

A Framework for Collaborative Regional Decision-Making

*Elisa Barbour
Michael Teitz*

Prepared for the
Speaker's Commission on Regionalism
May 2001

Contents

1. INTRODUCTION	1
2. REGIONAL DECISION-MAKING	3
What is the Problem?	3
Origins of the Problem	4
The Planning System Under Stress	5
Planning Challenges Today: A Problem of Governance	6
The Response to the Challenge: Emerging Regionalism	8
3. STATE GOVERNMENT AND REGIONAL PLANNING	12
State-Directed Planning	12
New Regional Strategies—A Problem-Solving Focus	13
Strengthening the Local Planning Framework	16
Effective Regional Planning	18
Making New Regional Strategies Work	20
The Washington Model	24
The Road Ahead	26

1. Introduction

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

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

The paper first sets out the problem in current regional planning arrangements, then provides a perspective on ways that other states have addressed it, and finally puts forward some potential principles and options for state action to encourage more effective regional planning. Recognizing the Commission's deep concern about the issues of equity and economic development in regional decision-making, we add a consideration of both these elements to the four listed in the Mission Statement.

2. Regional Decision-Making

What is the Problem?

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

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

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

There is no easy answer to the problem of "fit" between the level of a governmental decision and the multiple constituencies that are affected by spillovers. Ultimately, planning solutions must address citizens' needs and responsibilities at different levels simultaneously, from the neighborhood to the state and the nation. In the current planning system, however, a gap exists at the regional level in our ability to define social priorities and

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

implement policies to achieve them. How did we get into this situation, and what might be done about it?

Origins of the Problem

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

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

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

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

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

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

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

The fractured governance system creates perverse incentives that undermine the overall economic health and cohesion of the region. In an economy that operates at a regional scale, but without public accountability at that scale, local governments have both the means and the incentive -- because of their land use and taxing authority -- to establish and maintain policies that benefit them locally, but that may harm the region as a whole. An example is fiscal zoning to exclude affordable housing. The reverse also holds; local governments are unlikely to pass policies that harm them locally but benefit the region as a whole, for example, to site waste treatment plants or other such "locally unwanted land uses."

The Planning System Under Stress

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

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

Governments' response to these growth challenges has been largely a "policy of neglect."⁴ Constrained by Proposition 13 and other revenue-limiting initiatives, governments have neglected infrastructure investment. The cost of public infrastructure is increasingly borne by new development, resulting in more uneven service delivery and higher home prices. Limits on property tax revenue discourage local governments from facilitating new housing production, especially affordable housing. With jobs often located in suburban areas that lack affordable housing, middle class homebuyers are pushed to the urban fringe while many poor workers are left stranded in central cities. Meanwhile the state has added few new roadway miles or other means of public transport. The inevitable result has been longer commutes, loss of open space, increasing isolation of the poor, and other mounting concerns about quality of life.

Planning Challenges Today: A Problem of Governance

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

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

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

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

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

in the Central Valley and the Inland Empire, environmental and economic goals are thrown into direct conflict. Environmental policy has shifted from rule enforcement to incorporate market-based strategies and collaborative approaches addressing local land use decisions. But to be effective, such strategies need to integrate environmental planning with other goals and policies at the scale at which environmental effects are usually felt -- the bioregion.

The health of the economy also requires regional planning coordination. In a framework of global economic competition, regional economies are increasingly viewed as the engines of productivity. As employment has shifted from manufacturing to service and knowledge-based industries, flexible and high value-added production processes have become the key to remaining competitive without foregoing high wages. The networks of suppliers and skilled labor needed by smaller firms competing in the “new economy” are organized at a regional level.

Fostering a climate that encourages economic growth and innovation requires greater cooperation among local governments. Quality of life factors are of greater importance for business location decisions today, and these factors often relate to cross-jurisdictional planning matters: affordable housing, jobs-housing balance, traffic congestion, loss of regional open space, and environmental protection. In a knowledge-based economy, human capital improvement moves to the center of effective economic development policy. However, individual local governments and firms locked in competition with one another tend to underinvest in workforce development.

Healthy regional economies must address social equity. Studies increasingly reveal that the economic health of suburban communities is tied to the fate of nearby central cities and poorer communities.⁵ Concentrated poverty cannot be eliminated by single neighborhoods or cities on their own. However, inter-jurisdictional competition often discourages assistance to those most in need. A more level playing field among metropolitan communities and a more inclusive regional decision-making process can help promote regional prosperity as well as equity. The same strategies that can help alleviate urban poverty – such as improving urban schools and school-to-work opportunities, equalizing tax burdens and investment across communities, and providing a mix of housing opportunities throughout metropolitan areas – can also improve the business climate and the environment by providing a skilled labor pool, refocusing economic

⁵ Manuel Pastor, Jr., Peter Drier, J. Eugene Grigsby III, and Marta Lopez-Garza, *Regions That Work: How Cities and Suburbs Can Grow Together*, University of Minnesota Press, Minneapolis, 2000.

development on regional competitiveness rather than inter-jurisdictional rivalry, and helping reduce traffic problems and loss of open space.⁶

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

Caught in this logjam, the state and local governments are unable to respond effectively to current planning needs. This resembles the situation a century ago, when Progressive reformers mobilized to overcome structural inadequacies in governmental authority. Then, reformers sought to modernize government to enable it to function effectively for a new age. The task is no less daunting today. If home rule can be defined as "sufficient authority and resources to manage problems and meet challenges at the geographic scale required to do so,"⁷ then the Progressive Era call for strengthened home rule should be revived. The traditional definition of home rule needs to be reformulated, however. In today's society, home rule that is primarily city-based is inadequate to address even local growth and development concerns. A new concept of home rule is needed that encompasses regional as well as local needs and responsibilities.

The Response to the Challenge: Emerging Regionalism

Opinion polls show that the public is increasingly frustrated about growth issues. Traffic congestion in particular ranks among the public's top concerns related to government. Taking action into their own hands, voters launched a ballot box revolution starting in the mid-1980s, passing hundreds of local growth management measures. Studies show that this ballot activity

⁶ *ibid*, Calthorpe and Fulton, *op. cit.*

⁷ Nick Bollman, personal communication.

was more closely related to regional growth trends than local ones.⁸ Therefore, it can be viewed as an attempt to address regional governance problems at the only level available to concerned citizens -- the local level. However, uncoordinated local measures complicate an already fragmented growth management system in California. In some cases, local measures only exacerbate sprawl by pushing housing development further from the urban core.

Polls reveal that the public may be ready for growth management reform, including a stronger role for regional planning agencies. A recent PPIC statewide poll, for example, revealed overwhelming public agreement (89%) that local governments should work together on local growth issues rather than make growth decisions on their own.⁹ Recent transportation sales tax victories in Santa Clara and Alameda Counties reveal a willingness among voters to fund specific improvements. But leadership from government and the private sector is needed to translate public frustration with growth problems into support for more coordinated regional planning solutions.

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

The second reason for greater regional coordination today is the devolution of authority over the past decade from the federal and state levels to the regional and county levels in a number of planning areas including transportation, environmental protection, and more recently, workforce development. The new planning approaches rely on greater coordination among governments at different levels, and more integration of planning across functional areas. For example, ISTEA and its successor TEA-21, the new federal approach to transportation planning, link planning for transportation and air quality, while California's Natural Communities

⁸ Glickfeld, Madelyn, and Ned Levine, *Regional growth-- local reaction: the enactment and effects of local growth control and management measures in California*, Lincoln Institute of Land Policy, 1992.

⁹ Mark Baldassare, *PPIC Statewide Survey: Special Survey on Growth*, Public Policy Institute of California, May, 2001.

Conservation Planning Program (NCCP) links planning for species protection and economic development. These programs help to bridge the gaps that have characterized functional regional planning in the state. The new approach to workforce development emerging at the state level in response to the Regional Workforce Preparation and Economic Development Act calls for greater integration of education, workforce development, and economic development policies, to be coordinated at a regional scale. This may help create a more decisive regional role in planning for social needs. However, state policy has often empowered county-level agencies rather than regional ones, sometimes even in contradiction to federal policy goals. This has sometimes limited the ability of regional agencies to define truly regional priorities and plans.¹⁰

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

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

¹⁰ Judith Innes and Judith Gruber, *Bay Area Transportation Decision Making in the Wake of ISTEA*, University of California Transportation Center, University of California at Berkeley, 2001; Paul Lewis and Mary Sprague, *Federal Transportation Policy and the Role of Metropolitan Planning Organizations in California*, Public Policy Institute of California, 1997.

Many of the most far-reaching efforts have been organized at a sub-regional level, especially within the framework of counties. Others, like the five-county Interregional Partnership for Jobs-Housing Balance, cross not only county borders but also regional ones. This raises fundamental questions about what constitutes the best institutional framework for regional planning. The questions relate to the problem of "fit" between problems and solutions described at the beginning of the paper. Many of today's planning problems are hard to constrain within the borders of existing jurisdictions. Some inter-jurisdictional planning problems are best addressed at a sub-regional, and even a sub-county level. Other planning problems transcend the geographic borders of even the largest existing regional agencies.¹¹

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

¹¹ Thanks to Nick Bollman for contributing to this discussion.

3. State Government and Regional Planning

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

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

State-Directed Planning

Better coordination of the policies and investments of state-level agencies is an essential part of effective growth management. State policies that affect the construction and siting of schools, prisons, or highways, for example, can undermine regional growth management if they promote sprawl. Conflicting state policies, for example to improve air quality but also improve mobility through highway expansion, reinforce fragmented regional planning. State policy mandates that fail to recognize local fiscal constraints are ineffective, engendering resentment that can undermine collaborative solutions. The current conflict between the state and local governments over regional housing needs provides an example.

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

defined regional boundaries, and perceived statewide planning crises.¹² In contrast, California has exceptionally strong local planning capacity, strongly defined regional distinctions, and growth problems that tend to be framed in regional terms.

A more moderate approach to state-directed planning might be patterned on Maryland's 1997 Smart Growth Areas Act, a "good example of how innovative state policies can support local efforts to overcome sprawl and can do so by using public investment, rather than state regulation, as the vehicle."¹³ Maryland's program attempts to influence growth patterns by directing state investment to specific locations. Most state infrastructure funding is channeled to Priority Funding Areas, which include all existing municipalities, transportation corridors, and other areas targeted for growth. Under the Rural Legacy program, the state's land acquisition funds are channeled into designated conservation areas.

Phil Angelides, the California State Treasurer, has advocated a similar approach, arguing that state investments should be made according to smart growth principles. The Commission on Regionalism echoes this argument in its fiscal reform recommendations by advocating that state infrastructure bonds be made consistent with sustainable development principles.¹⁴ This strategy is politically feasible for California because it does not undermine local control over development. It is also attractive because it provides a means to influence local and regional planning without strong mandates or additional state spending for incentives to local governments. However, a strategy based on state investment still presents a significant challenge. Without a history of inter-agency cooperation at the state level, let alone state agency cooperation with regional collaboratives, strong leadership from the governor's office and the legislature will be needed before state policies and investments will be made to conform to integrated planning objectives. California is not alone in this respect; state agency coordination has proved to be a difficult goal in many states that have passed growth management legislation.¹⁵

New Regional Strategies—A Problem-Solving Focus

State-directed policies like those described above are a necessary component in growth management, but they are not enough. Policies that

¹² Arthur C. Nelson and James B. Duncan, *Growth Management Principles and Practices*, Planners Press, Chicago, Illinois, 1995; Douglas Porter, *Managing Growth in America's Communities*, Island Press, Washington, D.C., 1997.

¹³ Calthorpe and Fulton, *op cit*, p. 15.

¹⁴ Fred Silva/Speaker's Commission on Regionalism, *Local Finance Reform from a Regional Perspective*, April, 2001.

¹⁵ Porter, *op. cit.*

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

In its purest form, the first approach might entail the establishment of stronger regional planning authorities, but leave planning goals and policies up to individual regions to determine for themselves. No state has adopted this approach on a statewide basis, although some have established strong regional authorities for single metropolitan areas, including Portland, Oregon, and Minneapolis-St. Paul, Minnesota. What distinguishes the new regional bodies from "business as usual" arrangements is that they are provided with more of the attributes of general-purpose governments, in particular taxing authority and/or elected leadership. San Francisco Bay Area reformers attempted this kind of approach in the early 1970s and again in the early 1990s. It has also been pursued more recently in the San Diego area.

Given California's strong regional distinctions, this is a promising strategy, a sort of "regional home rule." The state should support efforts by individual regions to define new and stronger regional institutions. The Commission advocates such support in its recommendation for a state constitutional amendment authorizing the adoption of regional charters.¹⁶ However, although certain regions, such as San Diego and the San Francisco Bay Area, may succeed in establishing stronger authorities, it would be hard to impose such a mandate statewide. Regional definitions are sometimes unclear in large regions like the Los Angeles area and the Central Valley. Some of these regions lack a sufficient history of intergovernmental cooperation to support the establishment of much stronger authorities in the near future. And, as noted earlier, there is no set of geographic boundaries that could be drawn that would properly encompass all planning problems in any metropolitan area.

The historical problem of regional governance is fundamentally related to *shifting* boundaries. The economy will always change more rapidly, and new planning problems arise more quickly, than jurisdictional borders can be reconfigured to keep up. Boundaries also change depending on the planning problem being considered. The proper scale at which to address planning

¹⁶ Silva/Speaker's Commission on Regionalism, *op. cit.*

problems defined in functional terms often differs. For example, air quality problems may best be addressed at the geographic scale of an air basin, while some transportation planning issues may best be addressed at the scale of major transportation "corridors." Therefore, institutional flexibility is a necessary component in any state effort to promote effective regional planning.

However, a trade-off also exists between institutional flexibility and breadth of authority.¹⁷ Defining planning problems only in functional terms tends to recreate the fragmentation that has been endemic in regional planning. Although institutional flexibility is desirable, the model of general-purpose government also remains valid. Within the confines of defined borders, general-purpose governments weigh the costs and benefits of a variety of policy goals in order to achieve the best fit among different, sometimes competing objectives. It is this ability to integrate a variety of planning goals and policies that is sorely lacking at the regional level today. Thus, a compromise must be drawn between institutional flexibility and breadth of authority.

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

If a more flexible institutional framework is desirable, policy objectives should be framed in such a way that they encourage the linking of key planning areas. Some policy objectives do this. For example, more efficient use of existing infrastructure necessarily implies a greater planning connection between land use and transportation than presently exists. An effective regional workforce development program can simultaneously improve the education system, improve job prospects for less well-educated workers, and enhance the competitiveness of local businesses. Designating

¹⁷ Thanks to Paul Lewis for contributing to this discussion.

key natural resource areas for protection on a regional basis is a good strategy to achieve environmental goals such as watershed protection and species preservation. At the same time, it can also produce more streamlined regulation and greater planning certainty for land developers than a piecemeal environmental approach. Thus, this policy objective can help integrate environmental and economic goals at a regional scale.

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

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

Strengthening the Local Planning Framework

One way the state could promote regional sustainable development policy objectives through existing institutions is to provide mandates or incentives for *local* governments to address regional concerns. For example, more than \$100 million was provided in last year's state budget as incentive to promote housing production, with extra points awarded for low-income and transit-oriented development. The Commission affirms this approach in its

recommendation to the state to provide a dedicated revenue source and an implementation program to provide incentives for production of workforce housing. The Commission's recommendation for a permanent state urban reinvestment fund to attract private capital to low-income communities also falls in this category. However, although such measures will help address regional growth problems, they do not directly strengthen regional planning capacity.

As a somewhat different model, California should consider Oregon's transportation planning rule, passed in 1991. It requires that local transportation plans reconsider land use designations and densities to see if they support multiple modes, infill development, and – for new communities in larger areas - jobs-housing balance. These measures go further in encouraging local governments to address regional needs in their own plans. They promote regional planning by linking local land use decisions to regional transportation needs. Oregon did not rely solely on stricter mandates. The Transportation and Growth Management Program, passed in 1993, offers grants to communities to assist them in solving transportation problems, in devising land use planning to solve transportation needs, and developing urban growth management strategies. This could also serve as a model for California.¹⁸

The Commission's fiscal recommendations support this kind of approach. For example, the Commission recommends that the state enact a program to support "capacity-building in local planning departments to expand and update general plans, with additional incentives for efforts that operate on a regional and sub-regional basis, and for support of community engagement through regional visioning projects."¹⁹ The Commission also recommends a reduction of the ERAF property tax shift by \$1 billion over ten years, to be conditioned on "the adoption and implementation of regional and *local* sustainable development policies (emphasis added)."²⁰

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

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

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

20 *ibid*, p. 3.

recommended. Compliance could be evaluated by the Department of Housing and Community Development as part of its general plan review process.

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

Effective Regional Planning

Measures such as the ones just described are needed to reshape the framework in which local governments plan, but they are not enough. Although they would ensure that the planning framework is more conducive to regional coordination and cooperation, they would not directly strengthen regional planning capacity. Initiatives are also needed to more directly promote integrated *regional* planning through existing institutions. Such programs would identify clear objectives for which a persuasive case for regional action can be made. Mechanisms are needed to ensure that local governments will be held accountable to regional goals. In this framework, local governments and regional agencies should then be allowed to retain the major responsibility for implementation.

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

This was accomplished in the Portland area at the prodding of environmental activists through a project called Making the Land Use, Transportation, and Air Quality Connection (LUTRAQ). Thus, a combination of three elements was ultimately necessary to produce a truly comprehensive regional planning approach: policy-driven mandates for local governments *and* regional agencies, and advocacy from civic leaders. It is unlikely that the effort would have succeeded if any one of these elements had been missing.

LUTRAQ was an alternative regional transportation and land use strategy proposed by environmentalists in 1992 to Metro, Portland's elected regional planning body. At the time, Metro and the state's department of transportation were planning construction of a new highway, prompting the

environmentalists to seek consideration of alternatives. At its core, the LUTRAQ option envisioned a new light-rail extension, increased feeder bus service, transit-oriented land use planning, and complementary improvements in local arterial roads. LUTRAQ performed better than the highway option by all criteria used for evaluation: 23% fewer trips to work in single-occupant vehicles, 27% more trips by transit or other non-car mode, 18% reduction in traffic congestion, and reductions of approximately 7% in air pollution, greenhouse gases, and energy consumption. The LUTRAQ option was adopted by the state's transportation department in 1996.²¹

Metro, Portland's regional planning body, crafted a long-range land use plan in cooperation with local governments, to meet the objectives of the new regional transportation plan and the state's growth management requirements. The plan, adopted in 1996, calls for compact development at significantly higher densities in the urban core, and at moderately higher densities in suburban areas. It focuses transportation-oriented development along the regional corridors. The plan addressed the need for more affordable housing not only through minimum density requirements but also by requiring that municipalities zone at least half of vacant residentially designated land for attached single family or multifamily housing.²²

Another example of an integrated regional planning program to further a policy goal is the U.S. 301 Corridor study in Maryland. After environmentalists stalled a proposal for a new highway in the early 1990s, a state-level task force composed of environmentalists and transportation agency officials studied alternatives. In 1996 they prepared a multimodal proposal including transportation management, transit and highway expansion, and land use plans emphasizing compact growth and jobs-housing balance. The governor approved the plan, and to put teeth into it, major state investments were conditioned on the strengthening of local land use policies to support the transportation improvements.²³

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

²¹ Calthorpe and Fulton, op. cit.

²² Deborah A. Howe, "Growth Management in Oregon," in *Growth Management: The Planning Challenge of the 1990's*, Jay M. Stein, editor, Sage Publications, Newbury Park, California, 1993.

²³ Porter, op. cit.

There are fewer examples of state-sponsored regional planning for economic development and social needs than for infrastructure and environmental protection. This reflects our country's traditional reliance on the private sector for economic planning in contrast to the recognized role of functional regionalism since the 1950s in addressing systems provision, and environmental protection since the 1970s. The scope of regional planning is expanding, however, because of the rise of a global economy and the declining role of the federal government in providing for social welfare. The locus for economic and social needs planning has moved to the states and localities, but to be addressed effectively, many issues require a regional approach. In particular, strategies to enhance the competitiveness of regional industrial "clusters" and to link education and training to the needs of employers are hard to organize from the state or local level. Other social and economic planning concerns, for example affordable housing, urban redevelopment, regulatory streamlining, and interjurisdictional tax base equalization, can also benefit from a coordinated regional approach.²⁴

Successful regional workforce development programs, such as the Wisconsin Regional Training Partnership, reflect the same essential components that were outlined above in relation to effective regional land use and transportation planning.²⁵ These programs rely on collaboration, in this case among local and state governments, schools, and businesses. The planning goals -- in this case to strengthen local economies, provide a more seamless transition from school to work, and improve job prospects for less well-educated workers -- depend on an integrated approach across traditionally fragmented planning areas. The goals are translated into concrete objectives through an analytical process, in this case to define key industry sectors deemed essential to the regional economy, that can benefit from skills upgrading, and that offer career opportunities for less well-educated workers. High performance skills standards are then established for targeted industries and occupations. The standards are used to shape vocational education, on-the-job training, and technical assistance for targeted employers. These standards function like the performance measures used in effective land use and transportation planning. They unify objectives and provide a basis to evaluate alternative policy options.

Making New Regional Strategies Work

How can the state promote the type of integrated and strategic regional planning described in the last section? Clearer state growth management policy goals are an important first step. Without that

²⁴ Pastor et.al., op. cit.

²⁵ Rogers, Joel, "The Wisconsin Regional Training Partnership: A National Model for Regional Modernization Efforts?", *Proceedings of the 46th Annual Meeting of the Industrial Relations Research Association*, Madison, WI, 1994, pps. 403-411.

framework, it would be hard to judge whether proposed regional plans worked to achieve integrated planning objectives for the region as a whole, or merely reflected an amalgamation of disparate local priorities. Furthermore, if institutional flexibility and regional autonomy are desirable, clear planning objectives will be needed to help ground program standards. The policy goals could be broad, rather than specific, and they should be both growth accommodating as well as growth restricting. Key goals to consider include efficient use of existing infrastructure, compact development, provision of affordable housing, streamlined regulation, economic competitiveness, regional education balance and workforce development, reinvestment in inner city areas, public participation that enhances equity, preservation of critical resource areas and open space, and pollution reduction.

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

Beyond general goals, more specific standards are important to guide planning. The use of quantifiable performance measures against which to judge plan effectiveness will be a critical component of success. The state could establish a uniform set of performance measures and/or planning guidelines related to its growth management goals, or alternatively, leave room for regional and local choice in the selection of measures. If the latter route is chosen, the state should provide some overall guidance by articulating the need for performance measures and work plans, and perhaps by providing a range of alternatives.

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

The Commission has already identified a number of key elements essential for a regional collaborative planning process:

- A well-grounded and locally supported planning entity or collaboration of entities that is multi-jurisdictional, with accountability at the regional level.
- Involvement of the civic sector, neighborhood groups, business, and others in a transparent and inclusive planning process, particularly ensuring the inclusion of groups, especially low-income and minorities, that are often left out of the process.
- Development of specific regional goals, from which specific outcomes are formulated.
- Staff adequate to support multi-jurisdictional, multi-functional regional planning.
- A reliable and sophisticated system for regional data-collection and dissemination.
- Milestones and measurable results, mutually agreed upon.
- A process to ensure that regional decision-making evolves over time and in response to new conditions.

To institute a program that reconciles institutional flexibility with breadth of authority, a system of tiered incentives might be considered. In such a system, the development and implementation of comprehensive regional plans would be rewarded. A standard definition for a *comprehensive* regional plan could be established based on the stated growth management goals. Such a plan might be defined as one that addressed *all* the goals through coordination among local governments, the state, and regional agencies, utilizing outcomes-based performance measures to evaluate a range of alternatives programs and projects. It would be based on a broad and collaborative planning process that incorporates public participation. However, a new state framework for collaborative regional planning might also seek to promote more limited planning efforts. For example, the state may want to establish functional compacts between certain state and/or regional agencies and consortia of local governments for attainment of only some of the defined growth management policy objectives. The state could prioritize funding and assistance for regional compacts that address a greater number of the objectives, and at a wider geographic scale.

This approach would provide a framework of overall policy objectives, reward breadth of authority, and yet also retain institutional flexibility, encouraging local actors to devise the most appropriate solutions to the growth problems most prevalent in each region. It would allow the state to incorporate innovative programs like the Department of Housing and

Community Development's Inter-Regional Partnership Grants for Jobs-Housing Balance, and the regional approach to workforce development recently proposed by the Secretary of Health and Human Services, the Secretary of Trade and Commerce, the State Superintendent of Public Instruction, and the Chancellor of the California Community Colleges,²⁶ into a broader state approach to regional growth management and development.

The Commission's fiscal recommendations support this type of planning framework. A number of the policies would reward multi-jurisdictional planning. Some specifically seek to reward comprehensive planning, while others could be used to reward more limited efforts. Three Commission recommendations are contingent on development of "comprehensive regional plans on a collaborative basis involving all of the region's communities": to ensure that state capital expenditures are linked to such a plan, to lower the voter threshold to 55% for approval of a "unified capital expenditure plan," and to lower the voter threshold to 55% for county taxes to fund "countywide services." Other Commission fiscal recommendations are not made contingent on development of a comprehensive regional plan. These incentives could be used to reward more limited multi-jurisdictional planning efforts. They include conditioning a shift of ERAF funds on "regional sustainable development policies," and providing a state funding match for local tax set-asides "based on an expressed state interest, as adopted through a collaborative state, regional, and local planning process."²⁷

As the Commission works to establish a policy and governance framework for its fiscal recommendations, it will need to consider which processes to reward with which incentives. It will need to define the terms used in its fiscal recommendations, such as *sustainable development policies* and *comprehensive regional plans* and *unified capital expenditure plans*, and *an expressed state interest* and *countywide services*. It will need to consider, for example, how to define "region" for purposes of a "comprehensive regional plan." The definition might rely on those used by existing regional agencies such as Councils of Government (COGs). A more flexible definition might accommodate plans organized within single counties, or county groups that do not match the boundaries of existing COGs. If more flexible definitions are desirable, the Commission will need to consider how a standard might be defined for the minimum scale at which comprehensive regional planning should occur. Such a standard would need to reflect the scale at which

²⁶ *California Workforce Development: A Policy Framework for Economic Growth*, by Delaine Eastin, State Superintendent of Public Instruction, Lon Hatamiya, Secretary, California Trade and Commerce Agency, Grantland Johnson, Secretary, California Health and Human Services Agency, Thomas J. Nussbaum, Chancellor, California Community Colleges, January, 2000.

²⁷ Silva/Speaker's Commission on Regionalism, op. cit., p.4.

regional processes operate, rather than be allowed to reflect merely coalitions among like-minded local governments. A related question is how sub-regional comprehensive plans and functionally narrow plans developed at various geographic scales should be integrated into broader regional efforts. Additionally, the Commission will need to consider how to make state support for variety in regional planning approaches "transparent" enough that program support does not become overly politicized.

Finally, a new framework for growth management planning will require methods for ensuring accountability. Providing adequate and proper incentives is the best means to ensure compliance with new programs and policies. However, this should be supplemented with accountability mechanisms to ensure that plans are adequate, that they are implemented, and that they are improved over time. One model is to require state-level audits of local and regional plans for compliance with state goals and policies. This would not be an entirely new procedure for California. The Department of Housing and Community Development already oversees the local general planning process, while regional plans for transportation and environmental protection are reviewed by other state agencies for compliance with state and federal requirements. An alternative, less centralized model for compliance might lodge accountability and dispute resolution mechanisms at the regional level, for example through establishment of review panels and procedures to accompany development and implementation of regional plans. Such an approach is more consistent with the Commission's concern for promoting collaborative processes. It would need to provide a voice for communities and groups that sometimes feel excluded to challenge the merits of local and regional growth management plans.

The Washington Model

A statewide system to encourage growth management through existing institutions that could serve as a model for California is Washington State's Growth Management Act, passed in 1990 and strengthened in 1991. Washington's system has a number of features that make it useful for California to consider.²⁸

First, it provides state policy guidance, rather than detailed procedural or content requirements, for local governments to follow. Instead of a state plan, thirteen growth management goals were established that local governments must adhere to in preparing comprehensive plans. The goals include concentrating new growth in designated areas contiguous to existing urban areas, providing adequate public facilities, particularly transportation,

²⁸ American Planning Association, *op. cit.*; Weitz, *op. cit.*

concurrently, providing for affordable housing, and protecting natural resource lands.²⁹

Second, it relies on existing governments – especially counties – to coordinate implementation of the new planning requirements. That makes sense in cases where counties are large, and local planning capacity is already well developed – two conditions that characterize California. Counties above a certain population threshold must designate urban growth areas in coordination with cities, and adopt comprehensive land use plans and regulations, including conservation of resource lands. The Washington system also provides planning incentives through technical assistance, funding, and authorization to adopt developer impact fees upon plan approval.

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

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

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

²⁹ See <http://www.oecd.wa.gov/info/lgd/growth/law/> for a list of all the goals.

However, Washington's system goes further to ensure that counties will promote regional planning. First, Washington established a connection between land use and transportation planning through its concurrency requirement. In California, regional transportation planning remains disconnected from local land use planning except in exceptional, ad hoc cases. Second, Washington encourages greater focus on regional concerns through its horizontal consistency mandate. In California, no formal mechanisms ensure such consistency. However, without clearly defined regional policy mandates, Washington's horizontal consistency mandate may also prove inadequate to produce plans that define regional objectives.

The Road Ahead

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

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

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

1. Find ways for the state to encourage its own agencies to improve the coordination of their activities at the regional level, including cooperation with collaborative regional compacts.
2. Identify and provide new state financial resources and other incentives for the formation of regional compacts.
3. Establish a state commission to encourage the formation of effective regional compacts through the use of incentives and provision of technical assistance. Such a commission would have moderate but real, that is, new resources for this purpose, but no mandatory powers. Its primary role would be entrepreneurial.

There will be no single, cookie-cutter solution to the problem of regional planning and coordination in California. The best hope offered by a collaborative approach is precisely in its potential to be grounded in the unique attributes of each individual region, within a context of incentives afforded by appropriate state action. This will be a slow process of evolution that begins with small steps and builds on the energy of those who support it.³⁰

³⁰ The authors wish to acknowledge the valuable comments and suggestions by Mark Baldassare, Nick Bollman, Joyce Peterson, Paul Lewis, and Fred Silva. Of course they bear no responsibility for errors.