



Transportation Committee

Meeting Date: October 3, 2024

Agenda Item No. 5

Sustainable Communities Strategy Adoption Schedule and Related State Policy Issues

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Attachments: Yes

Referring Committee: Not Applicable

Issue:

Assembly Bill 350 (AB 350) granted SACOG a two-year extension to complete the update to the Sustainable Communities Strategy (SCS). This legislation only applies to the current plan update and the adoption schedule reverts back to the original timeframe after 2025, which means the next update of SACOG's plan will be due no later than December 2027. The board has discussed options for how to move forward on the subsequent SCS schedules, including sponsoring legislation to make the timeline allowed under AB 350 permanent or reverting to the original 2027 schedule while engaging in a larger effort to revisit state policy that ties transportation funding to achieving transportation-related greenhouse gas reduction goals. There are significant benefits and risks inherent in each of the different approaches, all of which the SACOG board has discussed in depth in recent meetings.

Request:

Approve

Recommendation for Board:

The Policy and Innovation Committee is being asked to recommend that the board direct staff to work towards a 2027 plan adoption date and engage with state agencies, regional agencies, and state-level and regional stakeholders to revisit and update state policies related to reducing transportation-related greenhouse gas emissions including those that jeopardize access to state transportation funding if regions don't achieve their GHG reduction targets (Option 1 Below).

Recommendation for Committee:

None; this item is for information only. The Policy and Innovation Committee is being asked to recommend that the board direct staff to work towards a 2027 plan adoption date and engage with state agencies, regional agencies, and state-level and regional stakeholders to revisit and update state policies related to reducing transportation-related greenhouse gas emissions (GHG) including those that jeopardize access to state transportation funding if regions don't achieve their GHG reduction targets (Option 1 Below).

Background:

In November 2022, the board directed staff to pursue an extension of the Blueprint schedule to Fall 2025 including pursuing necessary legislative action, state and federal regulatory agency coordination, and

reporting back to the appropriate committees and the full board on progress and additional related risks and steps necessary to secure the extension. With this direction, staff worked with Assembly Member Aguiar-Curry to introduce AB 350 in 2023.

AB 350 (Aguiar-Curry, 2023) provided SACOG two additional years to complete the SCS and aligned SACOG's SCS schedule with the SCS schedules of our Megaregion partners (Metropolitan Transportation Commission and San Joaquin Council of Governments). However, housing stakeholders, the Legislature, and SACOG could not reach agreement on the timing of the next housing element update, which state law ties to the adoption date of the SCS. SACOG ultimately reached a compromise that "resets" SACOG's SCS schedule to an adoption date of 2027, maintaining alignment with existing housing element updates, and included intent language that SACOG would continue to work with the legislature to revise and update the plan's update schedule.

SACOG must determine whether we will attempt to sponsor additional legislation in 2025 or 2026 to make the new plan update schedule permanent (next plan due in 2029) or return to our regular update schedule with the next plan due in 2027 (with the subsequent plan due in 2031). There are several potential positive implications for either approach as well as several risks. The merits and risks associated with both approaches were a topic of discussion at the August 26, Strategic Planning Committee (SPC) Retreat, the September 9, Policy & Innovation (PI) Committee meeting, and the September 19, Board of Directors meeting. Members of the SPC and PI wanted to ensure the board has sufficient time to weigh the various pros and cons of both approaches.

Discussion/Analysis:

At the most recent Strategic Planning Committee, Policy & Innovation Committee, and Board of Directors meetings, staff and SACOG's state lobbyists presented three options to address AB 350's "reset" of SACOG's SCS schedule, including benefits, risks, and risk mitigation strategies. Staff believe the ideal timing to pursue each option is the beginning of the next two-year legislative session. Given the significant, but different, workload components of each option, we can only reasonably pursue one option. Each option, its benefits, risks, and risk mitigation strategies, are discussed below.

Option 1: Maintain the 2027 SCS timeline in current law (Staff Recommendation)

Under this option, SACOG would adopt its next plan update in 2027, in accordance with AB 350.

Key Benefits: This option does not require legislation. The 2027 update would be limited to a more minor, technical update that would adjust the plan to account for evolving conditions such as changes to near-term land uses and transportation projects.

Key Risks: The California Air Resource Board (CARB) is beginning to update the greenhouse gas (GHG) reduction targets. If past practice continues, SACOG will likely have a higher (bigger reduction) GHG target out of that process. There's a high probability SACOG's SCS would not be able to achieve that GHG reduction target, in which case, SACOG would need to adopt an Alternative Planning Strategy (APS) in 2027. There are three SB 1 grant programs that require projects to be consistent with an SCS that meets its GHG target: Solutions for Congested Corridors Program (SCS consistency requirement is in statute), Trade Corridors Enhancement Program (SCS consistency requirement is in statute, and Local Partnership Program (SCS consistency requirement is in program guidelines)). In this situation, SACOG-region agencies would be unable to compete for funding in these SB 1 programs in the expected 2028 grant cycle.

Options to Mitigate Risks: Other transportation and regional stakeholders in the state would likely support broadening eligibility in these SB 1 grant programs to include projects consistent with an APS. This broadening of eligibility would require legislation and need significant engagement from SACOG staff and board members.

Option 2: Make the new SCS schedule permanent

Under this option, SACOG would sponsor legislation to make permanent the new 4-year update cycle of SACOG's SCS. This means the SACOG Board would adopt its next plan update in 2029, four years after the expected adoption of the 2025 Blueprint. It also means Sacramento region housing elements would complete their current 8-year cycle in 2029 and SACOG would begin the next housing element cycle before the next SCS cycle.

Key Benefits: This option aligns with recent recommendations in California's Housing and Community Development Department (HCD) report, "California's Housing Future 2040." Among the report's recommendations is to revise state statute to make the regional components of the housing element process precede the SCS process. This option would also maintain the alignment of SCSs among the three MPOs of the Megaregion and fulfills the intent language contained in AB 350.

Key Risks: This option would require new legislation and potentially unknown concessions by SACOG. Furthermore, other regional agencies, as well as transportation and housing stakeholders, may be concerned with this precedential change in the relationship between the housing element and SCS processes. Finally, even with the new schedule, CARB is still beginning to update the GHG reduction targets for SCSs. This means, SACOG may still need to adopt an APS if it can't create an SCS that achieves its likely higher new GHG reduction target.

Options to Mitigate Risks: SACOG would emphasize to state agencies, legislators, and stakeholders, that this bill is an opportunity to pilot the recommendations of HCD's report. SACOG would also work with other regions to build support among key stakeholder groups.

Option 3: Make the new schedule permanent and re-synchronize the housing element cycle

Under this option, the SACOG Board would adopt the next plan update in 2029, and the Sacramento region's housing element cycle would be extended by approximately two years to 2031. This would re-synch the housing element and SCS cycles in accordance with current SCS and housing element statutes.

Key Benefits: This option would not require SACOG to develop a new process for developing the regional components of the housing element process (the Regional Housing Needs Allocation) and the SCS. This option would also maintain the alignment of SCSs among the three MPOs of the Megaregion and fulfills the intent language contained in AB 350.

Key Risks: Like Option 2, Option 3 would require SACOG to sponsor legislation that will likely include unknown concessions from SACOG due to likely concerns from housing stakeholders and legislative committees. It could also delay implementation of new housing element requirements, rezoning, and program updates.

This option would also put Sacramento region housing elements on the same review timeline as the Bay Area, which would create significant workload concerns for HCD housing element review. It would also limit the availability of consultants doing this work, likely increasing costs for local jurisdictions.

Even with the new schedule, CARB is still beginning to update the GHG reduction targets for SCSs. This means, SACOG may still need to adopt an APS if it can't create an SCS that achieves its likely higher new GHG reduction target.

Options to Mitigate Risks: SACOG would work with housing stakeholders to build support and discussion concessions to reach a compromise.

As noted above, these three options have received much discussion at the Strategic Planning Committee, Policy & Innovation Committee, and Board of Directors meetings. Through those discussions, the board has signaled that Option 3 is the least feasible option and not worth further consideration. At the September board meeting, there was general agreement around Option 1, which would maintain the current schedule for the next regional plan update occurring in 2027. This option means SACOG would conduct a minor update of the plan to accommodate the shorter timeframe. This option also has high probability that the region would need to adopt an APS in 2027 and provides time for SACOG to work with partners around the state to revisit and update state policies in hopes that the region can maintain access to important state funding programs. To this end, Attachment A includes a letter from the four largest MPOs in California to the California Air Resources Board inviting the state to engage with us in a rethink of SB 375 and the best ways to achieve the suite of state and regional housing, climate, and transportation related objectives, including the reductions of GHG emissions.

Fiscal Impact/Grant Information:

Included in the Overall Work Program/Budget

List of Attachments:

Attachment A - Letter to CARB from MTC SACOG SANDAG SCAG.pdf