constitutions and other statutes, San Diego’s local, regional, and tribal governments vary in terms of their scope of responsibility, authority, and governance structure. We summarize this information in Figure 4 and discuss these differences below. In addition, given the report’s focus on regional governance and SANDAG, Figure 4 also summarizes SANDAG’s responsibility, authority, and governance structure.

**Figure 4**  
**Overview of Agency Responsibility, Authority, and Governance**

<b>Governmental Agency</b>	<b>Direct Service Responsibility</b>	<b>Regulatory Authority</b>	<b>Fiscal Authority</b>	<b>Governing Board</b>
<b>County</b>	Wide ranging	Significant	Significant	Directly elected by residents
<b>Cities</b>	Wide ranging	Significant	Significant	Directly elected by residents
<b>Tribal nations</b>	Wide ranging	Significant	Significant	Determined by tribe
<b>Independent special districts</b>	Narrow, usually a single function	Not significant	Little to moderate	Directly elected by residents or appointed for term
<b>SANDAG</b>	Not significant	Not significant	Significant with regards to transportation only	Appointed by local agencies

### **County Provides Health, Social Services, and Other Services**

The California Constitution establishes counties as regional arms of state government. Counties are vested by the Legislature with wide-ranging responsibility and the powers necessary to provide for the health and welfare of its residents. Counties also have significant responsibilities for public safety, such as prosecuting criminals, operating jails, and supervising offenders on probation. Finally, counties have the responsibility to provide municipal services—including frontline law enforcement and land use planning and regulation—in all parts of the county other than where residents have chosen to incorporate as a city. (Currently about 16 percent of the county's population lives in unincorporated areas.) The County of San Diego is governed by a Board of Supervisors consisting of five members who are elected by voters in the five supervisorial districts.

### **Cities Provide Municipal Services and Oversee Land Use**

As noted earlier, most of the region's residents live in an area where the local residents have chosen to incorporate as a city and thus shift the responsibility for municipal services and land use regulation from the county to a smaller unit of government.

Cities have wide-ranging powers of self-government regarding municipal affairs. For example, cities have broad powers to safeguard local public safety, regulate land use, and impose fees and—if residents approve—assessments and taxes throughout their jurisdiction. San Diego cities provide municipal services to residents, usually including: public safety (police and fire), trash and recycling collection, roads, storm and wastewater services, parks and recreation services, and infrastructure. All San Diego cities are governed by locally elected city councils and a mayor who is either directly elected (15 cities) or a rotating member of the council (3 cities). The role of the mayor varies significantly among San Diego cities. In the City of San Diego, the mayor serves as the chief elective officer and has administrative powers. In other cities, the mayor's powers are more comparable to the powers of city council members.

### **Tribal Nations Govern a Portion of the Region**

The United States Constitution and treaties recognize Native American communities as separate and independent political communities within the territorial boundaries of the United States. Tribes are subject to federal regulations, but are not subject to local or state regulations (unless the U.S. Congress delegates implementation of a federal law to the state). Tribal governments operate much like local jurisdictions in that they carry out many traditional government functions: regulating, taxing, and delivering services. Tribal governments also are responsible for development, management, and operation of tribal economic enterprises. Fourteen of the 17 San Diego tribes have—or are developing—gaming facilities, giving the county the greatest number of Indian gaming facilities in California.

### **Special Districts Play a Role in Providing Services**

In some cases, San Diego residents and locally elected officials have decided that a service should be provided by an agency other than a city or the county

and have established a special district to carry out the responsibility. Typically, San Diegans have created special districts to address those responsibilities (1) whose scope extends over a land area bigger than a single city, but not as large as the county, (2) that are needed only in part of the unincorporated area of the county, (3) that they wish to be financed separately from all other local government activities, and/or (4) are more efficiently or effectively provided jointly by multiple local agencies. While San Diegans and/or their locally elected officials created most of the region's special districts under broad statutory authorizing legislation, some of the larger special districts subsequently were enacted into state law.

The San Diego region has over 200 governmental agencies whose finances are published in the State Controller's biannual "special district" report. Almost one-half of these special districts are governed by the County Board of Supervisors, a city council, or their appointees. From a governance standpoint, therefore, these special districts are extensions of the city or county governments discussed above.

The remaining special districts, in contrast, have governing boards that are independently elected or appointed for a fixed term, which is why they are referred to as "independent" special districts. Most of these independent districts provide water, waste water treatment, or fire protection services to a limited area of the county. Independent special districts typically have some authority to propose taxes, fees, or assessments to fund their services, but little or no power to regulate the actions of local residents or businesses.

Several independent special districts discussed below, have a scope of responsibility that span most or all of the county and deliver services that are frequently discussed in the context of planning for regional growth.

- ***San Diego County Regional Airport Authority.*** The Airport Authority operates the San Diego International Airport (the nation's busiest single-runway commercial service airport) and plans for the region's future air transportation needs. The authority, split by state law from the special district overseeing port operations, completed its first year of operation as an independent agency in 2003. The authority is governed by a nine-member board, with three paid members serving as the Executive Committee. (One paid member is appointed by each of the following: the Governor, the Sheriff of the County of San Diego, and the Mayor of the City of San Diego.) Board members serve terms varying from two to six years.
- ***Unified Port of San Diego.*** Created in 1962 by the Legislature to manage the San Diego Harbor and the public lands along the San Diego Bay, the Port of San Diego is governed by a seven-member board of Port Commissioners. One commissioner each is appointed by the city councils of Chula Vista, Coronado, Imperial Beach, and National City, and three commissioners are appointed by the San Diego City Council.
- ***San Diego County Water Authority.*** The water authority serves as a water wholesaler and water supply planning agency for its member agencies—6 cities, 16 water or irrigation districts, and Camp Pendleton. Most of the water the authority receives is from the Metropolitan Water District in Los Angeles.

- ***Metropolitan Transit System and North County Transit District.*** County transit agencies now known as the Metropolitan Transit System (MTS) and its northern counterpart (the North County Transit District or NCTD) were created by the Legislature in 1975 to plan, construct, and operate public transit systems in San Diego County. In 2003, as discussed later in the report, the Legislature transferred the districts' transit planning and capital project responsibilities to SANDAG. As a result, both transit systems currently function primarily as operating systems.

### **Additional Responsibilities Designated by State and Federal Governments**

Over the years, the state and federal governments have identified issues whose scale and scope extend beyond the confines of individual local agencies, yet need the involvement of a governmental agency closer to the people than the state or federal governments. Carrying out these responsibilities—which often involve matters relating to environmental regulation, resource allocation, and regional planning—usually entails significant coordination with state, federal, local, and other regional agencies.

Below, we highlight several agencies with important state and federal designated responsibilities.

- ***San Diego Air Pollution Control District.*** While decision making regarding overall air pollution standards, car emissions requirements, and fuel formulas are reserved for state and federal agencies, some air quality regulation is more effectively carried out by a level of government that is familiar with the economy of and land use development patterns in the air basin. For this reason, state and federal law makes regional entities responsible for issuing permits for stationary discharge of pollutants, establishing mitigation programs, preparing air quality rules, and reviewing the regional transportation resource allocation plan. In the San Diego region, the County of San Diego's boundaries encompass virtually all of the economic and transportation activity in the air basin. Accordingly, the state and federal governments gave these air pollution regulation responsibilities to the County of San Diego and made the Board of Supervisors the governing board for the San Diego Air Pollution Control district.
- ***San Diego County's Airport Land Use Commission.*** While cities and counties make most decisions regarding land use, the Legislature recognized the need to protect public health, safety, and welfare by ensuring the orderly development of airports and the adoption of land use measures that minimize the public's exposure to excessive noise and safety. Rather than establish a state agency with this responsibility, the Legislature required each county with an airport to have an airport land use commission. In the San Diego region, this responsibility initially was assigned to SANDAG, but later was transferred to the San Diego County Airport Authority.
- ***San Diego Regional Water Quality Board.*** To address water quality issues facing the San Diego region, the state and federal governments

identified a need for a regional agency to issue regulations and carry out enforcement activities throughout the San Diego watershed. No existing regional entity had responsibility for the geographic area spanning the full San Diego watershed (which includes all of western San Diego County and stretches north into Orange County). Accordingly, the Legislature established the San Diego Regional Water Quality Board, headed by board members appointed by the Governor and confirmed by the Senate.

### **What Role Does SANDAG Play in Regional Governance?**

The origins of SANDAG date back to the 1960s, when the area's post war growth and rapid suburbanization began having region-wide impacts. In 1966, the incorporated cities in the county formed the Comprehensive Planning Organization (CPO), as a subcomponent of the County of San Diego, to address long-range transportation and other regional planning issues. The CPO was a voluntary association, headed by representatives of the agencies that wished to be part of the organization. Six years later, the members of the planning organization reestablished the organization as a separate joint powers authority, independent of county government. In 1980, CPO changed its name to SANDAG.

While SANDAG's governance structure has changed somewhat over time, it generally follows the form of a "council of governments," the most common governance structure for regional governmental entities throughout the United States. In a council of governments, each local agency appoints one or more elected representatives from its governing board to serve on the governing board of the regional agency. The local representative(s) serve at the pleasure of the appointing agency. Council of governments typically hire professional staff to assist them in carrying out their duties.

Over the decades, the Legislature, federal agencies, and local residents have given SANDAG additional responsibility and authority, without significantly altering this underlying governance structure. Overall, the most important authority and responsibility added to SANDAG's role include:

- Authority over regional transportation planning, resource allocation, and project development. This authority includes highway and transit services, but not airport or Port of San Diego services.
- Responsibility for preparing the Regional Housing Needs Assessment, a document that assigns each land use approving agency a quantified share of housing units to incorporate into their local housing planning documents.
- Responsibility for developing a Regional Comprehensive Plan (RCP), a long-term framework for the San Diego region that integrates local land use and transportation plans.

Why was SANDAG assigned these responsibilities instead of other regional agencies or a new regional agency? While the reasons are varied, the key factors include a recognition that: (1) SANDAG provided a forum for decision making that included all land use approving agencies in the region, (2) the San Diego region's borders parallel the borders of a single county, and (3) SANDAG was

perceived as having highly competent professional staff, with quantitative and transportation modeling skills.

### **SANDAG's Governance and Organizational Structure**

Chapters 743 and 508 modestly modified SANDAG's governance structure to (1) increase the authority of jurisdictions with larger populations, (2) establish a committee format to give structure and visibility to SANDAG's work in different policy areas, and (3) highlight the importance of SANDAG by making its membership compulsory.

**Governing Board.** The voting members on SANDAG's board of directors are appointed by the governing boards of the region's 18 cities and the county government. Each local representative is a council member, mayor, or county supervisor from a member agency. Every local agency appoints one representative, except for the City of San Diego, which appoints two representatives. Each member government determines the method by which its SANDAG representatives are selected. The County of San Diego's appointment policy specifies that the chair of the Board of Supervisors, a position that rotates annually, is its SANDAG representative. SANDAG representatives from cities serve at the pleasure of their appointing city councils. SANDAG also has several advisory members, appointed by Imperial County, Caltrans, MTS, NCTD, the U.S. Department of Defense, United Port District of San Diego, San Diego County Water Authority, and the Republic of Mexico. Agencies also are authorized to send alternates to the SANDAG board.

**Committees.** SANDAG's board of directors is assisted in its efforts through the work of five standing committees that carry out their work with the assistance of SANDAG's professional staff. The voting membership of these committees typically includes six locally elected officials, one from the San Diego City Council, one from the San Diego County Board of Supervisors, and one chosen from cities in each of four geographic sections of the county designated in Chapter 743. Figure 5 provides additional information on SANDAG's standing committees.

**Staff.** As an organization, SANDAG's staff structure is similar to that of most nonprofit or quasigovernment organizations. SANDAG's governing board is responsible for naming an executive director who serves at the pleasure of the board. SANDAG's professional staff are answerable to the executive director. Currently, SANDAG has about 172 professional, support, and executive staff.

## **MAJOR FINDINGS**

### **SANDAG Plays a More Prominent Role Than Most Other Councils of Governments...**

While all California regions have governmental entities carrying out similar transportation, housing, and regional planning duties as SANDAG, in other regions these responsibilities typically are assigned to multiple organizations. For example, the San Francisco Bay Area has ten transportation funding agencies (the Metropolitan Transportation Commission and nine county transportation

authorities/Congestion Management Agencies), several agencies responsible for regional transit planning (including Alameda-Contra Costa Transit, Bay Area Regional Transit, and CalTrain), and another agency responsible for housing and regional planning (the Association of Bay Area Governments). In the San Diego region, all of these duties are assigned to SANDAG.

What does it mean for the San Diego region that more responsibilities are consolidated under a single agency? Based on our review we conclude that:

- SANDAG has greater ability to consider in its allocation of transportation revenues a wide range of options (highway expansion, transit, and managed lanes) and weigh service needs throughout its region. This greater role increases SANDAG's ability to allocate funds to the highest priority transportation improvements.

**Figure 5**

### **SANDAG's Standing Committees**

**Executive Committee.** This committee provides direction in preparing items for board consideration and reviews SANDAG's overall work program and budget. The SANDAG Chairperson is one of the six voting members. The SANDAG Vice Chairperson also is one of the six voting members if the Vice Chairperson represents an area of the region that is different from the area of the region represented by the Chairperson.

**Transportation Committee.** This committee advises the SANDAG Board of Directors on major policy-level matters related to transportation. The committee assists in the preparation of regional transportation planning and programming efforts. It provides oversight for the major highway, transit, regional arterial, and regional bikeway projects funded with state and federal sources and locally approved half-cent sales tax revenues ("TransNet").

**Regional Planning Committee.** This committee provides oversight for the preparation and implementation of the Regional Comprehensive Plan and addresses interregional issues with surrounding counties and Mexico. The Regional Planning Committee receives input from the Regional Planning Technical Working Group (planning directors from throughout the region) and the Regional Planning Stakeholders Working Group (stakeholders from throughout the region).

**Public Safety Committee.** This committee advises the SANDAG Board of Directors on major policy-level matters related to the provision of public safety services. The goals of the group include improving the quality of life in the region by promoting public safety and justice through collaboration, information sharing, effective technology, and objective monitoring and assessment.

**Borders Committee.** This committee provides oversight for planning activities that affect the borders of the San Diego region (Orange, Riverside, and Imperial Counties, and the Republic of Mexico). The preparation and implementation of the SANDAG Binational Planning and Interregional Planning Programs are included under its purview.

- Because SANDAG's governing board and staff have a somewhat broader set of responsibilities, they may be better able to detect linkages among policies and pursue multiple objectives simultaneously.
- Because SANDAG has some responsibility over multiple policy areas, it may be more inclined to use the resources under its control (primarily transportation resources) in a manner that mutually advances other regional goals.

### **...But SANDAG's Authority to Address Most Regional Issues Is Limited**

Chapters 743 and 508 call for an evaluation of SANDAG's effectiveness in making progress in addressing many regional concerns, including regional air and water quality, natural habitat preservation, a sustainable economy, and affordable housing. Measuring SANDAG's effectiveness in these areas is difficult because SANDAG's authority over most regional matters—other than the supply of many transportation services—is extremely limited.

As shown in Figure 4 earlier in this chapter and summarized in Figure 6, SANDAG's powers differ from the traditional powers of a city or county. For example, while SANDAG is responsible for developing a wide-ranging RCP, SANDAG has no regulatory power to promote the plan's implementation. Thus, SANDAG's plan may call for certain actions to reduce transportation demand, protect habitat, or promote housing affordability, but SANDAG has no direct means to influence local land use decisions to support these goals. SANDAG also has no authority to require its constituent agencies or other regional agencies to use their respective regulatory powers to promote regional objectives, such as improving water quality.

SANDAG's primary fiscal power is the authority to allocate revenues from state, federal, and countywide sources for transportation programs. While this authority is significant, SANDAG has no authority to propose new taxes, and assessments to support major programs other than transportation. SANDAG also has no authority to affect the prices San Diegans pay for public and quasipublic services (such as parking, use of most roads, or water) or the allocation of property or sales tax revenues among local agencies.

In short, while SANDAG has more authority than other councils of government, SANDAG's primary functions are to provide a public forum for regional decision making, build consensus regarding regional policies, and allocate transportation funds consistent with this consensus. Given this authority and responsibility, SANDAG's effect on the policy concerns mentioned in the statutes inevitably will be limited and indirect.

### **SANDAG's Actions Require Broad Consensus**

SANDAG operates in a deliberative fashion, placing significant emphasis on resolving disagreements before policy issues reach the full governing board. Specifically, major decisions involving policy or administrative matters are studied carefully by professional staff, frequently with significant input from stakeholders or interested parties. Tentative recommendations often are discussed with board

members and members of the appropriate committees on an unofficial basis. Much of the discussion and compromises occurs at or before an issue reaches the committee hearing for action. Once an issue reaches the SANDAG board

**Figure 6**

### **Comparing SANDAG's Role With a City or County Government**

#### **Similar**

- ✓ **Permanent Structure.** State law specifies SANDAG's membership, as well as its voting procedures and committee structure.
- ✓ **Significant Planning Authority.** State and federal law assign SANDAG many planning responsibilities relating to transportation, housing, and regional planning.
- ✓ **Authority to Condemn Property.** State law gives SANDAG eminent domain authority (the authority to condemn property) to carry out its responsibilities.
- ✓ **Fiscal Authority.** SANDAG allocates hundreds of million of dollars of federal, state, and countywide transportation resources annually. SANDAG sets tolls on single-occupant vehicles using high occupancy vehicle lanes, has influence over transit fares, and has authority to set tolls on the San Diego-Coronado Bridge (although SANDAG eliminated the toll in 2002). Finally, SANDAG imposes assessments and fees to support its own operations.

#### **Different**

- ✓ **Appointed Representatives.** Unlike a city or county, members of SANDAG's board are not elected to these positions. Rather, constituent agencies appoint their SANDAG representatives from among their locally elected members.
- ✓ **No Land Use Planning or Regulatory Authority.** Unlike a city or county, SANDAG has no authority over proposed land uses. SANDAG may encourage certain transportation, environmental, and other policies, but has no authority to regulate activities of local residents or businesses.
- ✓ **No General-Purpose Taxation Authority.** SANDAG has no authority to impose taxes for general purposes. As a result, SANDAG has little ability to expand its scope of operations.
- ✓ **No Direct Services to Residents.** With the exception of an array of informational services, SANDAG does not provide direct services to San Diegans. Most of SANDAG's interactions are with other governmental agencies.
- ✓ **The Majority Does Not Always Rule.** SANDAG's voting structure assigns small cities significant authority to block proposals supported by representatives from populous jurisdictions.

for final action, seldom are new issues raised or the outcomes unexpected. Few interest group representatives—and even fewer ordinary residents—attend SANDAG board meetings. Public comment is limited. Votes of the SANDAG board on major policy issues frequently are unanimous.

State statutes specify that all actions of the board must be approved by a majority of the tally *and* weighted votes. The tally vote is compiled by counting the votes of each city and the county (except that the City of San Diego gets two votes). Thus, a measure must receive 11 out of a total of 20 tally votes to be approved. The weighted vote reflects the population in each jurisdiction or the unincorporated area in the case of the County of San Diego. As a result of this voting system's emphasis on reaching agreement among a wide number of parties, measures that are supported by local agencies representing a majority of local residents may not go forward. For example, a measure would not be approved if it were supported by:

- Only the City of San Diego and the County of San Diego. It would have the majority of the weighted vote because these areas represent 58 percent of the region's population, but lose the tally vote on a 17 to 3 basis.
- The County of San Diego and the eight largest cities (including the City of San Diego). It also would have a majority of the weighted vote because these areas represent 87 percent of the region's population, but the tally vote would be tied 10 to 10.

As a result of the governance structure and voting mechanism of SANDAG, strong consensus is needed for projects that are undertaken and policies endorsed. This, in turn, affects the proposals that are brought by the staff to the board and its committees. Items of a controversial nature or those that favor some jurisdictions at the expense of others are unlikely to be acted upon and thus are less likely to be developed by staff. The policies adopted by the board generally appear to reside in the broad middle ground with respect to the views of its member agencies.

### **Little Ability to Hold Members Accountable for Regional Objectives**

In democratic institutions in the United States, accountability to the public traditionally occurs through three mechanisms:

- Campaigns and elections, during which issues are debated and each adult citizen has equal opportunity to vote for representatives.
- Open public hearings, opinion polls, media scrutiny, and other exchanges between decision makers and the public. These dialogues help inform decision makers as to the public's interests.
- A formal system of checks and balances among different branches of government (executive, legislative, and judicial).

Figure 7 summarizes these elements of accountability for SANDAG and, for comparative purposes, four other political institutions or offices. The figure shows

that not all governmental institutions and offices exactly fit this traditional model of accountability. For example, each state elects two U.S. Senators, regardless of the population of the state. The influence of the U.S. Senate, however, is moderated by (1) the requirement that all federal laws also be adopted by the House of Representatives, a body with representation proportional to population, and (2) the veto power of the U.S. President, an executive branch position elected nationally using a process that roughly approximates equal representation. What does this table suggest about the accountability of SANDAG?

**SANDAG’s Accountability to San Diego Residents Is Indirect and Limited.** The SANDAG’s 19 city representatives are appointed by—and serve at the pleasure of—18 city councils. By decision of the County Board of Supervisors, its SANDAG representative is the Chair of the Board of Supervisors, a position that rotates annually. Because the public does not elect the members of the SANDAG board, there is no process to ensure that views of SANDAG representatives necessarily align with the views of San Diego residents. Instead of being accountable directly to the public, a SANDAG board member’s principal accountability is to his or her local appointing body. The local appointing body can remove a SANDAG representative at any time by a vote of the other members on the city council or, in the case of the county, by a vote by the other supervisors to change the appointment policy. The SANDAG governing structure also does not provide for representation proportional to the population of the region. Except for the City of San Diego, every local agency gets one representative, including the small City of Del Mar (population of less than 5,000) and the large City of

Figure 7

**Governmental Entities and Their Accountability**

Accountability Mechanisms	SANDAG	Legislature	City Council	U.S. Congress	Governor
<b>Representation</b>					
Representative(s) elected to position	No	Yes	Yes	Yes	Yes
Representation proportional to population	No, but uses a weighted voting system	Yes	Yes	Yes, for House of Representatives No, for Senate	Yes
<b>Public Interaction</b>					
Open public meetings	Yes	Yes	Yes	Yes	No
Public outreach	Yes	Yes	Yes	Yes	Yes
Active public feedback	Limited	Yes	Yes	Yes	Yes
<b>Major Checks and Balances</b>					
By other branches of government	By courts	By courts and Governor	By courts and Mayor (in some cases)	By courts and President	By courts and Legislature

Chula Vista (population of over 200,000). As a means of addressing this lack of proportionality, Chapter 743 modified SANDAG's voting procedures to create a dual voting system (as described earlier). To be adopted, every measure must be supported by a majority of the votes cast (the tally vote) *and* by representatives from local agencies with at least one-half of the population in the region (the weighted vote). Thus, the voting structure of SANDAG provides representation proportional to population only to the extent that it allows representatives of jurisdictions comprising a majority of the region's population to *stop* a proposal supported by smaller jurisdictions.

**Limited Public Involvement and Feedback.** As Figure 7 indicates, the second accountability mechanism is an active public feedback process, including media scrutiny and testimony at open public hearings. Our review indicates that SANDAG takes significant efforts to provide information to the public regarding its activities. For example, SANDAG operates a four-person public information office and has an extensive stock of well written project fact sheets, brochures, press releases, newsletters, and reports. SANDAG's Website provides easy access to its staff work, board decision making, and regional data. The organization holds sponsored workshops and public meetings to gain public input. Despite these efforts, relatively few San Diegans know what SANDAG is or what responsibilities the organization has. In a 2005 public opinion survey commissioned by SANDAG, 49 percent of the respondents indicated that they had heard the name SANDAG, but few could describe the agency or knew what it did. Overall, only 5 percent of all respondents showed an awareness of SANDAG's role and responsibilities. Public testimony at SANDAG hearings and coverage of SANDAG decision making by major daily newspapers is very limited. Based on discussions with local residents and interest groups, it appears that the very limited public involvement with SANDAG may be attributable to the:

- Lack of public campaigns for SANDAG positions.
- Long-term and technical nature of many of the issues SANDAG addresses.
- Organization's focus on consensus decision making, a process that does not highlight the differences among positions or focus public debate.

**No Regional Executive Branch of Government.** In the United States, decisions by state and national legislative bodies are checked by a strong state or nationally elected executive position (a Governor or the President) and the courts. This balance of power is a mechanism for promoting accountability to the public. Specifically, legislative decisions may be: (1) checked or vetoed by the executive branch, or (2) overturned by the courts, if they are determined to be unlawful. Most California local agencies, however, traditionally have consolidated the legislative and executive branches of government. SANDAG's governance structure follows this local government model. As a result, San Diego residents do not have a regional office holder or branch of government that reviews SANDAG's decisions for consistency with regional political perspectives.

## Chapter 2

# Land Use

## BACKGROUND

San Diego County is California’s third most populous county and home to the nation’s seventh most populous city. Although the region’s population growth rate has slowed since the 1970s and 1980s, its population still is growing at a faster rate than the national average. The county’s population exceeds 3 million people and is expected to reach 3.9 million by 2030. The San Diego Association of Governments (SANDAG) estimates that accommodating this enlarged population will require over 300,000 new homes and employment opportunities for over 400,000 workers.

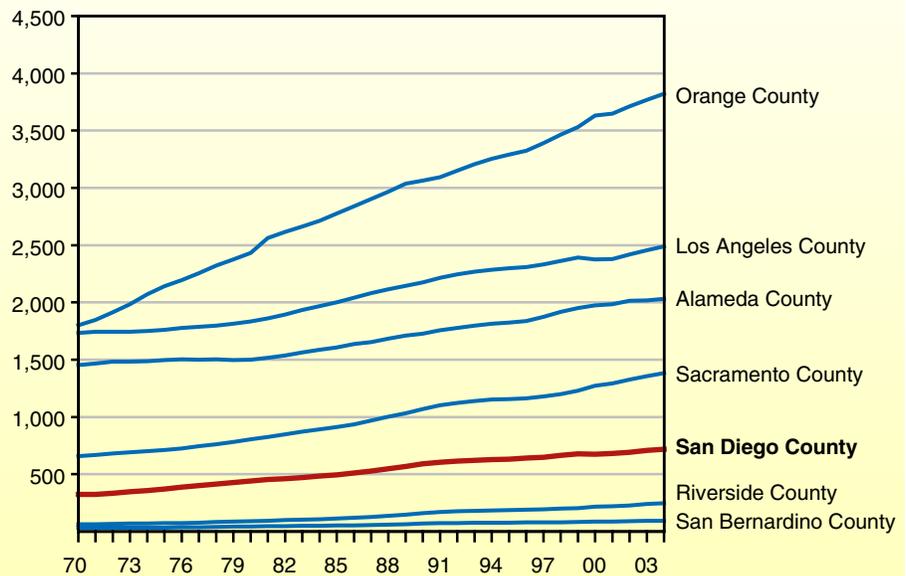
## Limited Remaining Developable Land

The San Diego region is famous for its stunning landscapes, including vast undeveloped canyon, mountain, and desert lands. Even with the region’s population growth, U.S. census data should show the region’s population density (shown in Figure 1) is low relative to other urban counties in California. Despite this

Figure 1

### Population Density Over Time Selected California Counties

(People per Square Mile)



Source: U.S. Census.

appearance of abundant open space, however, the San Diego region faces difficulties accommodating population growth.

To help carry out its regional and transportation planning obligations, SANDAG compiles and maintains inventories of the region's current and future land uses, as envisioned by each local agency in its major planning documents. SANDAG makes this information available on the "Datawarehouse" section of its Website, along with regional demographic, economic, transportation, and criminal justice information. Figure 2 uses the information on SANDAG's Website to summarize the most recent year of information on existing land uses (2000), as well as future planned uses of land in the region.

This data indicate that 62 percent of the acres in the region are being used for public purposes or are otherwise not suited for future residential or business development. The largest portion of land in this category is parks. Over one-third of the region (mostly in the rural east county area) has been set aside for

**Figure 2**  
**San Diego Region: Current and Planned Uses of Land**

<b>San Diego Region Total Acres</b>		<b>2,727,044</b>
<b>Acres Used for Public Purposes or Constrained</b>	<b>1,694,943</b>	<b>62%</b>
Parks	934,054	
Environmental, topographic, or other constraints	529,746	
Military	132,786	
Roads	87,155	
Schools	11,202	
<b>Acres Developed for Residential, Business, or Private Purposes</b>	<b>483,136</b>	<b>18%</b>
Single family homes on parcels of one acre or more	172,157	
Single family homes on parcels of less than one acre	120,929	
Agriculture	94,974	
Commercial	37,335	
Industrial	25,130	
Multifamily residential	22,248	
Mobile homes	5,713	
Office	2,894	
Other	1,756	
<b>Vacant Acres and Their Planned Uses</b>	<b>550,675</b>	<b>20%</b>
Single family homes on parcels of one acre or more	494,564	
Single family homes on parcels of less than one acre	29,833	
Industrial	8,759	
Commercial	5,607	
Multifamily residential	4,069	
Roads	2,926	
Schools	2,341	
Other	1,709	
Office	867	

the Anza-Borrego Desert and Cuyamaca Rancho State Parks, the Cleveland National Forrest, Bureau of Land Management lands, and other parks. The rest of the land in this category is being used for military bases, schools, or roads—or is not suited for development because of significant environmental, topographic, or other factors.

Another 18 percent of the San Diego region has been developed for residential, business, or other private purposes. The largest single use of land in this category is very low-density, single-family homes (on parcels of one acre or more). More land has been used for this purpose than for agriculture, commercial and industrial developments, and offices combined. Less than 1 percent of all acreage in the San Diego region, in contrast, has been developed for multifamily housing.

The last category in the figure shows current local government land use plans for the remaining acres of developable land in the region. About 90 percent of this vacant, developable land is located in rural backcountry areas, land dependent upon scarce ground water supplies and generally not well suited for intensive development. Most of this vacant land is planned for low-density, single-family homes. Overall, nine times more vacant land is planned for low-density, single-family residences than for any other use.

### **SANDAG Encourages Compact Development and “Smart Growth”**

Urban form has been a topic of significant discussion in the San Diego region since the establishment of SANDAG in the early 1970s. For at least the last 15 years, SANDAG has advocated for smart growth. In virtually every major report or public presentation regarding regional growth, SANDAG has urged local agencies to use their land use powers to promote “compact, efficient, and environmentally sensitive” development that focuses “future growth away from rural areas and closer to existing and planned job centers and public facilities.” Among other advantages, SANDAG argues that smart growth revitalizes existing communities; provides a range of housing options (including affordable housing); minimizes the number and length of single-vehicle occupancy trips; and preserves land for habitat, open space, and other purposes.

To encourage local agencies to promote smart growth, SANDAG recently piloted an incentive program whereby it allocated \$19 million of federal transportation funding to assist local agencies in developing 14 projects that exemplify smart growth. Most of the funding provided under this program will be used to pay for streetlights, paving, landscaping, and other amenities that will make it more comfortable and safe to be a pedestrian, bike rider, or transit user. Beginning in 2008, SANDAG plans to fund a longer-term, smart growth incentive program, using revenues from the voter-approved sales tax measure (a total of \$280 million to be distributed over 40 years discussed in greater detail in “Chapter 3”) and potentially supplemented by other federal or state transportation funding.

While the funding provided under this pilot project was modest, the allocation decisions evoked some controversy because few resources were allocated to smart growth projects in the northern coastal part of the county. During the

deliberations, several members of the transportation committee expressed dissatisfaction with projects recommended for funding and a desire to reconsider the allocation methodology before the next program funding cycle.

## MAJOR FINDINGS

### Land Use Decisions Will Determine Region's Ability to Accommodate Growth

About 20 percent of the San Diego region (over 500,000 acres) is vacant and developable. In addition, over time, some of the region's currently developed land (about 480,000 acres) will undergo renovation and possible change in use. The choices the region makes regarding this land's development and redevelopment will affect the region's ability to accommodate future residents and economic activity.

The region's transportation system and housing affordability will be affected particularly by decisions regarding the intensity of land development. Specifically, if the region develops most of its land at low densities, fewer new homes or businesses will be built than if the land were developed more intensively. When the supply of new properties is limited, demand and costs for existing homes and businesses tends to rise, decreasing housing affordability. Increased property costs, in turn, prompt some people and businesses to locate in adjoining areas and travel longer distances into the region. Traffic within the region also may grow because low-density developments typically are not served efficiently by public transit. Conversely, if the region opts for more intensive development, it may be possible to accommodate the same population increase with less effect on traffic congestion and housing affordability.

### SANDAG Lacks Any Authority to Regulate Land Development

While California law vests most regulatory authority over private, nontribal lands with cities and counties, it has made two significant exceptions to this authority to address matters of statewide concern:

- **Coastal Lands.** The California Coastal Commission assumes significant land use authority for all coastal land until the appropriate local agency develops a land use plan (called a "Local Coastal Program" or LCP) that meets the commission's standards. Once an LCP is approved, the commission's permitting authority over most new developments is transferred to the local government. The commission retains jurisdiction, however, over all developments proposed on tidelands, submerged lands, and public trust lands. All San Diego local agencies currently have an approved LCP, with the exception of the City of Solana Beach.
- **Land Near Airports.** Local agencies with land near airports must submit their general plans, specific plans, and certain projects to the airport commission (in San Diego, this is the Airport Authority) for its approval. If the commission determines that a local agency plan or a proposed de-

velopment is inconsistent with the commission's responsibility to preserve public health, safety, and welfare, the commission can issue a finding of inconsistency. Local agencies may overrule the commission's determination with a two-thirds vote of the local agency governing body. Such an action, however, releases the commission from any liability resulting from the development.

As discussed in "Chapter 1," SANDAG is responsible for developing a regional plan for the San Diego region, addressing a wide range of regional concerns including affordable housing, air and water quality, and transportation mobility. SANDAG lacks, however, any authority over the land use decisions that affect the region's success in attaining these goals. Specifically, unlike the California Coastal Commission or the Airport Authority, SANDAG has no authority to review or approve local plans or projects that may affect the region's ability to accommodate growth.

### **Economic Factors Influence Land Developments**

Various economic factors influence private sector development proposals. While some of these economic factors align well with SANDAG's recommendations for compact, multiuse development, others do not.

***Private Sector Economic Incentives.*** Economic theory suggests that as the availability of land decreases, developers seek to minimize its use and build more intensively. Economic theory also suggests that developers have incentives to build homes and businesses within the urban core because it is expensive to bring needed infrastructure (such as roads, water, and wastewater systems) to remote areas. The influence of these factors is evident in the San Diego region and helps explain some of the multistory residential projects recently proposed for National City and other areas. It is important to note, however, that alternative economic factors can override these incentives to build in the urban core. For example, developers face decreased incentives to build in the urban core to the extent that:

- Constructing on small urban parcels reduces economies of scale.
- The developer must take actions to eliminate contamination on the urban parcel.
- The existing urban infrastructure is aging or inadequate to support additional development and the local agency requires that the developer correct these deficiencies.
- Costs for steel and other materials used in high-rise developments exceed the cost of materials used in low-rise developments.
- Neighborhood concerns regarding the project cause delays in the project's development.

***Local Agency Fiscal Incentives.*** Typically, before a local agency adopts a general plan or approves a major new development, it analyzes the expected tax revenues resulting from the development (mostly, sales and property taxes)

and estimates the cost of providing services to the development (public safety, parks, and other municipal services). Under the state's current system of local finance, the land use approving agency typically finds that it receives the highest amount of net tax revenues (that is, public revenues less public costs) from regional retail and high-income, low-density residential land uses. Specifically, retail developments typically increase public safety costs, but generate (1) sales tax revenues for the local agency equal to 1 percent of all transactions occurring in the development and (2) property tax revenues. High-income, low-density housing does not generate sales taxes directly but local agencies typically find that the amount of property taxes received more than offsets their costs to serve the properties. High-density, modest-cost housing and some manufacturing developments, in contrast, may not provide enough local agency tax revenues to offset the expected services costs. These California local agency fiscal incentives regarding land use have been widely discussed for over a quarter century. These fiscal incentives play an important role in shaping how local agencies plan for land developments and the constraints/incentives they provide developers proposing new projects in their communities.

### **SANDAG Encourages Multifamily Housing, But Few Follow**

Given the importance of land use decision making in shaping the region's ability to accommodate growth, we sought to determine the extent to which local agencies are following SANDAG's preferred course of development. While no single factor incorporates the full range of suggestions SANDAG makes regarding the location, orientation, and character of developments, two factors provide some perspective: (1) the extent of multifamily housing construction (rental and owner) and (2) the mix of acres planned for different future land uses. We discuss multifamily housing below. We discuss the mix of land uses in the following section.

***Why Examine Multifamily Housing Construction?*** Research generally finds that car trips are reduced and transit systems more heavily used in residential areas developed with at least ten housing units per acre. Because this level of density seldom is attained in neighborhoods of exclusively single-family homes, the construction of multifamily housing structures is an important component of planning for less car-dependent neighborhoods. Constructing multifamily housing units also helps address the housing affordability and environmental issues highlighted in SANDAG's regional comprehensive plan. Specifically, multifamily housing usually offers a more affordable option for local residents because it requires less land per housing unit than single-family housing. The compact nature of multifamily housing also leaves more land for habitat protection, open space, and for water filtration than single-family home construction.

To determine whether local agencies are working to increase the amount of multifamily housing, we looked at two sets of data:

- The percent of San Diego residents living in multifamily residence housing over time.

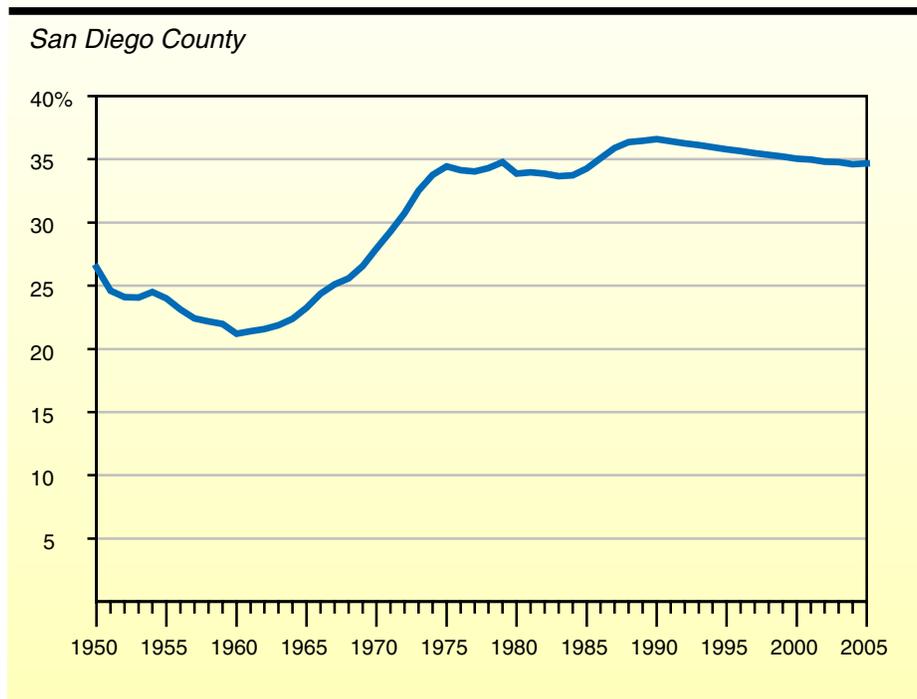
- The number of multifamily building permits issued per 1,000-person increase in the region’s population.

**Little Change in Multifamily Share Over Time.** As Figure 3 indicates, the percentage of San Diego residents living in multifamily housing structures grew between 1950 and 1975. Although the region’s population nearly doubled since 1975 and the cost of land and housing increased greatly, the percent of San Diego households living in multifamily housing has remained fairly constant at about 35 percent.

**Rate of Multifamily Building Permits Issuance Not Unusual.** Another way to examine the extent to which local agencies are aligning their land use policies to be consistent with SANDAG’s growth policies is to look at the number of multifamily housing building permits authorized per 1,000-person growth in the population of San Diego and other major urban California regions. If local agencies were following SANDAG’s suggestions, we would expect to see a comparatively high rate of multifamily permit issuance in the San Diego region—especially relative to California regions with fewer constraints on the amount of developable land (such as Sacramento and Riverside-San Bernardino). As shown in Figure 4 (see next page), local agencies in the San Diego region issued multifamily permits from 1990 to 2004 at a rate that was higher than its neighbors in Southern California, but lower than San Francisco, San Jose, and Oakland. Overall, the rate of San Diego multifamily residential housing permit issuance during this period was closest to the Sacramento area, a region with

Figure 3

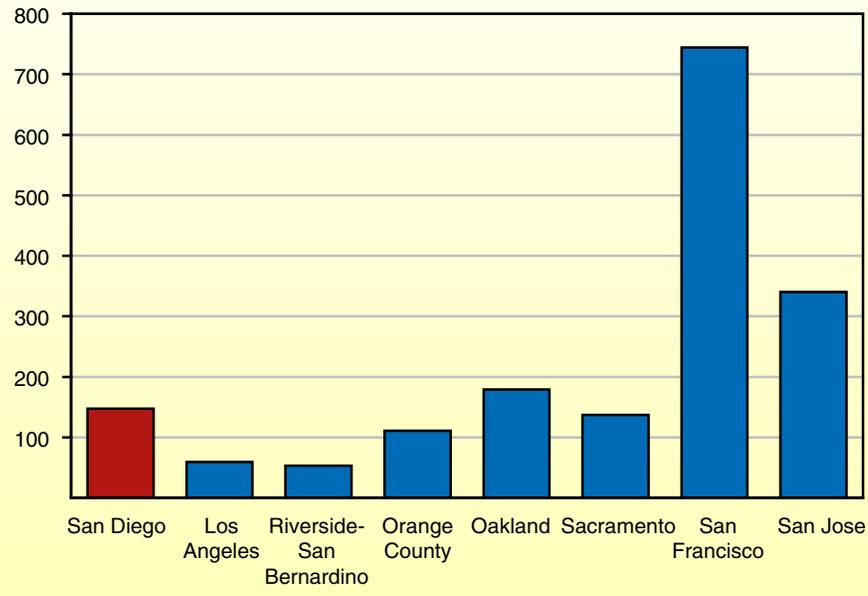
**Multifamily as a Percent of All Housing Units**



**Figure 4**

**Multifamily Building Permits Issued  
Per 1,000 Person Population Growth**

(1990-2004)



(1) less public focus on smart growth policies and (2) little perceived limitations on the stock of available developable land.

**Some Local Agency Plans Emphasize Retail and Low-Density Housing**

The second factor that we reviewed to determine the extent to which local agencies are following SANDAG’s suggested growth policies was local agencies’ plans for future developments. To minimize lengthy trips, SANDAG’s growth policies call for placing complementary land uses within short distances of one another. This could include, for example, placing markets and other frequently used stores near residential areas and/or building units suitable for artists and small entrepreneurs to live and work in the same space. While an overview of the different categories of development proposed in a local agency’s planning document does not tell us much about the *location* of the proposed development, it does tell us something about the range of activities a local agency is planning to authorize.

Our review finds that the extent to which local agencies develop plans to promote smart growth in their areas varies. Some communities, most notably the Cities of San Diego and Chula Vista, generally have aligned their land use policies with SANDAG’s recommendations. For example, these cities have designated less than 1 percent of their vacant parcels for low-density, single-family homes (parcels of at least one acre) and at least 10 percent of their vacant parcels

for multifamily residential development. Plans for these cities show a balance between high-intensity residential and nonresidential (commercial, industrial, and office) developments.

The land use plans of other cities, in contrast, show less consistency with SANDAG's recommendations. This is particularly notable concerning policies regarding low-density, single-family homes and land for nonresidential purposes. For example, three cities plan to use at least one-half of their remaining vacant land for low-density, single-family residents (Poway, 82 percent; Escondido, 52 percent; and Del Mar, 50 percent). While these cities do plan for some intensive development on their vacant land, virtually all of this development is for purposes other than multifamily residences. The Cities of Poway and Escondido, for example, plan to use over 20 times more land for nonresidential purposes (commercial, industrial, and office) than for multifamily housing. The development of these cities at such low residential densities will place pressure on other cities within the region to accommodate the region's population growth.

### **Many Factors Counter SANDAG's Effectiveness In Influencing Land Use**

The lack of alignment between SANDAG and local agency land use policies is the natural outcome of a governance system that vests (1) regional planning responsibility with a council of governments and (2) land use regulatory authority with elected local officials. These local officials are directly accountable to their local residents whose perceptions about future developments in their communities may differ starkly from those of SANDAG. While economic forces may prompt private sector developers to propose some projects that align well with SANDAG's smart growth policies, these projects cannot proceed without the approval of local agencies.



## Chapter 3

# Transportation

As the San Diego region has grown in population, economic complexity, and social diversity, transportation needs for the area have also grown and changed. The sheer growth in population has placed increased demands on highway and transit systems and the development of numerous employment nodes in smaller cities and suburban areas has introduced new and complex transportation patterns in the region. These changes have highlighted the importance of the physical transportation infrastructure, and emphasized the value of having governmental institutions that can adequately address transportation issues.

The San Diego Association of Governments (SANDAG) has been assigned key roles in transportation for the region—both in the planning and funding of transportation services. Its ability to carry out its responsibilities effectively and efficiently are highly dependent on the organization’s authority, governance structure, and other institutional factors. In this chapter, we first review the transportation challenges faced by the region. We then consider the role of SANDAG in the planning and provision of transportation and its ability to address transportation issues in the region.

## BACKGROUND

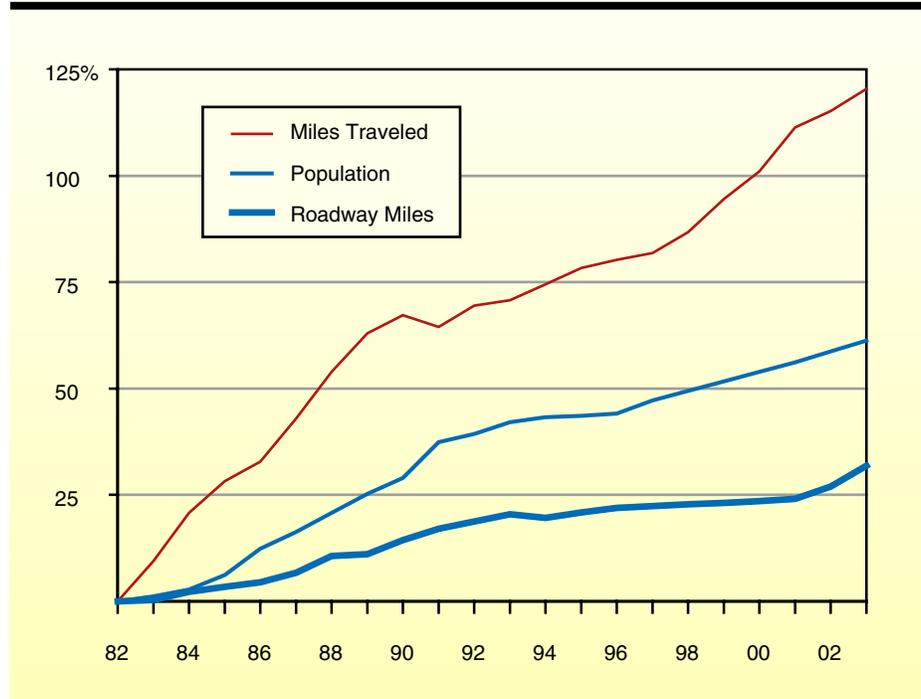
### Region’s Transportation Challenges

The ease with which a region’s residents are able to move from place to place is a key indicator of the region’s quality of life. In this respect, the San Diego region faces significant and growing challenges. As Figure 1 (see next page) shows, in the two decades from 1982 through 2003, the San Diego metropolitan area’s population grew by 61 percent (from 1.8 million to 2.9 million residents) and the average daily vehicle-miles traveled in the region grew by 120 percent (from 31 million to 68 million daily vehicle-miles traveled). The total miles of new roads in the region grew by only 32 percent, however, or from 5,000 to 6,600 miles. Thus, the total vehicle-miles traveled grew almost *four* times as fast as the available roads.

***Congestion Has Increased.*** Predictably, this combination of factors has led to a rapid increase in traffic congestion in the region. According to the Texas Transportation Institute’s (TTI’s) Urban Mobility Study, residents of the San Diego region faced the eighth longest commute delay in the country in 2003 (the most recent year for which information is available), with the average commute lasting 41 percent longer than it would have if the region’s roads were not congested. By comparison, in 1982 San Diego’s average commuter delay of 6 percent ranked 35<sup>th</sup> in the nation. While San Diego’s level of traffic congestion is striking, it is similar to that experienced by other California metropolitan areas. For example, the Los Angeles and San Francisco-Oakland areas ranked first and third, respectively, in TTI’s most recent measure of commute delays.

**Figure 1**

**Growth in Road Capacity Lags Travel Miles**

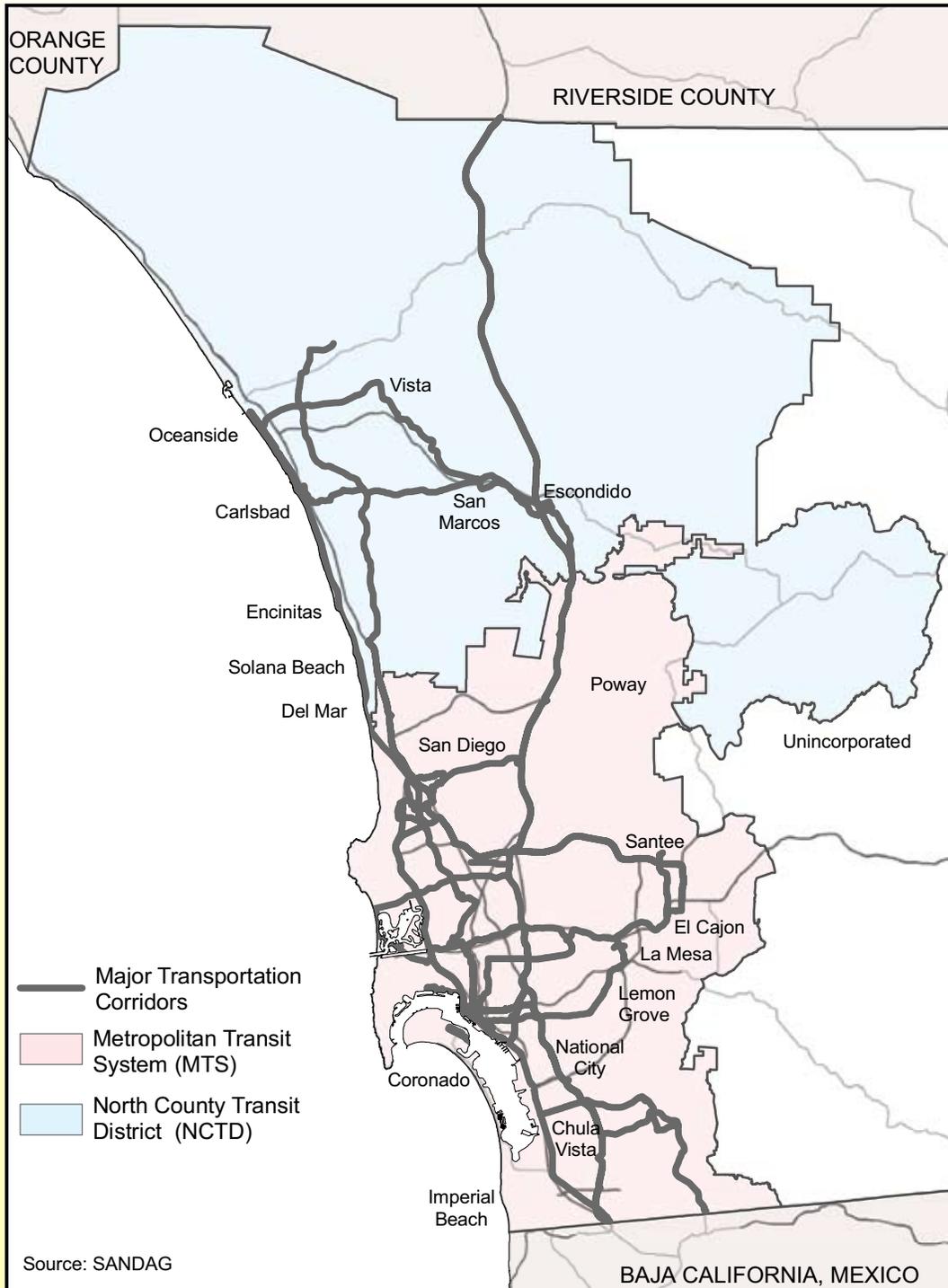


**Demand for Transit Has Also Increased.** San Diego’s population growth and economic expansion have contributed to the increased demand for transit services. For instance, the Metropolitan Transit System (MTS), the larger of the two transit systems in the county, estimates it will service about 75 million passenger-trips in 2005, almost double the 38 million passenger-trips in 1980. While this represents a significant increase, it is well below the percentage growth in highway use. About 74 percent of MTS’s riders in 2002 did not have a car and were transit dependent. This presents a major challenge to the region’s decision makers. In order to present a viable alternative to driving, transit service has to be available in the places and at the times it is needed. Figure 2 shows the geographical coverage of each of the county’s two primary transit agencies. (See box on page 32 for a description of the region’s two main transit operators.)

**Complex Transportation Patterns Have Developed.** There have been significant new demands placed on the transportation system over the last 25 years. These have occurred as a result of population growth, increased economic activity, and the geographic dispersion of employment and housing. This has led to increased demand expansions in the transportation capacity. In addition, as shown in Figure 3 (see page 33), there have developed a number of high-density employment nodes, ranging from specialized high tech areas to tribal lands. This growth has added increased complexity to commute patterns, resulting in a demand for more transportation flexibility and options.

Figure 2

**Geographical Jurisdictions of Metropolitan Transit Service and North County Transit District**



### **TRANSIT OPERATIONS IN THE REGION**

Figure 2 shows the San Diego region is served by two main transit systems—Metropolitan Transit System (MTS) and North County Transit District (NCTD).

**North County Transit District.** The NCTD service area encompasses 1,020 square miles of north San Diego County, extending from Del Mar in the south, northeasterly to Escondido, north to the Riverside County line, and west to the Orange County line. The area includes the unincorporated communities of Fallbrook and Ramona, as well as Camp Pendleton Marine Corp Base. Other cities in the service area include Solana Beach, Encinitas, Carlsbad, Oceanside, Vista, and San Marcos. The total population of NCTD's service area is 823,000. The NCTD Board of Directors is made up of one representative from each incorporated city in the district plus the Fifth District County Supervisor.

**Metropolitan Transit System.** The MTS serves 570 square miles of southwestern San Diego County, a land area that includes over 70 percent of the county's population. The system consists of 15 express bus and 3 trolley routes, 74 local/urban bus routes, 6 demand-responsive services, and 2 Americans with Disabilities Act complementary paratransit operators. The MTS governing board (which generally meets twice a month) consists of 15 members: four are appointed by the San Diego City Council; one is appointed from each city council in the area (Chula Vista, Coronado, El Cajon, Imperial Beach, La Mesa, Lemon Grove, National City, Poway, and Santee); one is appointed by the San Diego County Board of Supervisors; and one is elected by other board members to serve as chairman.

**Impact of Consolidation.** The two transit systems had been independent operators, making all decisions regarding transit matters in their respective areas. With the passage of Chapter 508, Statutes of 2003 (AB 361, Kehoe), most planning and capital outlay responsibilities were shifted from each of the transit operators to SANDAG.

### **Regional Transportation and Regional Governance**

SANDAG is the preeminent transportation agency in the San Diego region. The organization's planning authority comes from the multiple roles that SANDAG plays in federal, state, and local law. Federal law designates SANDAG as a Metropolitan Planning Organization (MPO) and state law designates it as a Regional Transportation Planning Agency (RTPA). State law has also designated SANDAG as the San Diego County Regional Transportation Commission to administer the half-cent county sales tax known as TransNet. The county adopted the first TransNet measure in 1987, which funded various transportation projects with an additional half-cent local sales tax. In 2004, the sales tax was extended for 40 years (this extension is also called TransNet). These roles and others give SANDAG various responsibilities related to transportation in the region, including creating the region's transportation plans and deciding how transportation funding will be used. (See box on page 35 for more information on SANDAG's roles.)



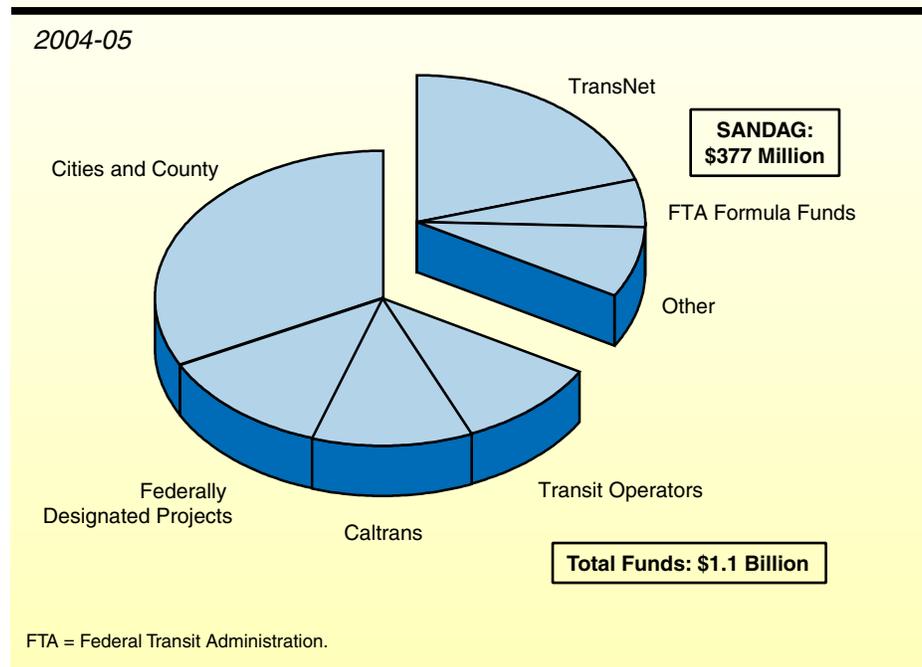
**SANDAG Allocates Substantial Transportation Funds.** Of the \$1.1 billion in transportation funding flowing through the San Diego region in 2005, SANDAG has the authority to direct about one-third. Figure 4 shows all transportation funding for San Diego and the sources over which SANDAG exercises a measure of control. Of the remainder of the region's transportation funding (that is, dollars outside of SANDAG control), the 18 cities and the county decide how to spend about another one-third, including direct state gas tax subventions to the cities and counties and those jurisdictions' own funds. The rest of the funding flowing through the region in 2005 is directed by Caltrans, the transit operators, or by federal designation to specific projects.

As a result of its multiple roles, SANDAG has the authority to direct the use of a greater proportion of the transportation funding in the San Diego region than do most other large regional transportation agencies in the state. This occurs primarily because most other regions in the state, such as the San Francisco Bay Area and the Sacramento region, comprise multiple counties. Multicounty regional MPOs or RTPAs do not administer county-level sales taxes imposed for transportation purposes.

In contrast, SANDAG administers a countywide half-cent sales tax—TransNet. (As noted earlier, San Diego county voters approved in 2004 a measure extending TransNet.) SANDAG estimates that this tax will raise about \$229 million in 2005. While the purposes for which this money is to be used are spelled out in the sales tax measure, SANDAG is responsible for the day-to-day administra-

**Figure 4**

**SANDAG Controls About One-Third of County Transportation Dollars**



tion and distribution of this money. In addition, SANDAG is largely responsible for determining the order in which the projects specified in the 2004 TransNet measure will be undertaken. In developing these priorities, SANDAG relied extensively on its existing regional transportation plans. Because continuing the half-cent transportation sales tax required approval by two-thirds of the county's voters, however, SANDAG also considered the extent of project voter appeal in developing the list of TransNet projects.

### **SANDAG Has Various Roles and Responsibilities**

Under state and federal laws, SANDAG serves a number of different roles, as described below:

- **Metropolitan Planning Organization (MPO).** Federal law requires that every metropolitan region have an organization whose responsibility it is to make long-range transportation plans for the region. SANDAG was designated as the regional MPO in 1970.
- **Regional Transportation Planning Agency.** Under state law, SANDAG has been named as the organization responsible for short- and long-range transportation planning for the region. This designation was made by the state in 1971.
- **San Diego County Regional Transportation Commission.** Under state law, SANDAG is also designated as the commission responsible for coordinating transportation planning and the operation of transportation operations throughout the county. SANDAG received this designation in 1986.

Based on these multiple roles, SANDAG prepares the following reports:

- **Regional Transportation Plan (RTP).** The RTP lists the region's highest priority transportation projects through 2030. It is based on population projections and constrained by funding expectations. The report is produced every three years.
- **Regional Transportation Improvement Plan (RTIP).** The RTIP is based on the RTP and lists specific projects that address the priorities raised in the RTP over a five-year time frame. The report is produced every other year.
- **Regional Short Range Transit Plan (RSRTP).** SANDAG also prepares the RSRTP, which establishes short-term transit capital and service priorities for the region consistent with the RTP.
- **Regional Comprehensive Plan (RCP).** The RCP is a planning document that brings together a number of different regional factors, including transportation, environment, housing, and economic growth. The RCP extends over a 25-year time horizon.

Being the region's MPO and RTPA also gives SANDAG the authority to direct a substantial amount of state and federal transportation funding flowing into the San Diego region. For example, as the region's MPO, SANDAG received \$61.5 million in 2005 from the Federal Transit Administration (FTA). This money was available to transit operators for system maintenance and capital improvement, but it was up to SANDAG to determine how much went to MTS and North County Transit District (NCTD). As the region's RTPA, SANDAG determines the projects that will receive the region's State Transportation Improvement Program (STIP) funds, which SANDAG estimates totaled about \$34 million in 2005.

***SANDAG Plans for Regional Transportation.*** Another key responsibility of SANDAG is that of creating the region's transportation plans. This responsibility goes hand in hand with SANDAG's authority over transportation funds, since the projects SANDAG identifies in its plans are those for which it can eventually provide funding. SANDAG produces multiple plans in its varying roles, as discussed below.

As required by federal law, SANDAG has created a long-range regional transportation plan (RTP). The most recent one was adopted in 2003 and lists the region's highest-priority transportation projects through 2030. This plan serves as a master list of transportation projects and provides the basis for the five-year regional transportation improvement plan (RTIP). The specific projects listed in the RTIP must be approved by the California Transportation Committee and are typically funded by STIP funds.

SANDAG also prepares a regional short-range transit plan (RSRTP). Prior to consolidation, SANDAG worked with the transit operators to develop short-range transit plans to ensure that the plans were consistent with the long-range transportation goals and objectives. Following consolidation, SANDAG became responsible for regional transit route and rail planning and the preparation of the RSRTP. The first RSRTP, which established short-term transit capital and service priorities for the region was completed by SANDAG in April 2005.

***SANDAG Develops Comprehensive Plan.*** In addition to its various regional transportation plans, SANDAG produced in 2004 its first Regional Comprehensive Plan (RCP). The production of an RCP was encouraged and defined for the San Diego region in Chapter 743 and Chapter 508. The adopted RCP represents a vision for the region's growth over the next 25 years, incorporating such factors as housing, transportation, the environment, and economic development. Thus, the RCP was an attempt to plan multiple aspects of the region's growth, constituting a "vision" document rather than an implementation plan.

Through its multiple planning functions, SANDAG is in a unique position to be able to affect both short- and long-term development of the region in terms of transportation facilities and services, congestion reduction, and mobility improvement, with consideration for the region's air quality and housing location. The extent the plans achieve the desired outcomes, however, will depend on how effectively SANDAG can affect behavior related to local land use and travel demand.

**SANDAG's Authority Over Transit Systems.** With the passage of Chapter 743 and Chapter 508, SANDAG's direct transit responsibilities have increased. The legislation consolidated some key functions of the transit operators, MTS and NCTD, into SANDAG. In addition to the transit planning functions discussed above, SANDAG is now responsible for the design, engineering, and construction of transit and rail projects. Additionally, SANDAG is now the claimant and grantee for certain transit funding and has the authority to review and approve transit operators' budgets prior to allocating transit funds to them. Finally, SANDAG has a significant oversight role regarding transit fare setting. The transit operators, however, retain authority over the operation and maintenance of their transit services.

The statutes also created a transportation committee within SANDAG, which is responsible, among other things, for reviewing the region's transportation plans and recommending them to the SANDAG board for approval. The committee is also responsible for working to meet the public transit needs of the region, including setting transit funding criteria and recommending transit funding levels, and undertaking "transit responsibilities resulting from consolidation."

Concurrent with the SANDAG consolidation, though not mandated by the statute, the transit governance in the southern part of the county was also streamlined. Prior to consolidation, there were three separate transit boards in the south county, including the Metropolitan Transit District Bureau, the trolley board, and the transit board, each with its own staff. As certain responsibilities were transferred to SANDAG, the remaining responsibilities of the three boards, along with their staff, were combined into the new MTS board that now oversees the operation of both the bus and rail systems in the southwest portion of the county.

## **MAJOR FINDINGS**

San Diego has in place the institutional framework necessary for regional governance of planning and operating its transportation systems and infrastructure. Given SANDAG's position in the county and the strong and broad role it has in the transportation area, it is suitably positioned to provide administrative oversight and policy direction. This has resulted in an ability to address regional needs through its decision making. However, there are also areas where its capacity to provide adequate governance is weak or incomplete, either due to the lack of authority, its institutional structure, or other factors. Our major findings regarding SANDAG's role in the transportation area are set forth below.

### **SANDAG Is the Primary Transportation Entity In the Region**

SANDAG is uniquely situated to play a strong role in the design and delivery of San Diego's transportation infrastructure and transit systems. As local communities in San Diego have become economically and socially linked, transportation demands have become increasingly intraregional in nature, necessitating a regional governance structure. SANDAG has strongly embraced that role.

While transportation issues are also addressed by the transit system operators, Caltrans, the County of San Diego, and the cities throughout the county, SANDAG solely possesses region-wide interest and authority. Although a number of factors are at work, SANDAG's influence stems largely from its roles in regional planning and funding decisions.

- **Planning Role.** SANDAG has been designated by the state and federal governments as the sole regional transportation agency. This designation gives SANDAG full authority to integrate short- and long-range planning in order to assure their compatibility.
- **Funding Decisions.** SANDAG can exercise authority over about one-third of the annual transportation dollars going to the region. While its discretion in the use of these dollars is constrained, it can "work around the edges" in order to reorient moneys in a particular direction or affect the timing of the use of such funds. Through its planning processes, SANDAG also influences the way some of the other two-thirds of funding is dispersed.

### **SANDAG's Decisions Often Reflect Regional Concerns**

SANDAG has put in place the mechanisms and developed the capacity to account for regional needs in its planning approach and funding decisions. For example, the methods by which SANDAG selects projects to be funded generally appear to be sound and are based on regional priorities. As noted earlier, SANDAG has created for the first time an RCP that sets forth a regional vision for growth in multiple areas, including transportation. Consistent with this RCP, the RTP chooses specific projects that reflect a concern with traditional transportation issues, such as congestion relief and cost effectiveness, but also incorporate more regional criteria, including: smart growth components, effects on housing, and environment issues.

Projects score points in each of these areas, and the projects with the highest point totals are included in the RTP. This methodology resulted in SANDAG rating very highly "managed lanes" with bus-rapid transit running on them, as evidenced by their prominent place in both the RTP and the projects included in the most recently adopted TransNet measure. SANDAG's regional perspective has also been enhanced by its absorption of selected staff from the two transit agencies.

### **Regional Decision Making Faces Constraints**

Although SANDAG's membership is geographically diverse, with representatives from cities across the county, the governance structure is not one that automatically fosters a regional perspective on issues. While the decision making and voting requirements necessitate a consensus approach to transportation issues, this consensus need not always represent a true regional perspective on issues. This is because the local officials that make up the SANDAG board are directly answerable only to their local constituents and governing boards. As a result, while SANDAG's stated intention is to establish plans and choose projects based on their regional benefit, its members may at times be driven more by local concerns.

Some of TransNet’s priorities, for instance, appear to be based on an unstated principle of returning a “fair share” of funds to each city or in a manner that ensures geographic equity, rather than directing funds where they would maximize regional benefits. As an example, TransNet’s local street and road funding is divided among cities and the county based on the population and miles of roads in each area rather than the amount of road deterioration or the amount of traffic that flows through the area. Such an allocation may have been politically necessary to ensure voter approval of TransNet, but it can run counter to the regional priorities that SANDAG espouses.

A similar dynamic may have also been evident with respect to the new TransNet measure. For this measure, SANDAG designated a list of projects that would receive the first allocations of funding from the sales tax extension. At the top of this list were three projects included in the original TransNet measure that could not be completed due to cost overruns. Recognizing their political popularity, SANDAG committed to spending the first funds raised by the new measure on these projects without a review as to whether the projects still made sense two decades after their original approval. There are some indications that one of these projects—the Mid-Coast Trolley—should have undergone much greater scrutiny and perhaps been changed due to its high cost and limited regional benefits. This would have freed up funding for alternative projects with greater regional benefit.

### **SANDAG’s Influence on Transportation Demand Is Limited**

Transportation planning is highly dependent on land use, density, and travel patterns. SANDAG, however, has very little direct or indirect authority over any of these major factors. While SANDAG creates the regional plans and directs transportation funds to carry out those plans, it cannot force the cities and the county to develop according to its plans, nor does it possess significant tools necessary to create incentives that would encourage development consistent with these plans. As a result, it largely takes transportation demand as a given, and attempts to match it with adequate supply.

***SANDAG Has No Land Use Authority.*** This lack of influence is due primarily to the fact that land use decisions are made by local governments without SANDAG input or review. In creating its regional plans, SANDAG can only take the local general plans as given and structure its plan around them. Chapter 743 recognized this limitation of SANDAG’s powers and stated that “there is a clear need for a regional agency having sufficient land-use authority to implement an efficient regional transportation system.” However, Chapter 743 gave no such authority to SANDAG, and in fact explicitly stated that land use decisions affecting permitting and zoning would not be transferred to SANDAG.

The result of this disconnect between local general plans and regional development is that they can be inconsistent and exacerbate some of the problems that SANDAG was established to address. For example, certain communities have approved low-density developments far removed from existing developed areas, making it difficult and expensive to serve them through the existing transportation network. These “large lot” developments have tended to work

against the higher densities that make all types of transportation infrastructure more cost effective.

***SANDAG May Indirectly Affect Development.*** Despite its lack of oversight regarding land use, SANDAG has attempted to influence transportation demand through less direct means. For example, SANDAG is taking steps to direct transportation funds to projects that would encourage its idea of smart growth in the region. Specifically, SANDAG is administering a Smart Growth Incentive Pilot Program that will grant \$19 million in federal funds to transportation projects that support certain developments. The objective is to highlight as a regional priority, and to create fiscal incentives for, the promotion of urban infill and communities with colocated housing, services, and employment. This is designed to encourage the use of transit and alternative modes of transportation such as walking and biking.

Building upon this program, the new TransNet measure directs \$280 million in sales tax revenue over 40 years to similar types of projects. These amounts are small in comparison to the amount of transportation funding flowing through the region, and they will likely not have a sizeable effect on the overall land-use development of the region. This is because such land-use decisions are driven by numerous other more powerful economic and fiscal considerations. SANDAG states its intention to direct larger amounts of transportation money in future RTPs according to smart growth principles.

### **Consolidation Might Improve Coordination of Transit Services**

Certain government services can benefit from increases in the size or scale of their operations as well as an expansion in the scope of their responsibilities (such as broader geographic coverage). Transit is perceived by some economists as one of those services that can benefit from both of these factors—at least with respect to certain activities—thereby reducing the overall cost of delivery and/or improving the level of service. Chapter 743 consolidated the planning and construction of transit projects within SANDAG, and while it is too early to tell the effects of many of these changes, there are several areas that may have benefited.

***Economies of Scale in Capital Project Development.*** Prior to consolidation, each of the transit operators performed design, engineering, and construction oversight work for its own transit projects. After consolidation, the transit operators' capital-related staff were transferred to SANDAG, which became responsible for all the work on projects. SANDAG staff indicate that this arrangement allows them the flexibility to deploy staff to the projects that need them the most, regardless of whether they are NCTD or MTS projects. This has the potential to increase the efficiency and quality of project design and construction by allowing more specialization to occur using the same amount of staff. Alternatively, it might be possible for staffing reductions to occur, resulting in savings over the former staffing levels for both agencies. Additional consolidation across other areas—for example, maintenance and certain administrative activities—may result in further economies although this would be significantly affected by the technical characteristics of each activity.

**Coordination Between Operators.** For those projects that will extend from the northern part of the county to the southern part, such as some of the bus rapid-transit projects proposed under TransNet, having SANDAG be responsible for the project's delivery would help ensure coordination between the two transit operators. Additionally, because many of these projects will be linked to highway projects (as part of managed lane projects), SANDAG is in a better position to work and coordinate with Caltrans than two separate transit operators.

Moving most of the planning functions of the transit operators to SANDAG also has the potential of facilitating better coordination of transit services. Prior to consolidation, SANDAG took the transit operators' plans for expansion and essentially placed them in its own transportation plans unchanged. Now, SANDAG can ensure that the transit plans are consistent with the larger, RTPs that SANDAG develops. Specifically, transferring the responsibility for the RS RTP from the transit operators to SANDAG replaces the two separate transit operator plans with a single SANDAG plan and creates an opportunity to better coordinate the transit operators' services. This is particularly important since a large proportion of the region's workforce commutes across the geographic division of the two transit systems.

**Administrative Oversight and Control.** Consolidation resulted in SANDAG being designated the "claimant and grantee" for certain transportation funds for which the transit operators had previously been the claimant and grantee. This includes federal formula funds received from FTA that can be used for transit maintenance and construction. The shift means that SANDAG has more oversight over how these funds are expended and can divide these transit funds among NCTD and MTS according to where SANDAG believes the funds will provide the most regional benefit.

However, while the law provides this power to SANDAG, it also states that SANDAG "should" retain the traditional division of these funds between NCTD and MTS. It also indicates that SANDAG should periodically review how these funds are allocated between the operators, thereby allowing SANDAG to change the division of funds if it finds reason to do so. To date, SANDAG has not changed the division of funds between the operators or reviewed the funding split. SANDAG could review the funding allocation to determine whether it should be altered to better align transit services with regional priorities.

### **Consolidation Under SANDAG Needs Clarification**

Consolidation of certain transit activities under SANDAG is best viewed as a "work in progress." For instance, SANDAG and the transit operators have encountered some obstacles in the course of consolidation. Many of these issues relate to a further clarification and redefinition of responsibilities between the transit operators and SANDAG, and ways to deal with an additional layer of governmental oversight.

**Reallocation of Planning Staff.** One issue relates to the consolidation of planning staff. In integrating the transit operators' planning functions into SANDAG, all planning personnel were initially transferred from the operators, including 60 planners from MTS and 6 planners from NCTD. However, after the transfer,

MTS determined that it still needed some planning personnel to support the continued operation of its existing local routes. In retaining responsibility for operations, MTS also retained the responsibility for altering the timing and routes of its vehicles, a function that requires planners. Once the problem was recognized, the executive directors of SANDAG and MTS began discussions on the issue. The result of these discussions was that both parties agreed that three planners would be transferred back to MTS.

***Oversight May Be Overly Detailed.*** Prior to consolidation, the transit operator made all route changes on their own, including schedules and times. When these route changes bordered the division between the two systems, they tended to be addressed through the existing Joint Committee on Rapid Transit, made up of board members from MTS and NCTD. Capital acquisitions were also treated the same way.

After consolidation, most if not all route changes and capital projects must be approved by the board of the relevant transit operator, the SANDAG Transportation Committee and the full board of SANDAG. While no requests for approval by the transit operators have been denied, the process adds a layer of oversight for—in some instances—very minor route or capital project changes. Both operators indicate that this is an area that needs to be streamlined in some fashion.

Similarly, SANDAG is now the claimant and grantee for certain federal transit formula funds used primarily for equipment purchase and maintenance. Prior to consolidation, the operators could submit these claims directly to the federal government. Although SANDAG is now technically the claimant and grantee for these funds, SANDAG could delegate the authority to submit certain claims to the federal government back to the transit operators. The transit operators and SANDAG are undergoing negotiations to determine how best to manage this issue so that SANDAG can retain its oversight authority while the transit operators can respond in a timely fashion to address equipment needs.

***Multiple Governing Boards and Levels Add Complexity.*** Three governing boards (SANDAG, MTS, and NCTD) and SANDAG's transportation committee now deal with transportation issues in the region. As a result, it is also unclear which board the public would approach about certain issues, such as the desire for new transit service in their area.

***Need for Increased Coordination.*** At present, because the primary service areas of the two operators are relatively separate and distinct, not a significant amount of effort by SANDAG has been needed to ensure that services are coordinated. However, as planned bus-rapid transit projects are constructed that are intended to link various parts of the regions (such as from north to south), SANDAG will have to play a greater role in ensuring these services are coordinated with the existing locally oriented services.

## Chapter 4

# Housing and The Environment

## HOUSING

### Like Other Californian Urban Areas, Housing Costs Are High

Compared to the rest of the nation, most regions in California face high housing costs. The San Diego region is no exception. Two of the primary factors that affect San Diego's housing market are:

- **Limited Land Available for New Housing Development.** As discussed in "Chapter 2," much of the land in the San Diego region has been set aside for public purposes or already has been developed. Local governments plan to use most of the remaining, undeveloped land for low-density housing or nonresidential purposes.
- **Population Growth.** The region is adding households at a faster rate than housing units. For example, between 2000 and 2004, the region's population grew by 7.2 percent. In contrast, the region's housing units grew by only 5.1 percent over the same period.

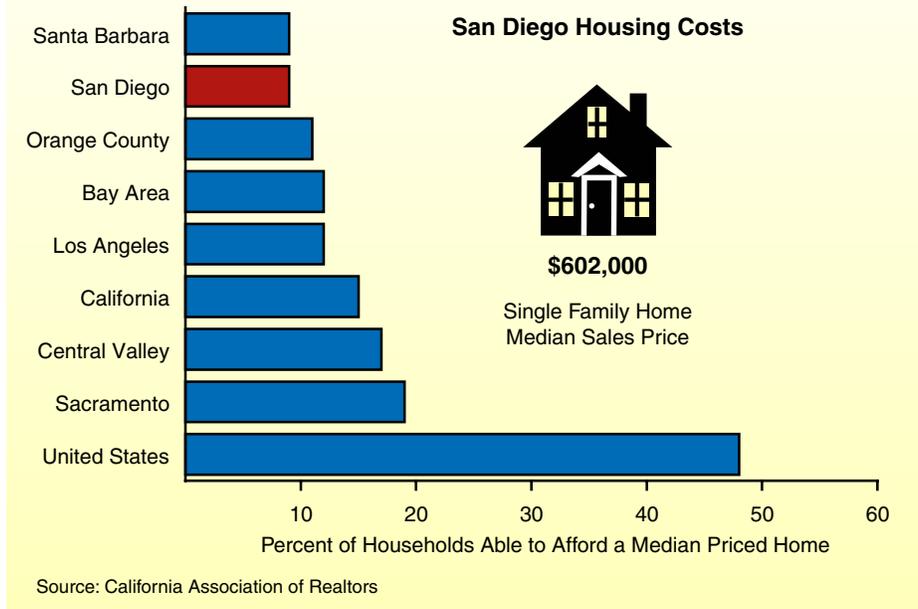
**Measuring Affordability.** In attempting to compare San Diego's housing market to other regions in the state, there are a number of measurement techniques. For instance, the California Association of Realtors (CAR) has developed an index to compare household incomes with the costs of purchasing a home in a region. The index measures the share of households that could afford the median priced home of an area. (The index assumes that a maximum of 30 percent of a household's income can be dedicated to housing costs. To estimate housing costs, the index uses the median home sales price, average interest rates, and assumes a 20 percent down payment.) Figure 1 (see next page) compares housing affordability in San Diego to other regions in California and the nation as a whole for October 2005 using the CAR index. While nationwide, almost one-half of households could afford a median priced home, only 15 percent of California households were able to do so. The San Diego region, at 9 percent, is even less affordable.

### Statewide Housing Planning Process

As noted above, the development of housing in San Diego does not appear to be keeping up with the demand created by population growth. State law establishes a process intended to ensure that there is sufficient land available and zoned to

**Figure 1**  
**Housing Affordability in California**

(October 2005)



meet the housing demands of a growing population. As part of its general plan, every city and county is required to prepare a “housing element” which assesses the conditions of its housing stock and outlines a five-year plan for housing development. Unlike other components of a local government’s general plan, the housing element must be approved by the state—an activity performed by the Department of Housing and Community Development (HCD).

As with other councils of governments, the San Diego Association of Governments (SANDAG) is responsible for coordinating the regional housing needs assessment (RHNA) and distributing expected household growth to each jurisdiction within the region. The allocation includes housing units for various categories, including low-income households. Jurisdictions are then supposed to ensure that the housing elements of their general plans provide sufficient land zoned to accommodate the designated amount of growth in housing.

**SANDAG Special Provisions.** As a pilot program, the San Diego region is authorized to implement a self-certification program. Under the program, SANDAG sets affordable housing production goals for a five-year period. Those cities and the county meeting these goals, may choose to self-certify that their housing elements are in compliance with state requirements—avoiding state review. The law authorizing the pilot program is due to sunset at the end of the current RHNA planning cycle (in 2010).

### **SANDAG Has Acted to Encourage Housing Production**

In response to the high housing costs in the region, SANDAG has taken a number of actions aimed to increase housing affordability.

**Promotion of Self-Certification.** SANDAG has been one of the primary advocates for the self-certification of local housing elements. In promoting the program, SANDAG has stressed the benefits of the program to local jurisdictions. As required in state law, SANDAG led the effort to develop housing production standards to determine which entities are eligible for self-certification. SANDAG has also made efforts to focus on the outcomes of the housing planning process. To be eligible for some future grant programs administered by SANDAG, it will require jurisdictions to file annual progress reports on meeting housing production goals, including documenting how many affordable housing units were produced.

**Transportation Dollars as Incentives.** In addition, SANDAG has chosen to use the allocation of some transportation dollars as an incentive for cities to develop affordable housing. Specifically, as part of the adoption of its RHNA in February 2005, SANDAG adopted a policy that for future allocations of discretionary funding, a minimum of 25 percent of the scoring it will use will be based on the production of affordable housing units. The largest program that will be affected by this policy is the \$280 million Smart Growth Incentive Program funded by TransNet (funds to be allocated over 40 years). In addition, SANDAG staff indicate that several other programs will be affected, such as bicycle and pedestrian grants. The staff report that the program will be refined based upon the experiences of a pilot smart growth program in 2005.

**Use of Regional Platform.** Finally, SANDAG has advocated the development of affordable housing as an important component of the region's future. Affordable housing receives considerable attention in the Regional Comprehensive Plan. In addition, the organization has stressed the need for affordable housing in its other publications and many of its public meetings.

## **MAJOR FINDINGS**

### **SANDAG Limited in Its Efforts to Promote Housing**

As described above, SANDAG has been given certain targeted tasks to help address the region's affordable housing programs. It administers the RHNA process, develops regional plans, and allocates some transportation dollars in ways that encourage affordable housing. These are all appropriate roles for a regional entity like SANDAG. The tools available to SANDAG to improve housing affordability, however, are fairly limited, for various reasons discussed below.

**No Direct Land Use Authority.** Councils of government in California have limited influence over housing pricing, zoning, and permitting. Instead, cities are the government entities that control the land use and permitting authority within their boundaries. Similarly, the county controls land use decisions for unincorporated areas. While councils of governments may use informal mechanisms to influence cities to change their housing policies, they have no formal land use authority. For instance, while SANDAG can encourage its member jurisdictions

to make their general plans consistent with policies outlined in the regional plan, it cannot force any city or the county to do so.

***The RHNA Process Ineffective.*** As we have noted in previous publications, the RHNA process in its current form is not particularly effective. The RHNA process focuses on the housing element as a planning document, rather than on housing production. Consequently, HCD's certification that a housing element is in compliance with state law guarantees only that a jurisdiction has a valid housing plan—not that housing actually will be built. Despite the state requirement to have a housing element approved by HCD, less than 75 percent of local governments statewide currently meet this obligation. On a statewide basis, there are few incentives or sanctions to encourage local government housing element compliance and the production of affordable housing.

To SANDAG's credit, its involvement in the self-certification program has been an attempt to improve actual production of housing. In a report to the Legislature in 2003, SANDAG contends that the self-certification program has been successful in increasing affordable housing. Yet, the existing sunset on the self-certification program in 2010 appears to be limiting the number of jurisdictions using the option. SANDAG estimates that only two cities will participate in the 2005-10 cycle, compared to ten cities in the previous 2000-05 cycle.

***Limits of Transportation Dollars as Incentives.*** The Legislature has encouraged SANDAG to use its allocation of transportation dollars to promote affordable housing. To some extent, as described above, SANDAG has pursued this approach with its TransNet smart growth program—offering transportation grants for those communities that pursue higher-density housing. Yet, most TransNet dollars are not allocated with this approach. For instance, one-third of the funds will be allocated to cities and the county on a population basis for street and road improvements, without regard to these agencies' efforts to promote housing production. In total, a very small portion of the TransNet funds will be allocated in a manner that considers local agency housing production or planning.

In developing the components of TransNet, the SANDAG board could have placed a greater emphasis on using the dollars to promote housing. Yet, the organization is limited in its ability to do so by political realities. First, the TransNet measure had to be approved by the SANDAG board, which is made up of representatives of every jurisdiction. If the allocation methods were viewed as disproportionately funding a few communities, the measure would have faced difficulty in obtaining board approval. Second, the measure had to be approved by two-thirds of the region's voters. A funding scheme that focused the dollars on a limited portion of the region may not have gained voter approval.

### **Region's Housing Problems Not Likely to Improve Soon**

Given a number of factors, we conclude that the San Diego region's housing problems are not likely to significantly improve in the near future. Furthermore, the measures that SANDAG has taken are unlikely to significantly affect the trend of declining affordability. Among the factors that will continue to make housing affordability a difficult problem to address are:

- **Population Growth.** Population forecasts for the next few decades predict that the region will continue to face significant growth.
- **Local Planning Restrictions.** Housing can only be developed within the parameters of local agency’s general plans and zoning restrictions. Currently, 90 percent of the remaining residential land in the region is zoned for a maximum of one housing unit per acre.
- **Strong Economic Forces.** As described in “Chapter 2,” the local government tax state’s land use system creates economic disincentives to the development of affordable housing.

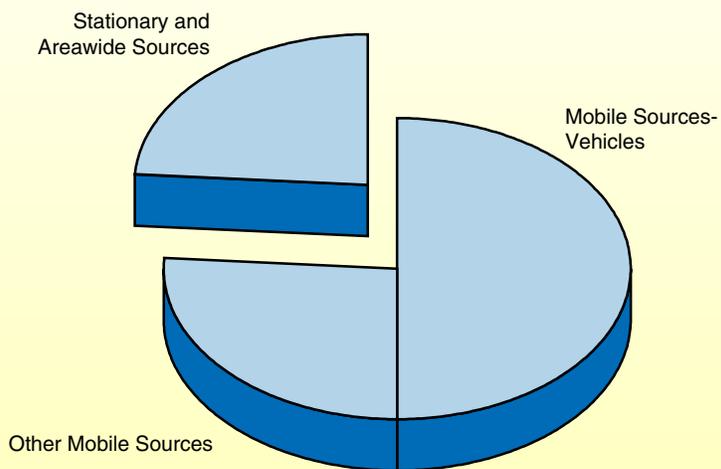
## AIR QUALITY

Air quality in San Diego has significantly improved over the last 20 years. Like most California urban areas, however, San Diego does not meet certain state and federal air quality standards. Exposure to polluted air can cause health problems, especially in children, adults who are active outdoors, and people with respiratory diseases. As Figure 2 shows, about three-quarters of the smog-forming pollutants in San Diego is generated by cars, trucks, and buses (50 percent), and airplanes, trains, and other mobile sources (26 percent). The rest of the region’s pollution is caused by stationary or area-wide sources (such as power plants, industrial facilities, home products and fireplaces, and agriculture).

Figure 2

### San Diego Region Emission Sources

2004



In addressing air quality issues, the federal and state governments have taken the lead in setting overall emission standards and in regulating mobile sources of pollution. The state has established regional entities, however, to address other responsibilities. The San Diego Air Pollution Control District (APCD) (the boundaries of which correspond to that of the regional air basin as well as San Diego County) prepares and implements the region's long-term plan to attain air quality standards and reduce air pollution. The district also (1) develops specific air quality rules and regulations for stationary sources in the county and (2) works with SANDAG to ensure that its transportation plan conforms to the air quality goals for the region (referred to as "transportation conformity"). This conformity is required by law.

As previously mentioned, air quality has improved significantly in San Diego in recent years. As Figures 3 and 4 indicate, emissions from reactive organic gas and oxides of nitrogen (pollutants which combine with sunlight to produce ozone or smog) have been cut almost in half since 1990. This has largely been due to a decline in emissions from mobile sources. Because vehicle miles traveled in the region more than doubled between 1980 and 2000, this air quality improvement probably is more attributable to factors such as the state's low emission vehicle requirements, cleaner fuels, and technology improvements than to local or regional planning and regulatory efforts. It should be noted, however, that the improvement in the San Diego region generally appears greater than many other air basins in the state.

## **MAJOR FINDINGS**

### **Governance Responsibilities Well Defined**

Governmental responsibility for air quality has been long established and well defined. The state and federal governments, address air quality goals and regulate mobile sources—those that can easily move among different regions. A regional level of government—the APCD—addresses the particular problems of the San Diego air basin. In general, the district's geographic scope of responsibilities appears to have been appropriately designated.

### **Limits of a Single-Function Entity**

While the APCD has specific regulatory authority to address pollution, it has no authority over many local governmental actions that can have significant impacts on the basin's air quality. For example, decisions about how land is developed and the intensity of the allowable development rests with cities and, in unincorporated areas, the county. If a local agency orients its land use policies so that jobs, homes, and stores are developed at low densities and at considerable distances from one another, its residents may be more likely to drive greater distances than would be the case if these land uses were located closer to one another. Thus, the land use decisions of local agencies can significantly affect the air quality of the region.

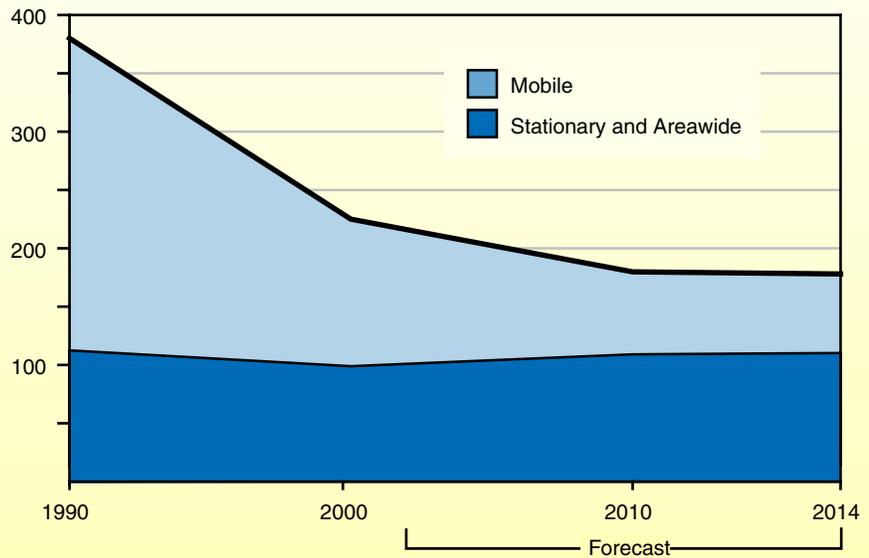
### **SANDAG's Air Quality Role Limited**

SANDAG has a fairly limited role in addressing the region's air quality. As noted above, it works with the APCD to assure that the region's transportation plans

**Figure 3**

**San Diego Region Trends in Emissions Of Reactive Organic Gas by Source**

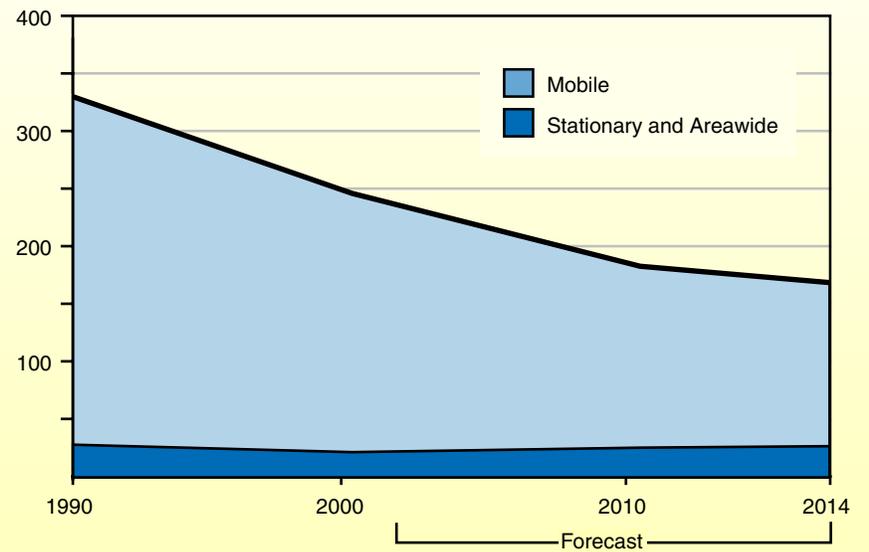
*(Tons per Day)*



**Figure 4**

**San Diego Region Trends in Emissions Of Oxides of Nitrogen by Source**

*(Tons per Day)*



conform with its air quality plans. In addition, SANDAG actively encourages local agencies to use land use powers in ways that minimize air pollution. For example, through its smart growth planning approach, SANDAG encourages compact, multiuse development, which it believes will reduce future vehicle miles traveled. As with the APCD, however, SANDAG has no authority over land-use decisions.

## **WATER QUALITY**

The primary water quality problem in the San Diego region is runoff of storm water from urban areas. When it rains, storm water runs off urban lands and carries a variety of pollutants into municipal storm water systems and natural water bodies such as creeks. Ultimately, this runoff ends up in the ocean. This is known as “nonpoint” pollution, because it does not come from a single, defined source.

Because water in the San Diego region ultimately flows into the Pacific Ocean, the effects of polluted runoff can be seen in the quality of coastal waters. There are frequent beach closures in the San Diego region. Beach closures are declared by the county when either there is a direct sewage spill in the area or when bacterial standards are repeatedly exceeded. Beach “postings” occur when a bacterial standard is exceeded, but the source is unknown. The number of closures and postings vary widely from year to year, due in part to rainfall levels. In 2004, San Diego County had 659 total days of closures and postings, while in 2005, there were 2,019 total days of closures and postings. (The annual number of closings and postings often exceeds 365 because multiple beaches can be closed on a single day.)

Under the federal Clean Water Act, when a portion of a water body (such as a stream, lake, or coastal water body) fails to meet water quality standards, the water body is designated as impaired. In these cases, the regional water board (the role of which is discussed in detail below) is required to develop a plan—known as a TMDL (total maximum daily load)—to meet the standards. Under the TMDL, the state assesses the pollution in the water body, the sources of the pollution, and creates a series of actions required to improve the water quality. In the San Diego region, there are 52 segments of water bodies that have been designated as impaired, some of which may require multiple TMDLs if multiple pollutants are causing the water quality problem. In response, the state has adopted seven TMDLs (two in Rainbow Creek, one in the Shelter Island Yacht Basin, and four in Chollas Creek) and is currently developing five additional TMDLs (Chollas Creek, the Seventh Street Channel, a general beaches and creeks TMDL for bacteria, and two in the San Diego Bay). Substantial development of TMDLs will be required in future years.

***Difficulties in Evaluating Water Quality.*** While it is clear that there are water quality problems in the San Diego region, it is difficult to compare the state of water quality in this region with that of other regions or to assess how water quality has changed over time in the San Diego region. This is due to a number of factors:

- Because the sources of water pollution and hydrology vary substantially among the state's regions, it is difficult to make interregional comparisons regarding how well a particular water pollution problem (such as urban runoff) is being addressed.
- There are limited water quality data available for most of the water bodies in the region. This lack of ambient monitoring data is common across all the state's regions, and makes it difficult to assess whether water quality is improving over time.
- Data on beach closures varies widely from year to year depending on the weather conditions. In heavy rainfall years, there will be more urban runoff and more pollution will be picked up by this runoff. Additionally, the bacterial standards and testing methods for beach closures and postings have changed over time, making it difficult to compare these data over multiple years.
- The Tijuana River in Mexico has high levels of pollution, particularly during heavy rainfall. Under certain conditions, flows from the Tijuana River into the Pacific Ocean can travel north along the coast, polluting coastal waters in the San Diego region. It is very difficult to separate out the effects of this source of pollution, which is beyond the regional water board's jurisdiction, from pollution sources in the region.

### **Governance Structure Regarding Water Quality**

As with air quality, the state and federal governments have taken the lead role in setting water quality standards. The state agency responsible for administering and enforcing these standards is the State Water Resources Control Board (SWRCB). The state board, in turn, has established nine regional boards, each encompassing a hydrologic region comprised of specific watersheds.

***Role of the Regional Water Quality Control Board.*** The San Diego Regional Water Quality Control Board ("regional board") is responsible for regulating water quality over most of the San Diego region. The board's jurisdiction extends north from the Mexican border into southern Orange and Riverside Counties, and east from the Pacific Ocean to the Laguna Mountains. The regional board is a state agency, with a board appointed by the Governor and approved by the Senate. The regional board enforces state and federal water quality laws, primarily by issuing and enforcing permits for discharge of wastes into water, including the municipal storm water permit, the statewide general construction-related storm water permit, and industrial discharge permits. If the regional board finds a permittee has violated the requirements of its permit, the regional board can levy fines for noncompliance.

In addition to its permit-related regulatory responsibilities, the regional board is also a "responsible agency" under the California Environmental Quality Act (CEQA). In this capacity, the regional board provides comments on the water quality impacts of proposed development projects, through its review of environmental documents, such as Environmental Impact Reports.

***Cities and County Have Role as Copermittees.*** The cities and the county under the regional board's geographic jurisdiction have the primary responsibility for implementing storm water pollution prevention activities as copermittees under the municipal storm water permit. Under the permit, each local jurisdiction is responsible for reducing the discharge of pollutants to the maximum extent practicable. The regional board has the responsibility for enforcing the permit's requirements.

***SANDAG's Role.*** SANDAG has no direct role in the protection of water quality. As discussed above, the regulatory authority is vested in the regional board, while the cities and the county are required to implement pollution prevention measures. SANDAG developed recommendations for improving water quality in its Regional Comprehensive Plan. However, most of the recommendations would most likely have to be carried out by the copermittees of the municipal storm water permit.

## **MAJOR FINDINGS**

### **Reasonable Allocation of Governance Roles**

As water flows do not coincide with political boundaries, it was appropriate for (1) the state and federal governments to establish comprehensive standards and (2) the state to establish a regional structure to regulate water quality. The San Diego Regional Water Quality Board covers the water basin within which virtually all San Diego County residents live. Unlike air quality, where regional regulatory authority has been delegated to a local entity, the regional water quality board is a state entity. As a state agency, the regional board's budget is subject to the state budget process. Almost 60 percent of the regional board's budget comes from fees and federal sources. The regional board does not have the power to raise fees on its own; rather, the SWRCB sets the fee schedule for the state.

### **Constraints on Achieving Water Quality Improvement**

Although the allocation of regulatory responsibilities among governmental entities is reasonable, some factors work against improvements in water quality.

***Land Use Decision Making Affects Water Quality.*** While the regional board has the primary regulatory authority for protecting water quality in the region, local land use decisions have a very important impact on water quality. Because the major source of water pollution in the region is from urban runoff, local land use decisions have a critical impact on the region's water quality. For example, development in general reduces the amount of uncovered land through which rainwater can percolate into the ground, thereby increasing the runoff of rainwater. Additionally, the construction of new development also can be a significant source of polluted runoff, primarily from erosion of soils during rain events. However, the particular design features of new development can either accelerate or slow the runoff affected by the development.

While the regional board does not control local land use decision making, it potentially has some influence over such decisions. First, the current municipal storm water permit requires that the county and the city copermittees include

water quality protection principles in their general plans. However, it is not known the extent to which this requirement has influenced land use decisions, let alone affected water quality. Second, the regional board has the statutory responsibility under CEQA to comment on the water quality impacts of proposed new developments or general plan updates. However, it has limited resources for this role. According to the regional board, it reviews only about 5 percent of the CEQA documents it receives.

**Data Limitations.** The general lack of water quality monitoring data (noted above) is problematic for a number of reasons. This lack of data makes it difficult to evaluate the region's water quality and to determine whether water quality is improving or declining. This also makes it difficult for the regional board to target enforcement to the sources that have the largest impact on the region's overall water quality. Additionally, the current lack of available monitoring data limits the regional board's ability to evaluate the success of the cities and county under the municipal storm water permit in reducing pollution from urban runoff. Given this, the regional board's enforcement of the municipal storm water permit generally has been limited to auditing the copermittees' activities to ensure that they are carrying out the actions required of them under the permit. However, in light of the requirement that the copermittees collect water quality data, the regional board staff anticipate that, over time, it will accumulate sufficient data to evaluate the effectiveness of the specific activities under the permit.

**Financial Limitations.** As mentioned above, the regional board has limited financial resources to carry out its statutory mission. Similarly, while regional board, San Diego County, and SANDAG staff all indicated that it would be useful to conduct more public education campaigns relating to water quality issues, none of these agencies has the resources to do so.

### **SANDAG Has Virtually No Role in Water Quality**

As noted above, SANDAG has no direct role in regulating water quality. Any involvement in the area by SANDAG would tend to be of an indirect nature. For example, staff of the regional board indicated that it would be beneficial if they could provide feedback to SANDAG regarding the water quality impacts of SANDAG projects and activities, such as transportation planning and beach sand replenishment projects. By providing input early in the process, before alternatives have been finalized and environmental documents produced, the cost of reducing the water quality impacts of these proposed projects may be reduced. Currently, the regional board lacks the resources to provide such feedback. However, SANDAG and the regional board are in discussions to create a consultant position at the regional board, funded with TransNet funds, that would advise SANDAG on the water quality aspects of future TransNet projects.

## **NATURAL HABITAT CONSERVATION**

The San Diego region has more rare, threatened, and endangered species than any similarly sized land region in the United States. On a national and global scale, the region has been identified as a major "hot spot" for biodiversity (a large number of different plant and animal species) and for species endanger-

ment. Furthermore, in terms of protecting “open space,” the region has focused its attention and fiscal resources on lands with natural resource values. The goal is to assure that adequate quantities of diverse habitat types are maintained, and that the plant and animal species found in these habitats are less likely to become endangered. The San Diego region is also one of the most rapidly growing areas of the country. This combination of high biodiversity; large numbers of rare, threatened, and endangered species; and rapid urbanization has led to intense conflicts between economic growth and biological conservation.

Habitat conservation has been addressed by both federal and state laws, including the state and federal Endangered Species Acts and CEQA. Development, however, is still governed mainly by local planning and land use decisions, usually on a project-by-project basis. This has been problematic both for developers, who can face great uncertainty over the environmental approval process, and for conservationists, concerned about the cumulative impact of development on the ecosystem.

In order to provide a more predictable and streamlined regulatory process for developers and provide species with an effective ecosystem-based conservation strategy, the state established the Natural Communities Conservation Planning (NCCP) program. Under this program, the Department of Fish and Game (DFG) enters into voluntary agreements with local public agencies for the purpose of preparing a plan to provide for the comprehensive management and conservation of multiple wildlife species. Once the plans are approved, DFG enters into permitting agreements with the local jurisdictions covered under the plans to allow for specified development to take place without the need for multiple single-species-focused permits. These permitting agreements provide that DFG will allow the “taking” of any species (that is, harm caused to the species due to development and other projects) whose conservation and management is provided for in an approved NCCP plan.

The department has designated the San Diego region as a “bioregion.” Local agencies in the region have established, or are in the process of establishing, four subregional multiple species/habitat conservation plans under this program (see Figure 5). These four plans collectively cover all of the county (with the exception of Camp Pendleton). These voluntary plans include the south county Multiple Species Conservation Plan (MSCP), approved in 1997; the Multiple Habitat Conservation Plan (MHCP), approved in 2003; and the north and east county MSCP subarea plans (which are still in the planning stages).

Once the conservation plans have been developed, each affected local agency is responsible for implementing the habitat conservation plans in its jurisdiction. Local agencies also are required to identify a funding source to cover the costs associated with land acquisition, and maintenance and monitoring of the acquired lands necessary to implement the conservation plans. Lastly, each jurisdiction is required to report to wildlife agencies (DFG and the U.S. Fish and Wildlife Service) on its progress in implementing the conservation plan.

### **SANDAG Has Played a Facilitator Role**

While the state and federal wildlife agencies are responsible for regulating the taking of species, responsibilities regarding land development and implementation of the conservation plans rests with cities and, in the unincorporated areas, the county. SANDAG has no direct authority over general habitat conservation.

Drawing on its experience facilitating regional decision making, SANDAG chose to play a role in the NCCP process. SANDAG directed its staff to assist in the development of the MHCP. There is also \$200 million earmarked in TransNet funds for a Regional Habitat Conservation Fund. These monies, which will be allocated by SANDAG, will be used over the next 40 years to implement habitat conservation plans, including the acquisition of habitat lands, habitat and species tracking, and biological monitoring. SANDAG also made a commitment (outlined in provision ten of the “TransNet Extension Environmental Mitigation Program Principles”) to support additional regional funding measures (a ballot measure and/or other secure funding commitments) to meet the long-term requirements for implementing habitat conservation plans in the region no later than four years after the passage of the TransNet Extension.

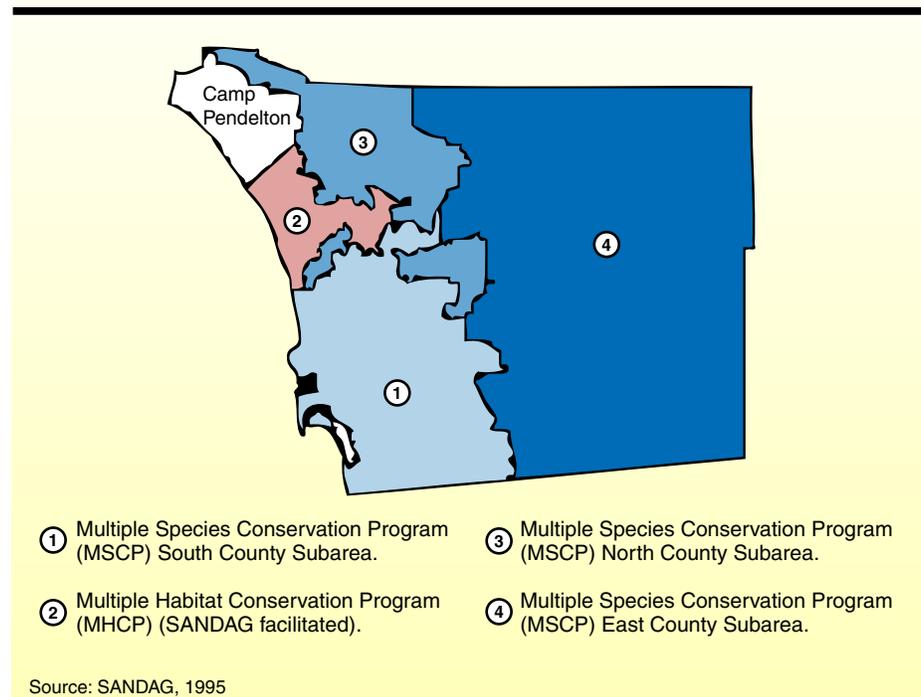
### **MAJOR FINDINGS**

#### **New Conservation Program Still in Infancy**

The NCCP program is a relatively recent effort to address the issues of each bioregion on a more comprehensive basis. The issues of habitat conservation

**Figure 5**

#### **San Diego Region Conservation Plans**



clearly transcend the boundaries of local governments, necessitating action by a higher level of government.

Local governments are responsible for the monitoring and coordination (among local governments) of each individual subregional plan, while DFG is responsible for the overall coordination and oversight of monitoring of all plans throughout the state. However, DFG currently lacks the resources to fully carry out these responsibilities. In the San Diego region, there have been problems coordinating the development of the subregional plans. For example, the County of San Diego originally was part of the MHCP negotiations (area shaded in red in Figure 5), but withdrew citing policy and other concerns with elements of the MHCP. The county is now developing a *separate* MSCP (area shaded in light blue in Figure 5) for the county's unincorporated land. The land to be included in the county's MSCP (1) was previously part of the MHCP and (2) is adjacent to or within the geographical jurisdiction of the MHCP. Having two conservation plans covering a single land area runs the risk of inconsistencies in approaches to preserving essentially the same ecosystem. This is especially the case since the county has not involved SANDAG in the discussions related to the county's MSCP.

Similarly, DFG does not have resources in place for assuring that management and monitoring of the plans are consistent across jurisdictional boundaries in order to focus conservation on large ecosystem-based areas, rather than jurisdictional boundaries. Rather, each local agency independently implements the conservation plan and manages the outcomes within its jurisdictional boundaries.

### **SANDAG Has Opportunity to Assist in Habitat Plan Implementation**

As discussed earlier, SANDAG played an important part in the development of the MHCP. The organization has also provided technical assistance in this area by recently serving as the lead agency in a habitat tracking and reporting system. It is SANDAG's role in allocating the \$200 million in TransNet funds, however, that may prove to be significant. With these resources, SANDAG may be able to address some of the concerns noted above regarding coordination, monitoring, and funding of the habitat plans. As such, SANDAG is well situated to play an important regional role in conservation by assisting in the implementation of the habitat conservation plans.

## Chapter 5

# Governing the San Diego Region: Assessment and Alternative Approaches

Previous chapters in this report describe the large network of governments in the San Diego region and their effectiveness in addressing regional concerns. This last chapter summarizes the strengths and weakness of the current governance system and discusses the sensitive policy issues associated with changing a governance structure. We conclude by exploring two alternative approaches to the region's governance structure.

## MIXED REPORT CARD FOR REGIONAL GOVERNANCE SYSTEM

Throughout this report, we note areas in which the region's governance system appears to be addressing the region's problems and areas in which the governance system seems less well equipped to address these challenges. Figure 1 (see next page) summarizes our major observations, which we discuss below.

### **Complex System Works to Achieve Some Regional Benefits**

**Local Agency Accountability.** Local agencies, particularly the cities and the County of San Diego, appear to have high levels of public accountability. City and county officials are directly elected to their positions and local newspapers report agency activities in some detail. The region has a wide array of environmental, business, and taxpayer public interest groups that monitor public actions. Local agency accountability does not mean that local institutions always make the best decisions, but that the public, media, and other organizations can draw attention to local policies and reorient a local agency as needed. The ability of these entities to focus attention on local policies and effect change is apparent, for example, in the recent actions taken by the City of San Diego regarding its mounting employee pension plan debt and the factors that contributed to development of this problem.

**Fiscal and Regulatory Authority.** Cities, the county, and special districts have significant control over local tax, fee, and assessment revenues that they use to implement local programs. They also have authority to impose new taxes, fees, and/or assessments to implement programs desired by their residents. Cities

**Figure 1**

**Assessment of Governance System in the San Diego Region**

Positive Elements	Limiting Factors
<b>Accountability</b>	
<p>There is significant accountability between city/county officials and the public regarding municipal operations and local land use decision making.</p>	<p>The public has limited ability to hold regional agency representatives accountable.</p>
<b>Fiscal and Regulatory Authority</b>	
<p>Local agencies have a range of fiscal and regulatory tools to carry out their responsibilities.</p>	<p>Regional agencies have limited fiscal powers. Local governments face fiscal incentives to approve a narrow range of land uses (principally, retail and low-density, high-value single family residential).  Regional agencies have no regulatory authority over land use decisions, despite the fact that the effects of land use decisions can spill over local boundaries and impede the region's efforts to improve mobility, housing affordability, and the environment.</p>
<b>Regional Agency Scope and Scale</b>	
<p>The geographic scope of responsibility for regional agencies is broad enough so that agencies can consider the impact of their policies on the full affected region.  Responsibility and fiscal authority over the supply of transit, road, and highway services are assigned to a single regional agency (SANDAG), an agency that also has broad responsibility for comprehensive regional planning.  SANDAG's governing board structure and staff resources provide a forum for regional discussions and problem solving.</p>	<p>Some important interrelated regional problems are addressed in isolation by separate regional agencies.  SANDAG's transportation authority is limited to planning and funding. SANDAG has no authority over land use and other policies, such as parking that significantly influence transportation demand.  SANDAG also has no authority to build road, transit, or other transportation projects in an area without the affected local agency's approval.</p>

and the county have broad police powers to regulate activities, including land use, to promote public welfare and safety.

**Regional Agency Scope and Scale.** The responsibilities assigned to regional agencies in San Diego (environmental protection, transportation funding, and regional planning) are responsibilities suited to being handled by this higher level of government. The regional agencies are assigned geographic areas of responsibility (such as an air basin or watershed) that cause them to consider

the impact of their policies across city and county boundaries. The region's primary planning agency, San Diego Association of Governments (SANDAG), has responsibilities that are somewhat broader in scope than other California regions. This assignment to SANDAG of responsibility for multiple interrelated policy areas (1) allows SANDAG to consider multiple objectives in its planning and decision making and (2) may increase SANDAG's ability to enact policy initiatives, because the governing board can "bundle together" disparate policy proposals to attain the requisite level of board support. Our review found numerous instances of SANDAG using its authority to take actions that crossed policy areas, including:

- Collaborating with local and other regional agencies to assist in the adoption of local habitat preservation plans and then identifying TransNet (transportation) resources for implementation of the plans.
- Developing reversible HOT (High Occupancy/Toll) lanes on freeways with the toll varying based on the congestion level and using the resulting revenues to support transit service.
- Planning highways to support the development of BRT, or bus rapid transit, systems (similar to rail transit in that BRT often operates on dedicated, grade-separated right-of-way and has elevated boarding platforms).

### **Yet Structure Has Limitations**

**Accountability.** Residents of the San Diego region do not elect their regional representatives directly. Residents interact with regional representatives infrequently at regional public hearings and do not appear to have significant knowledge of regional agency activities. In the case of SANDAG, the County of San Diego's representative rotates annually and city representatives serve at the pleasure of their appointing agency.

**Fiscal and Regulatory Authority.** While regional entities in San Diego have responsibility to address issues of regional concern, these agencies typically have limited regulatory or fiscal authority to make progress regarding these matters. Most notably, the system is not well designed for ensuring that the region's remaining developable land is used in a manner consistent with the region's long-term interests. Regional agencies, such as SANDAG, make land use policy recommendations to promote the region's interests, but local agencies are not bound by SANDAG's suggestions. Cities and the County—agencies with land use approving authority—face significant economic incentives to orient their land use policies to promote a narrow range of land uses (principally, retail and low-density, high-value single family residences).

**Regional Agency Scope and Scale.** Regional agencies in the area consult with one another, but carry out their activities separately. While SANDAG's duties are broader in scope than the other regional agencies, SANDAG's authority is still limited. For example, SANDAG may not build transportation projects in communities without the community's approval and has no authority over land use policies or other requirements (such as parking) that influence transportation decisions.

## POLICY TRADE-OFFS INHERENT IN GOVERNANCE CHANGE

To anyone following the debate over the San Diego region's governance, the shortcomings discussed in the previous section are not new. As shown in Figure 2, reports spanning about 30 years have identified these limitations in the San Diego region's governance structure and called for modifying the region's governance.

Figure 2

### San Diego Region: A Selection of Findings From Studies

#### **1978 Report on Regional Planning Issues, San Diego County Board of Supervisors Task Force**

"While the regional planning efforts of CPO [SANDAG's predecessor agency] have produced some worthwhile products, they have to a large degree been ineffective because CPO has no real authority . . . to implement the plans. In response to this inherent ineffectiveness and because of the acuteness of certain regional problems, a number of special purpose regional agencies have been created . . . These agencies have been vested with not only planning responsibilities but also with some regulatory authority through which they can work to implement their plans. The special purpose regional agencies have also had only limited success, however. While their power and jurisdiction is limited to one specific issue, and they can and have produced plans which technically resolve that issue, they are frustrated in doing so because the resolution is dependent upon the plans and actions of other agencies. Moreover, considering the complexity and costs inherent in resolving all the issues, tradeoffs must be made. A special purpose agency with a single goal is unable to evaluate and weigh the tradeoffs necessary."

#### **1995-96 San Diego Regional Citizens' Commission on Local Government Efficiency and Restructuring Report, "SANCoger"**

"Many of the issues that we demand our government resolve and many of the services we depend on government to provide are regional in nature. Transportation planning and infrastructure, sewage and solid waste management are just three. Despite this, we have no government entity charged with, responsible for, or capable of implementing, regional solutions to these and comparable problems. . ."

#### **1999 State-Local Fiscal Reform: Fiscal Abilities and Responsibilities, SANDAG**

"Due to current tax distribution policies between state and local governments, local government officials have lost much of their control over tax revenues. One way that local governments sometimes try to regain their fiscal powers is through land use policy. In many instances, local elected officials approve retail development projects because they produce revenue through sales taxes. This results in what is known as the 'fiscalization' of land use: the favoring of retail development over housing and other non-retail projects.... The people of California are poorly served when the pursuit of tax dollars underpins local decisions about land use and community development."

#### **2001 Joint Agency Negotiation Team on Consolidation (JANTOC)**

"JANTOC identified three key issues that would have to be resolved as part of improving our regional governance structure:

- Local and regional land use control.
- Local elected officials' relationships with a Governing Board.
- Transitional strategy to implement new regional governance structure.

JANTOC gave the issue of land use its highest priority and spent considerable time discussing approaches to resolve regional significant land use issues in the context of local land use authority."

#### **2002 Regional Transportation Planning: Does it Exist? County of San Diego Grand Jury**

"SANDAG's ability to conduct effective regional transportation planning is impeded by its lack of authority to override local governments which oppose a project, when SANDAG determines such a project to be in the best interests of the regional transportation system."

Although Legislatures, Governors, and local officials have enacted over time some modest measures to modify the region’s governance system, the major shortcomings summarized in Figure 1 persist. The intractable nature of these concerns is a testimony to the difficult and sensitive trade-offs entailed in addressing them. Figure 3 outlines the major trade-offs that surface when proposals for changing the San Diego region governance structure are considered.

**Figure 3**

**Major Policy Debates That Surface  
When Governance Structure Change Is Considered**

**Local Control Versus Regional Authority**

California traditionally has vested broad authority over many matters with local governments—and given limited authority over a narrow range of subjects to regional agencies. Although there are different ways to modify a region’s governance structure to make it more effective, changes inevitably raise concerns regarding the potential diminution of local control.

**Elected Versus Appointed Representatives**

Choosing public representatives through elections prompts public policy debates and fosters accountability between the elected and the electorate. Having to select a high number of elected officials, however, can make it difficult for citizenry to be informed about all the candidates, potentially reducing the quality of voter engagement. Allowing some governmental agency representatives to be appointed (rather than elected) addresses the need for governmental representation while lessening demands on voters. Proposals to modify a region’s governance structure inevitably raise questions as to how—and by whom—governmental representatives should be selected.

**Single- Versus General-Purpose Governments**

In response to different interests regarding accountability, policy control, and collaborative decision making, some California governmental agencies have been structured to be responsible for a single government service and others have been given responsibility for many services. Proposals to modify a region’s governance structure can shift the assignment of responsibilities between single- and general-purpose governments. Such changes can raise concerns about the factors that originally prompted the assignment of responsibility to a single- or general-purpose government.

**Change in Government Structure Versus Stability**

While changing how responsibility and authority is distributed across a region’s governments has the potential to improve its ability to address concerns, maintaining stability in the governance structure also has advantages. Specifically, minimizing change makes it easier for residents to know which officials to hold accountable for results and avoids institutional “downtime” associated with changes in mission or employees.

**Major Change Versus Incremental Change**

Proposals for major change inevitably evoke conflict between those (1) who want significant reform and are confident about its ingredients and (2) who prefer a more incremental approach and wish to test alternatives to see their results over time.

Most notably, proposals to change the region's governance system prompt debate as to which decisions should occur at the level of government closest to the people (local government) and which should occur at a level of government that is large enough to consider the full affected area (some form of regional government). Typically, proposals to change governance structure involve a shift of power upward to a higher level of government. Past experience in California and throughout the country, however, indicates that actions to decentralize government—by creating new cities or special districts—are common. Proposals to consolidate power or reallocate power upward, in contrast, are unusual. For example, over the last century throughout the United States, only 33 cities have consolidated with their county and only a handful of regions have created multipurpose regional entities.

Proposals to change a region's governance structure also focus attention on how regional decision makers should be selected—through elections or appointments—and whether regional governmental agencies should have a broad responsibility (so that they may act on proposals that promote multiple policy objectives) or narrow responsibility (to highlight accountability). Governance change proposals inevitably highlight discussions regarding the advantages of a stable governance structure, versus the disruption associated with changing governance structures to consolidate certain authority currently held by multiple entities. Finally, proposals for significant reform inevitably prompt questions as to whether more modest change might accomplish some of the same results with less disruption.

## **OPTIONS FOR MAKING THE REGION'S GOVERNMENT WORK BETTER**

As discussed in the "Introduction," Chapter 743 and Chapter 508 direct this report to examine alternatives for improving the accountability and effectiveness of the region's governance system. This section discusses two approaches for such restructuring: one that focuses on incremental steps and one oriented towards more significant change. For a balance of perspective, and in recognition of the difficulties associated with governance change, this section begins with a third option: no change.

### **No Change**

For reasons discussed below, the Legislature, Governor, and residents of the region might prefer to enact no change at this time, adopting a "wait and see" approach to the region's situation. The hope would be that previously enacted changes, combined with local actions and/or market forces, might address the San Diego region's challenges adequately without further state action.

***Region's Governance Structure Already Better Than Average.*** Viewed from a statewide perspective, the San Diego region's governance structure has attributes that are superior to other regions in the state. Most notably, one agency—SANDAG—is assigned the interrelated responsibilities for (1) regional road and transit planning, funding, and project development, and (2) regional comprehensive planning. The SANDAG board works together reasonably well, debating

issues and developing policies. SANDAG’s staff is well regarded for their professionalism and development of products that are valuable to the region, such as the agency’s extensive land use database (discussed in “Chapter 2”).

***Governance Structure Still Adjusting to Recent Changes.*** Chapter 743 and Chapter 508 modified the region’s governance structure by consolidating two transit agency planning and project development functions within SANDAG and altering SANDAG’s voting and committee systems. From an administrative and policy perspective, these changes have taken time to implement, and it will take longer before the full effects of these changes are known.

***Little Local Outcry for Significant Change.*** California traditionally has (1) deferred many decisions regarding the design of local and regional governance to local agencies and their residents and (2) vested substantial authority over land use with cities and, in unincorporated areas, counties. During our review of the San Diego region governance structure, we found little public or institutional support for reducing this extent of local control. In fact, we heard particular support for land use decisions continuing to be carried out by local agencies, responsive to community preferences.

### **Likely Outcome**

What would happen if the current governance system were left unchanged? The governance system would carry on as it is now, without the disruption associated with governmental institutions changing their mission or shifting employees. Over time, given the recent consolidation of transit agencies, we would expect to see modest improvement in the coordination of transit policies. In addition, as land prices increase, developers would likely respond to market forces and propose some projects at greater densities than in past years. Thus, over time, economic forces may result in a greater number of compact developments—such as higher-end apartments and condominiums that generate significant property taxes—being constructed than in the past.

Absent other intervening factors, however, we would assume that most of the region would develop as it has over the last decades. That is, developers would propose projects that reflect the interests of prospective property owners. Local agencies would regulate land uses based on their perception of the developments’ likely costs and benefits to their existing residents, as opposed to the region at large. Regional accountability would stay about the same. Because the population would continue to grow and many new homes, businesses, and stores would be developed at relatively low densities, traffic likely would increase and housing affordability decline.

### **TAKE INCREMENTAL STEPS**

As an alternative, the Legislature, Governor, and residents of the region could improve the region’s governance system incrementally, without substantially changing (1) the responsibilities of existing governmental agencies or (2) the region’s overall governance structure. While there are various approaches to making such incremental change, we describe three options below that directly address concerns raised in the previous chapters relating to accountability, fiscal incentives, and construction of multifamily housing. The Legislature, Governor,

and/or residents of the region could make these (or similar) changes separately or in combination with other incremental changes.

The major advantage of taking an incremental approach is the possibility of making some modest improvements, without prompting the major policy debates highlighted in Figure 3. That is, incremental steps avoid some of the conflict associated with proposals that shift significant authority from local government to regional agencies, require new regional elections, or consolidate different functional responsibilities currently assigned to single purpose agencies.

### **Increasing the Accountability of the SANDAG Board**

Because city residents have no certainty regarding *which* city official will represent them on the SANDAG board or how long this representative will serve, it is difficult for city residents to hold their SANDAG representatives accountable. In addition, because the county's SANDAG representative rotates annually among the five members of the Board of Supervisors, residents have little ability to hold their County Supervisor accountable for his/her votes on SANDAG.

To highlight the importance of SANDAG representation and increase the accountability of these positions, the Legislature could modify the statutory provisions regarding appointments to SANDAG—for example, by transforming the board into a “Council of Mayors.” Under this model, each city would be represented on the SANDAG board by its mayor or, for the three cities that have rotating mayors, by another position elected citywide for this purpose. Over time, residents would develop an understanding that their mayor (or the designated position) is the person to hold accountable for regional issues. (A comparable approach to the designation of the SANDAG representative would need to be developed for the county's SANDAG position. This approach would be complicated, however, because of the Board of Supervisors are elected from different districts and the chairperson of the board is a position that rotates annually.)

Based on our discussions with locally elected officials, we understand such a change would limit mayors' ability to juggle competing workload demands. While we understand this concern, we think it would have to be balanced against the benefits of increased SANDAG accountability.

### **Reduce Undue Fiscal Incentives Regarding Land Use**

As described earlier in this report, California's local government tax structure gives local governments significant fiscal incentives to orient land use decisions to promote retail developments and low-density, single-family residences. Thus, while SANDAG may encourage local agencies to approve a broad array of land uses, including multifamily developments, the state's tax structure sends local governments different signals.

The economic incentives local governments face are the result of state laws governing the allocation of the sales tax and property tax. Specifically:

- One percent of the sales tax (the “Bradley-Burns” sales tax) is allocated based on the jurisdiction in which the sale occurs, rather than where

people live. Thus, local governments face incentives to approve retail developments within their borders.

- The property tax is allocated to cities, counties, schools, and other local agencies in accordance with a series of complex formulas drawn from local taxation decisions of 30-years ago. As a result, some areas (particularly those that had little development 30-years ago) get a very low share of the property tax generated in their jurisdiction. These communities raise the most net tax revenues from high value developments that impose low costs for the agency to serve.

While modifying this tax allocation system has the potential to improve the fiscal incentives local agencies face regarding land use decisions, the provisions to the California Constitution added by the state's voters in Proposition 1A (November 2004) effectively:

- Eliminate the Legislature's ability to change state laws regarding the allocation of the local Bradley-Burns sales tax.
- Require the consent of the governing board of every affected local agency in order to reallocate the sales tax or modify how property and sales taxes are allocated in a region.

Below, we describe an example of a sales tax reallocation proposal that would modify the fiscal incentives local agencies currently face. This proposal could be implemented without constitutional change, provided it was approved by *all* affected local agencies.

**Existing Sales Tax.** First, every city in the region and the county would be guaranteed to receive at least its current level of sales tax revenues in future years, provided the community continues to have a comparable (or greater level) of sales tax transactions. This would reassure local governments that their base of sales taxes would be available for local uses in the future.

**Growth in Sales Tax.** Next, an increasing percentage of the *growth* in county-wide sales taxes would be reallocated to the cities and the county based on the population of these jurisdictions (for the county, the population in the unincorporated area). For example, 10 percent of the growth in sales taxes could be reallocated in the first year, growing to 50 percent in the eighth year. This would reduce somewhat the undue incentives for local agencies to approve retail land uses and increase their incentives to approve housing developments because local agency revenues would be less dependant on the extent of retail developments built within their jurisdictions

**Incentives May Be Needed.** Because the changes outlined above—or any other program of local government fiscal reform—inevitably evoke concerns among local agencies about possible “winners and losers,” some form of major state fiscal or regulatory incentives probably would be necessary to secure local governments' adoption of such a proposal.

## **Regulatory, Planning, and Fiscal Approaches to Increasing MultiFamily Housing Production**

Because multifamily developments usually (1) house more people on less land than single-family developments and (2) lead to population density at which transit service is viable, SANDAG encourages local agencies to promote the development of multifamily housing in their communities. As discussed earlier in this report, however, local agencies do not always promote the construction of this housing stock, citing its fiscal implications on local taxes and expenses and the preferences of current community members. Below, we outline regulatory, planning, and fiscal approaches that could encourage local agencies to authorize more multifamily residences in their communities.

**Regulatory Action.** To increase developers' ability to build multifamily residences throughout San Diego, the state could enact laws that limit local agencies' authority to deny (or place significant constraints upon) proposed multifamily residential developments that meet criteria specified in state law. These projects could include (1) multifamily residential developments near transit stations or major employment centers and/or (2) multifamily developments proposed in a community that has more land planned for intensive commercial developments than for multifamily residences.

**Planning Approach.** State housing element law requires local agencies to plan for—and zone land to accommodate—sufficient housing to meet the local agency's share of the regional housing need for five years. Given the limited remaining developable land in the region, a longer planning period—perhaps ten years—might be appropriate so that local agencies plan in a manner that reflects the dwindling resource of developable land.

**Fiscal Approach.** The shift in sales tax based on population outlined in the previous section would provide an incentive for local agencies to approve housing developments that lead to an increase in their populations. As another approach, the Legislature and Governor could link the receipt of certain state discretionary funds to local agency performance in housing production. This would help shift the emphasis of state housing element law from *planning* to housing *production*. While SANDAG indicates it intends to use some regional funds to provide a similar housing production incentive, we note that SANDAG's funds are limited.

## **Likely Outcome**

This section outlines a range of steps intended to improve the performance of the region's governmental entities, without substantially changing the region's governance structure. The steps discussed in this section include options relating to government representation, fiscal policy, local regulation, and governmental planning.

Each of these options has the potential to improve governmental performance. For example, revising the manner in which SANDAG representatives are selected could increase accountability; changing how sales taxes are allocated and moderating local government regulatory authority over land use could align local development patterns more closely with regional interests; and revising regional planning requirements could increase information available to decision makers.

Overall, however, we think that the incremental steps that have the greatest potential to improve regional government effectiveness are those associated with land use, regulatory, and fiscal change. Other types of incremental changes are less likely to yield sustained improvements in the region's effectiveness because they do not modify the incentives local agencies have in making land use decisions or their authority to make these decisions.

### **BROAD GOVERNANCE RESTRUCTURING**

The third option for the Legislature, Governor, and residents of the San Diego area is to broadly reconsider what form of governance structure is appropriate for this one-county region. That is, what governmental entities are necessary to provide the programs and services needed in the region—and how should authority and responsibility be allocated among these governmental entities to ensure coordination?

Broad scale governance restructuring has been discussed and proposed in San Diego governance studies before. Invariably, these proposals wrestle with three sensitive topics:

- How could land use authority be shared so that local agencies continue to make most decisions, yet these decisions reflect important regional objectives?
- What regional entity, if any, is suited to assuming additional authority?
- What fiscal changes are necessary to align local agency land use planning and/or private development and transportation decisions with regional objectives? Can these changes be implemented without modifying the California Constitution?

We discuss these highly interrelated questions below. Because we believe that it is important to focus primarily on these issues of authority and responsibility, we do not provide a detailed plan for governance reform. In our view, developing a specific reform proposal should *follow* some conceptual agreement regarding the form and authority of the governance structure.

### **Sharing Land Use Authority**

Land developments influence the character and property values of a community, as well as a local government's revenues and expenses to serve the community. For these reasons, local governments and their residents typically place a high value on maintaining local authority over land use regulation.

As discussed throughout this report, some local land use decisions have effects that spill over and affect the region. In any broad governance reform, the challenge for the Legislature, Governor, and residents of the region would be to design a system whereby land use decisions of a primarily local interest would be made at the local level, but land use decisions of a certain regional importance would be subject to regional oversight.

How could land use authority be shared? A review of regional planning literature suggests that two elements are important.

- ***Provide for a Significant Local Land Use Role, Aligned With Regional Objectives.*** The interaction between a local and regional agency regarding land use could be concentrated predominantly at the planning stage. That is, as long as the local agency's guiding land use planning documents (typically, the general plan, specific plans, and the zoning map) are consistent with the region's plans, the local agency would be the decision maker on local land use development proposals. If the local agency's plans were not consistent with the regional's plans, the regional agency would be responsible for working with the local agency to achieve this consistency.
- ***Authorize Direct Regional Review Only for Projects of Regional Importance.*** A very limited number of major developments—for example, hospitals, major transportation hubs, colleges, and developments that exceed a certain size—have significant effects that spill over throughout the region. For this reason, regional planning literature suggests that a regional agency site specific review should focus on these “developments of regional importance.”

Several states and other regions have developed programs that share land use authority among local agencies. These programs (two of which we discuss below) can serve as a starting point for discussions on this issue in San Diego.

***Portland's "Metro," a Regional Agency With Land Use Authority.*** Portland's Metropolitan Service District (Metro) is the only directly elected regional government in the United States and serves a population of about 1.4 million people living in three counties and 25 cities. Under state law and its home rule charter, Metro adopts a long-range regional plan and an urban growth boundary (which designates sufficient land for development for the next 20 years). The local agencies within Metro's boundary must amend their local land use plans and regulations to conform to these regional planning documents. In addition to its significant land use planning duties, Metro is responsible for: transportation planning; operation of a solid waste disposal system and regional facilities such as Metro's Oregon Zoo and the Oregon Convention Center; acquisition and management of a system of parks and open spaces; planning and response coordination for natural disasters; and development of maps and data.

***Florida's Program of Reviewing "Developments of Regional Impact."*** In 1972, the State of Florida enacted a program (patterned after an American Law Institute's model code) requiring regional review of Developments of Regional Impact. Under this program, projects that meet or exceed certain state determined thresholds relating to building size, purpose, or intensity of use (such as large residential developments, airports, hospitals, power plants, and large shopping centers) are reviewed by a regional agency. These agencies are responsible for giving the local government a report with findings and recommendations concerning the regional impacts of the proposed development. Although the decision whether to approve or deny the project lies with the local government, the issues raised by the regional agency are critical because state law requires

that local government land use decisions be consistent with the regional planning agency's reports. In addition to this Florida program, the State of Vermont and three regional agencies (Atlanta Regional Commission, the Cape Cod Commission, and the Martha's Vineyard Commission) have mandatory programs for regional review of major developments.

### **Designing a Regional Entity Suitable for the Task**

Deciding whether to shift some land use authority to a higher level of government prompts the next question: Which regional agency? In the San Diego region, each existing regional agency has limitations that would become more apparent if the agency's authority were expanded to include such a sensitive matter as land use.

Specifically, while SANDAG has regional comprehensive and transportation planning responsibilities, SANDAG's governing board is appointed and has limited public accountability. The County's Board of Supervisors, in contrast, is elected, but the Board of Supervisors has only five members—a number that probably would be perceived as insufficient to be responsive on a matter as sensitive as land use. Also, the county does not have regional comprehensive planning responsibilities. Finally, the other San Diego regional agencies—the water quality board, airport, etc—all have narrow scopes of responsibility and limited public accountability.

To (1) realize the range of regional benefits associated with shifting some land use authority to a higher level of government and (2) provide the level of accountability appropriate for an agency making sensitive land use decisions, some changes in the regional governance structure probably would be needed. Previous studies have proposed different regional structures that could work toward this end. In general, these studies follow one of the following models:

- ***A Regional Agency (Such as SANDAG) With an Elected Board.*** Under this approach, the region's voters would elect the governing board of an agency with multiple regional responsibilities, including the review of (1) local land use plans and (2) developments of regional importance. Ideally, the regional agency's responsibility would span a wide range of areas linked to land use, possibly including transportation, water supply, housing, air and water quality, and habitat and open space protection. This range of responsibility would promote consideration of policies and actions oriented to making progress towards multiple objectives simultaneously. The regional agency's governing board could be elected region wide or by districts. A policy advisory committee of locally elected representatives could advise the governing board.
- ***Reconstituted County.*** Instead of creating another elected county-wide agency, the existing county government would be restructured to (1) enhance its regional planning and oversight role and (2) shift its unincorporated area responsibilities to a separate entity, such as a multipurpose special district with land use authority. Under this model, the "new" county would be responsible for carrying

out its existing region-wide responsibilities (health, social services, public protection, and air quality planning and regulation) as well as responsibilities currently assigned to SANDAG (including regional planning and transportation funding). To promote accountability, the number of elected supervisors could be increased.

### **Fiscal Changes**

As discussed throughout this report, California's tax structure gives local governments incentives to orient their land use policies in a manner that is not fully consistent with the region's objectives. If some land use authority were shifted from local governments to a regional agency without these fiscal incentives being changed, significant conflicts likely would result between the economic interests of local agencies and the policy objectives of the regional agency.

Proposition 1A (approved by the state's voters in 2004) and other sections of the Constitution give the state very limited authority to reform local finance. Locally generated finance proposals are permitted, but they require the approval of every affected local agency—a standard that may be impossible to achieve regarding any significant change proposal.

Accordingly, we think that it is likely that some form of state constitutional amendment would be necessary to authorize a program of local finance reform in San Diego. We note that such an action would be consistent with statements made by many city and county officials at the time Proposition 1A was proposed. Specifically, these local officials indicated that the purpose of Proposition 1A was to put local government revenues on steady ground so that local officials could focus needed attention on badly needed state-local finance reform.

***Other Fiscal Policy Changes.*** Just as tax allocation policies influence local government decisions, policies regarding the pricing of road usage, parking, and infrastructure finance send economic signals to individuals and businesses. Under current law, the region has very limited authority to set fiscal policies to orient resident and business actions towards regional objectives. For example, SANDAG may charge tolls on only a very small portion of the region's network. Giving the regional agency some increased authority to use these fiscal tools has the potential to better align private decisions with the regional objectives.

### **Likely Outcome**

California and other states have very limited experience reorganizing governmental authority to grant larger roles for regional governments, or modifying tax policy to alter local land use incentives. Our review of such attempts indicates that it is not possible to draw firm conclusions as to their effect on governmental performance and accountability.

Based on our review of the San Diego region's government structure and academic literature, we think that restructuring of the nature outlined in this section would orient some new land developments so that they were more consistent with regional objectives. To the extent this occurred, this would improve the region's performance in a variety of policy areas linked to land use, such as housing affordability, mobility, and environmental protection.

In terms of the structure of government, we see certain advantages and concerns regarding the restructuring outlined above. Specifically, public accountability likely would increase because regional representatives would be directly elected to their positions, as opposed to being appointed by local agencies. On the other hand, because certain land use authority would be shifted from local governments, some local residents might perceive a decrease in the responsiveness of local governments to local interests.

Finally, over the short term, government restructuring would lead to some institutional disruption as (1) employees and organizational missions become reassigned and (2) local and regional officials sort out their new roles regarding the land use process.

## **CONCLUSION**

The San Diego region faces significant concerns regarding mobility, housing affordability, and environmental protection—challenges similar in nature and scope to other California urban regions. As we have discussed throughout this report, the region’s governance system works reasonably well at identifying these concerns, studying them, and providing a forum for decision makers to discuss alternative solutions.

Over the years, the San Diego region’s governance structure has been criticized for its limitations regarding regional agency accountability and its ability to implement solutions to regional problems. The conclusions of this report generally concur with the earlier findings regarding the San Diego region governance system. That is, we find that the area’s regional agencies have limited public accountability and that their narrow scope of authority and responsibility reduces their effectiveness.

As required by Chapter 743 and Chapter 508, this report discussed options for addressing these shortcomings. Identifying weakness in a governance system and possible corrections, however, is a simpler task than enacting measures to address them. Enacting changes requires addressing sensitive policy trade-offs, including issues relating to local versus regional control, elected versus appointed representatives, and governance structure change versus stability.

What should the Legislature, Governor, and residents of San Diego do? There really is no single answer. Any decision—whether to maintain the existing governance structure, implement incremental changes, or engage in major restructuring—entails sensitive policy trade-offs and taking actions where the outcomes can not be fully predicted.

