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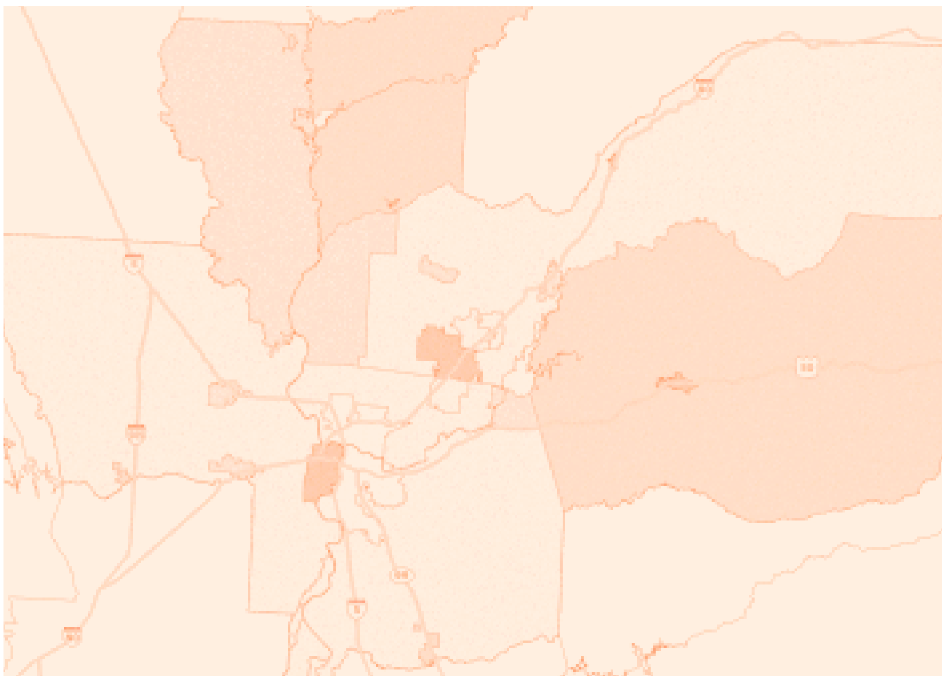
Building A Healthier Sacramento Region

An Analysis of Assembly Bill 680

A PolicyLink Paper



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This paper provides a brief review of the regional growth challenges facing the Sacramento region and analyzes how Assembly Bill 680,[1] which is currently being considered by the California State Legislature, proposes to address some of the key contributing factors.

RESPONDING TO THE GROWTH CHALLENGES OF THE SACRAMENTO REGION

The Sacramento region has grown tremendously in the past decade. Population in the six-county region increased nearly 21 percent in ten years, growing from 1.5 million to almost 1.9 million residents between 1990 and 2000. The number of jobs in the region increased by over 200,000, and 75,000 more children were enrolled in primary and secondary schools in Sacramento's six counties.[2] The region is projected to grow by almost one million additional people and the number of jobs is expected to increase by another one half million over the next 25 years.[3]

While growth has been rapid and substantial, the Sacramento region has not grown in a way that fully meets the needs of local residents. Inadequate planning and inefficient land-use patterns have characterized the region's response to rapid growth. Population growth has outstripped housing supply, leading to increased prices and limited affordability. Traffic congestion has skyrocketed.[4] Older communities have experienced loss of jobs and economic vibrancy. Agricultural land and other green spaces have been developed while usable land in the region's core remains vacant.

A faulty tax structure that distorts land-use decisions is partially to blame. California jurisdictions constantly seek to boost their discretionary revenues, and sales taxes offer one of the few opportunities that allow jurisdictions to attempt to generate revenue growth. The pursuit of greater sales taxes has fostered the "fiscalization of land use"– the tendency of jurisdictions to choose development projects that can contribute the most to local sales tax revenues, such as shopping malls or car dealerships, rather than other uses of the land, including housing.

In the Sacramento region, the fiscalization of land-use creates high costs for local residents in several ways. Too much emphasis on retail development detracts from attention to other regional land-use needs, such as housing and manufacturing. The pursuit of retail development undermines regional cooperation and brings jurisdictions into wasteful, often duplicative competition with one another. Finally, inter-jurisdictional competition and the lack of regional cooperation contribute to sprawl – poorly planned development at the urban fringe – that threatens the quality of life and exacerbates disparities of income and opportunity within the region.

Assembly Bill 680, currently being considered by the California Legislature, is a promising proposal that remedies some of the distortions caused by the fiscalization of land-use and creates new tools for regional cooperation and problem-solving. The bill addresses some key factors contributing to the region's unhealthy growth patterns. AB 680 is designed to do three things:

1) **Create a more rational and equitable sales tax distribution system in the Sacramento region.** Individual jurisdictions in California currently keep one cent of the sales tax levied on each dollar of local sales generated within their own jurisdictions. This bill would pool future growth in those revenues and divide them according to the following formula: one-third would remain within the home jurisdiction as under current law, one-third would be redistributed on a per-capita basis, and one-third would remain in the home jurisdiction if it meets "smart growth criteria" including providing for its fair share of affordable housing and social services, and planning for infill development and open space acquisition. This alternative fiscal structure would reduce the incentive for wasteful competition among cities to attract retail and encourage them to make development choices that address a broader array of community needs.

2) **Reward smart growth projects undertaken by local jurisdictions.** AB 680 creates incentives for jurisdictions to develop in a more efficient and equitable manner. In addition to linking a third of sales tax revenue growth to smart growth criteria, AB 680 creates a "Regional Projects Fund" – to be administered by the Sacramento Area Council of Governments (SACOG) - composed of residual revenues from jurisdictions that do not qualify for the third of sales tax revenues that are tied to smart growth criteria. This fund would support smart growth projects such as regional transportation initiatives, affordable housing, infill

development, and transit-oriented development. These are types of projects that would benefit residents and businesses throughout the entire region, by increasing the housing stock, revitalizing neighborhoods, preserving the environment and decreasing traffic congestion.

3) **Encourage development that fosters regional cooperation and meets smart growth principles.** AB 680 also offers additional incentives to support "smart growth principles" and regional tax-sharing agreements. (In the language of the bill, "smart growth principles" include but are not limited to "programs designed to end the fiscalization of land-use including regional equity in tax income, the provision of social services, enhancing open space and agricultural land acquisition, transit-oriented development, and infill development.")[5] The intent is to encourage local planning that is aligned with regional goals and priorities. Individual jurisdictions within the Sacramento area, as well as metropolitan regions around California, would be eligible under AB 680 for priority funding for state transportation funds and preferences on allocation of state housing funds if they participate in regional tax sharing and/or adopt "smart growth principles."

AB 680 presents an opportunity for the Sacramento region to grow in a manner that is more sustainable and that can address future needs of area residents and businesses. In addition, the bill would provide a model for other regions to learn from in their efforts to address the fiscalization of land-use and to create incentives for more balanced growth.

In the remainder of this paper, we discuss the issues and opportunities raised by the proposed legislation in more detail. We describe the types of changes to the system of local finance and land-use planning that would be brought about by the enactment of AB 680, and what those changes could mean for patterns of regional growth and development.

Changes in California's Tax System Have Limited the Fiscal Flexibility of Jurisdictions

Property and sales taxes are the two greatest single sources of discretionary revenue for jurisdictions in California.[6] Most local revenue streams are already earmarked for particular uses such as transportation or schools, but local jurisdictions have discretion over the share of property and sales taxes that is returned to each municipality from the state.

Changes in the property tax structure over the past few decades have gradually limited the control that jurisdictions exercise over these funds. The passage of Proposition 13 in 1978 capped property tax rates at one percent of assessed property values, and allowed properties to be reassessed only with a change in ownership.[7] Proposition 13 resulted in an immediate drop in the property taxes available to local jurisdictions – property tax revenues to local governments were cut in half in a single year.[8] The imposed cap also severely limited the options of local jurisdictions and voters interested in raising additional revenues from the property tax system.

The creation of the Educational Revenue Augmentation Fund (ERAF) in the early 1990s further shifted property tax funds away from local jurisdictions. ERAF directed $3 billion in property tax revenues away from cities and counties in 1991 to help fund school districts during the state's budget shortfall.[9] ERAF was intended as a temporary measure in response to the state's budget crisis, but it has not been rescinded.

Local jurisdictions in California have lost much of their discretion over tax revenue streams in part as a result of these changes in the property tax system. In 1978, cities in California controlled 66 percent of their local revenues; by 1995, they controlled only 43 percent.[10] Although total tax revenues tend to increase every year, the loss of discretion over these revenues limits the ability of local political leaders to allocate funds to respond to community needs.

THE FISCALIZATION OF LAND USE DISTORTS DEVELOPMENT PRIORITIES

The desire to boost discretionary revenues has led local land-use planners to focus on development that generates high sales tax revenues, in particular retail development. A study conducted by the Public Policy Institute of California surveyed high-ranking city officials and city managers across the state about their development priorities. Retail ranked as the number one development priority, and sales tax revenues ranked as the top motivation behind development decisions. City officials and managers gave retail development an average score of 6.2 out of seven possible points. In contrast, industrial developments scored an average of 4.5 and housing development received a score of 4.3.[11]

Yet housing and manufacturing development remain critical priorities in the Sacramento region. Fifty-four percent of Central Valley residents surveyed by PPIC stated that the availability of affordable housing in their region was either "somewhat of a problem" (27 percent) or a "big problem" (27 percent).[12] Affordable housing is in particularly short supply in the Sacramento region, where low-income renters currently outnumber low-cost rental units by a ratio of 2-to-1.[13] The California Department of Housing and Community Development has noted that if present trends of housing supply and demand continue across the state, California will build less than 60 percent of the new housing units required to accommodate projected population growth between 1997 and 2020.[14] The Department voices concern about this shortage leading to "rising housing prices and rents, higher housing cost burdens, lower homeownership rates, increased crowding, and longer commutes."[15]

Manufacturing development offers the benefits of higher wage jobs than those available in the retail sector. Retail jobs across the country pay an average of $10 per hour and manufacturing wages average almost $15 per hour.[16] Hourly wages in manufacturing also exceed retail wages in the Sacramento region in particular. Food preparation workers, food servers, and retail salespeople start at $6.25 an hour in the Sacramento region. Wage earners in the 75th percentile make $9.40 per hour in food-related occupations and $10.72 per hour as retail salespeople. In contrast, the average entry-level wage for manufacturing occupations is $7.48 per hour, and employees at the 75th percentile make $15.75 per hour in the Sacramento region.[17] A *Money* magazine article describes how the pursuit of sales tax revenues influences the labor market: "Since cities now rise or fall on how much sales tax they collect, one after another has turned its back on factories promising decent salaries in favor of car dealerships, discount stores and other "point of purchase' outlets offering little more than low-wage jobs."[18]

Land-use decisions should reflect the overall needs of a region's residents, including: tax revenues, housing, open space, and quality employment. The current system provides an inordinate amount of weight to sales tax revenues, resulting in distorted land-use decisions.

Assembly Bill 680 would reduce the incentives for individual jurisdictions to pursue retail development by changing the distribution mechanism so that only a third of new sales tax revenues is based on point of sale; a third would be distributed more equitably on a per-capita basis, and another third would be distributed based on smart growth goals. Retail development would no longer have such a large fiscal advantage compared to other types of development, such as housing and manufacturing, encouraging jurisdictions to make more balanced land-use decisions.

THE PURSUIT OF RETAIL DEVELOPMENT CREATES WASTEFUL INTER-JURISDICTIONAL COMPETITION

Retail tax revenues tend to remain fairly constant over time for a given population. After the passage of Proposition 13, sales taxes surpassed property taxes as the greater share of local government revenue, but no real growth in sales tax revenues per capita has occurred in California over the past 30 years. Statewide sales tax revenues hovered between $100 and $120 per capita (in 1995 dollars) between 1971 and 1996.[19] A metropolitan region, as a whole, therefore will usually be able to support new retail activity only in proportion with its growth in population and income.[20]

Jurisdictions seeking retail development begin to compete with each other for a nearly fixed pot of regional sales tax revenues, a practice that occurs at the expense of local taxpayers. Municipalities use economic development incentives to attract retail development, including low-interest loans, tax-increment financing, and infrastructure assistance, many of which are supported directly or indirectly by local tax revenues.[21] One jurisdiction seeking to outbid neighboring jurisdictions will increase the value of its subsidy package, spurring other jurisdictions to do the same. This competition results in net transfers of public funds to private businesses, often with few or no guarantees of benefits to local residents.

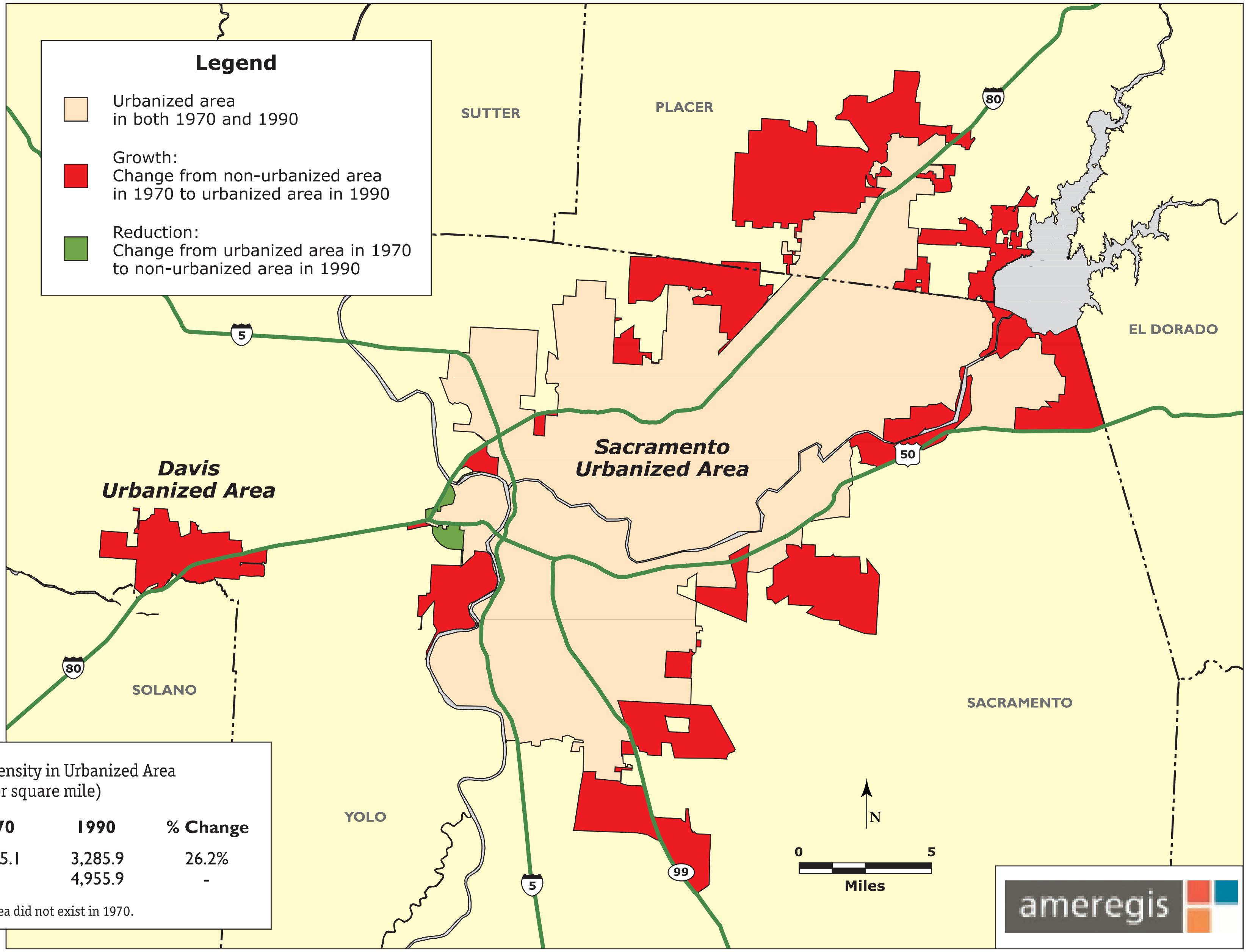
As AB 680 lessens the relative incentive to pursue retail development, it would also reduce the competition for retail development among jurisdictions. Under AB 680, jurisdictions will be less inclined to outbid each other for retail development, saving taxpayer money in subsidies to retailers. Instead of competition, individual jurisdictions would now have an incentive to work together as an entire region using their combined economic strength.

Competition for Retail Development Contributes to Urban Sprawl

Several authors point to a connection between the emphasis on sales tax revenues as a development priority and metropolitan sprawl. Innes and Booher of the University of California, Berkeley cite the incentives of the sales tax system as a key source of sprawl in California.[22] Planning researcher William Fulton dedicates a chapter of his book on urban growth in Los Angeles to the "Sales Tax Canyon."[23] A California Senate Office of Research study of sprawl in the Western United States finds a positive and significant correlation between reliance on sales taxes within a metropolitan area and that area's degree of sprawl (as measured by retail decentralization).[24]

Outlying areas in a metropolitan region have several advantages that may enable them to "win" more than central cities in the competition for retail development. Retailers often prefer to locate near freeway exit ramps and in middle and upper-middle class neighborhoods, which are more common in outlying suburban areas. Developing vacant land also tends to be less expensive than redeveloping land in urban areas. Finally, outlying suburbs may have more resources to spare than central city communities, and may therefore be able to offer more attractive subsidies.

Urbanization of the Sacramento Region: Change in Urbanized Area, 1970-1990



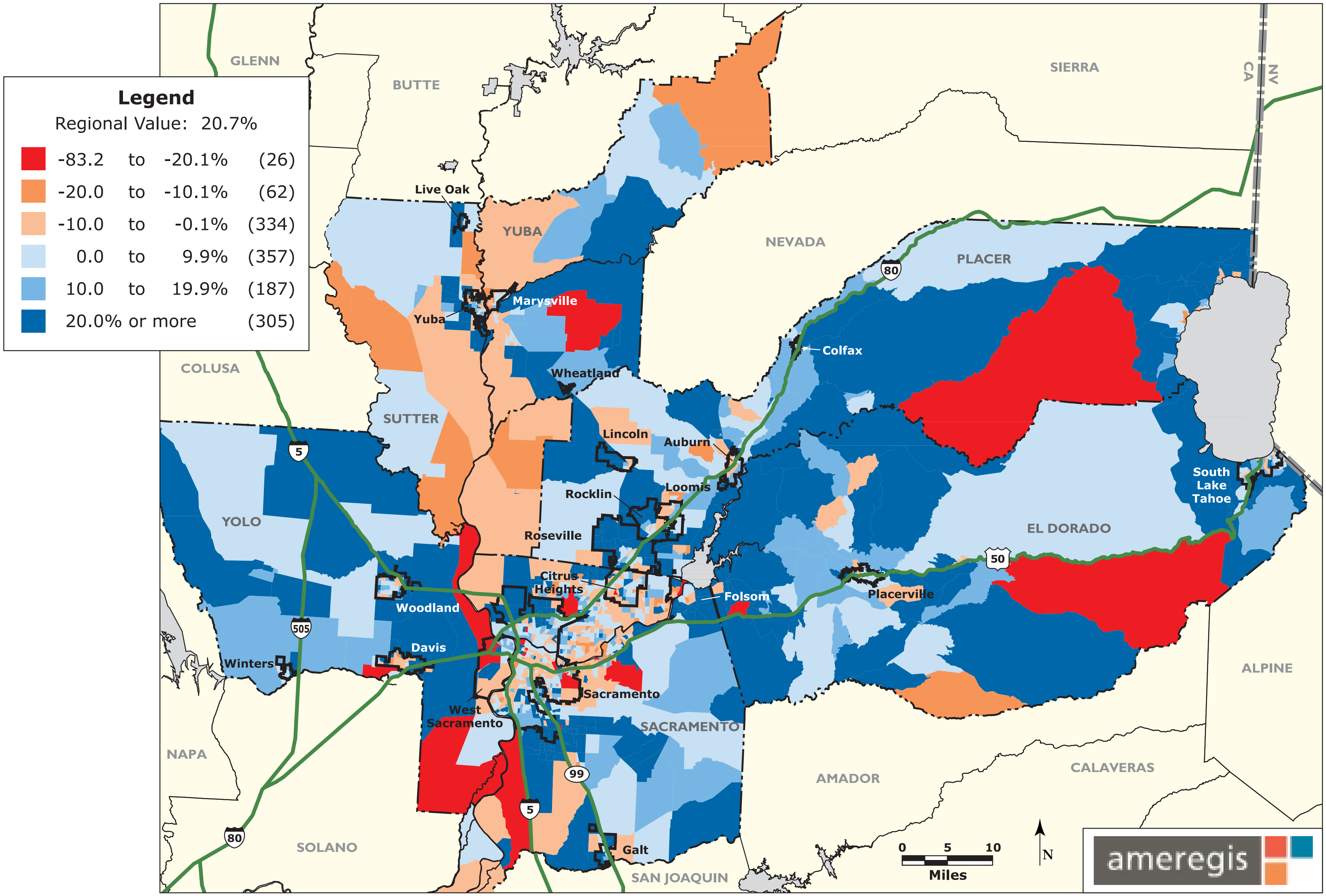
Population Density in Urbanized Area
(per square mile)

	1970	1990	% Change
Sacramento	2,595.1	3,285.9	26.2%
Davis	-	4,955.9	-

Note: The Davis Urbanized Area did not exist in 1970.

Data Source: U.S. Census Bureau.

Population Growth in the Sacramento Region:
Percentage Change in Population by Census Block Group, 1990-2000



Data Source: U.S. Census Bureau.

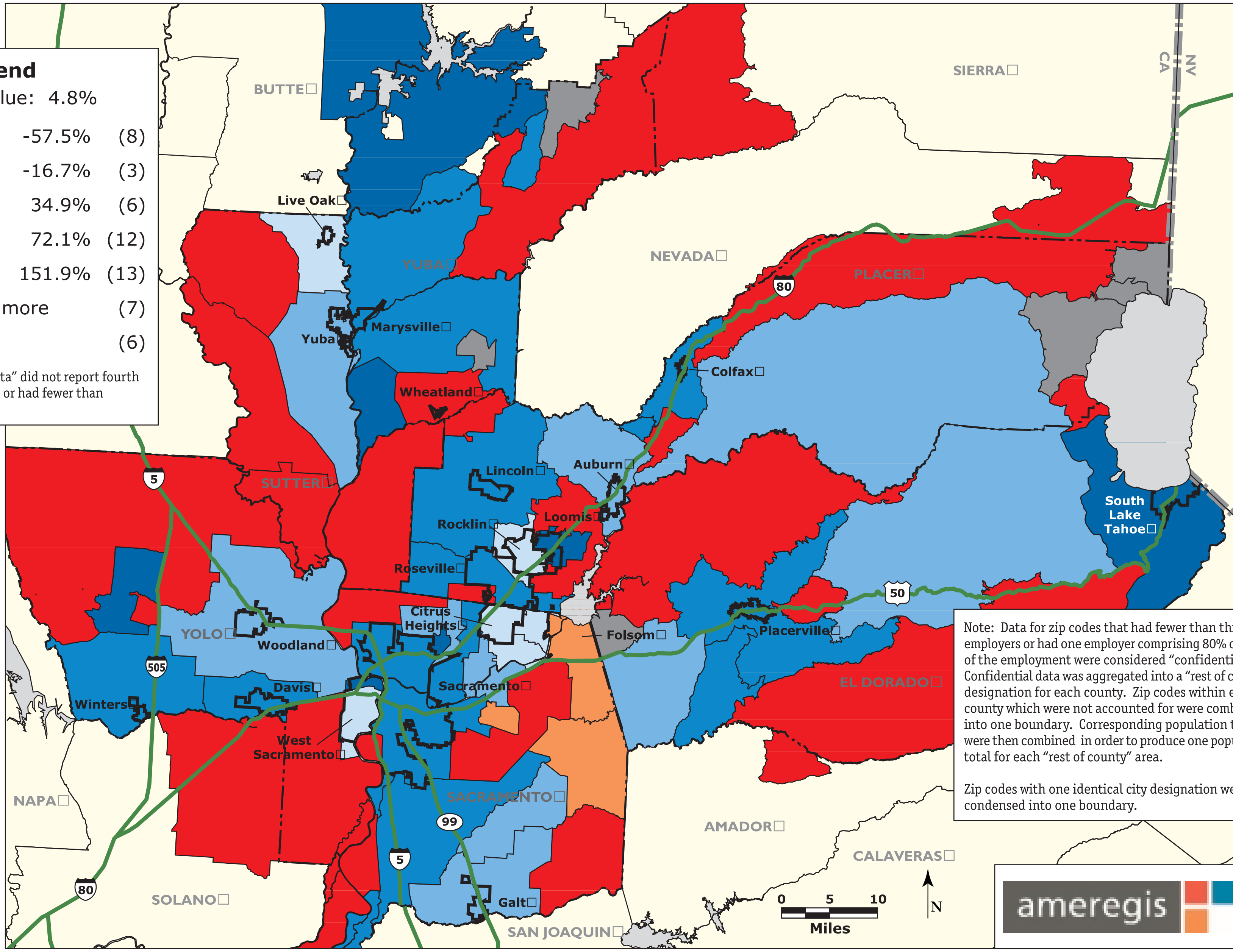
Job Growth in the Sacramento Region:
Percentage Change in Jobs per 100 Persons by Zip Code Boundary, 1991-1998

Legend

Regional Value: 4.8%

-71.6	to	-57.5%	(8)
-39.2	to	-16.7%	(3)
4.8	to	34.9%	(6)
45.9	to	72.1%	(12)
89.0	to	151.9%	(13)
187.5% or more			(7)
No data			(6)

Note: Zip Codes with "No data" did not report fourth quarter employment figures or had fewer than 50 persons in 1991 or 1998.



Note: Data for zip codes that had fewer than three employers or had one employer comprising 80% or more of the employment were considered "confidential." Confidential data was aggregated into a "rest of county" designation for each county. Zip codes within each county which were not accounted for were combined into one boundary. Corresponding population totals were then combined in order to produce one population total for each "rest of county" area.

Zip codes with one identical city designation were condensed into one boundary.

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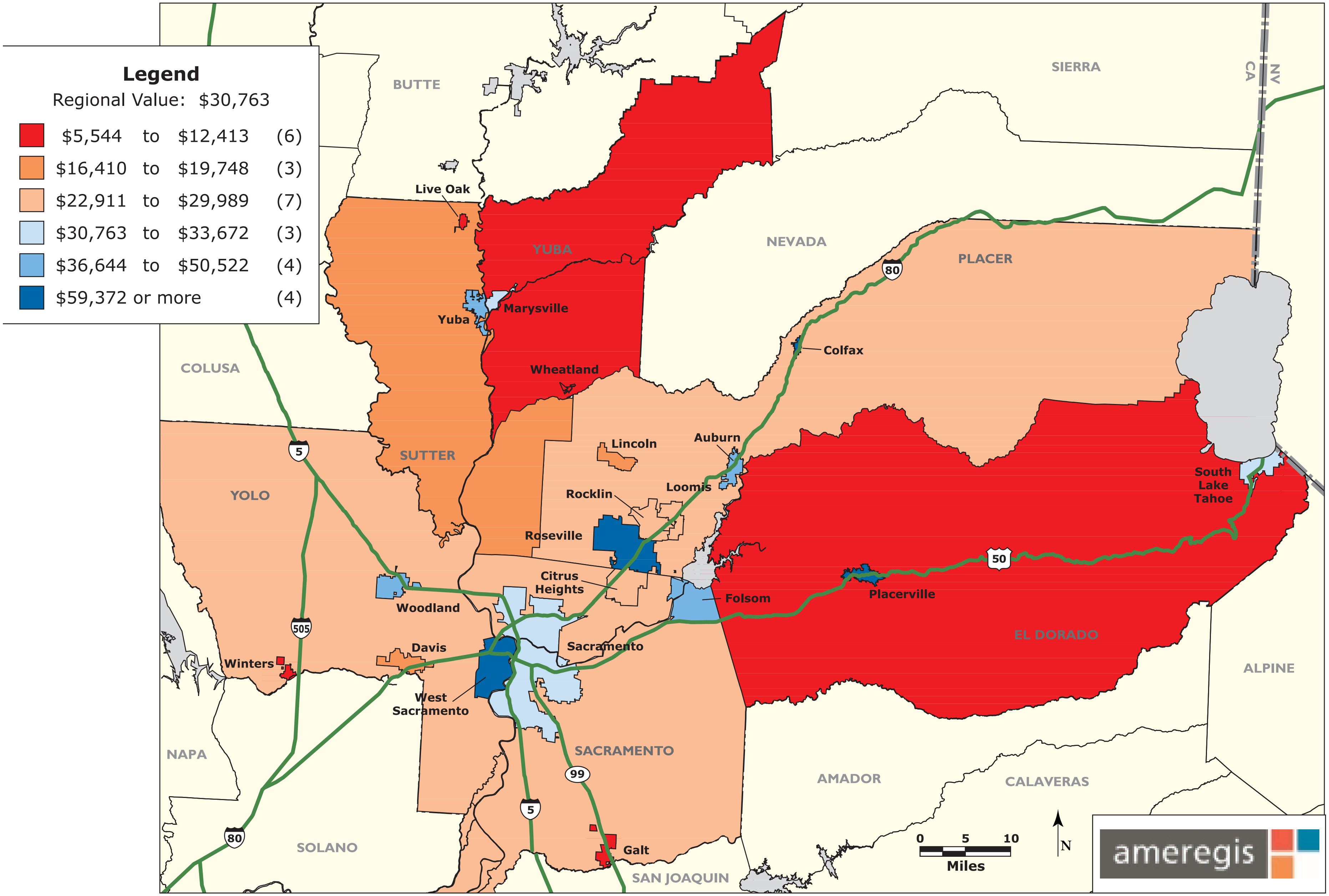
Data Sources: California Department of Economic Development; Western Economic Research; U.S. Census Bureau.

Sales Tax Distribution in the Sacramento Region: Taxable Transactions per Household by Municipality and County Unincorporated Area, 1998



Data Source: California State Board of Equalization.

Significant sprawl development has accompanied inter-jurisdictional competition in the Sacramento region. Until the 1970s, most retail had historically been located in central cities, and changes in the location of retail activity provide one measure of how much a region has sprawled. Between 1977 and 1997, the Sacramento area experienced a 24 percent decline in the proportion of sales that took place in the central city.[25]

Another common indicator of sprawl is the degree of urbanization; the Sacramento region ranks highly in how much it has developed area farmland.[26] The map, "Urbanization of the Sacramento Region," illustrates how development has encroached upon the region's farmland.[27]

The population growth pattern in the six-county Sacramento region also shows rapid growth in the outlying suburbs, another indicator of sprawl development. The population of the City of Sacramento increased 10 percent between 1990 and 2000, about half the regional average of nearly 21 percent. In contrast, Folsom saw a 74 percent population increase during that time, Roseville's population grew 78 percent, and Rocklin's population nearly doubled. The map, "Population Growth in the Sacramento Region" illustrates where population has grown in the six-county metropolitan region. In the areas appearing in dark blue, population growth has exceeded the regional average. The highest rates of population growth have occurred in the outlying areas while locations closest to the central city experienced much more modest population increases.

Sprawl Threatens the Quality of Life of Sacramento Area Residents

Sprawl development presents serious quality of life concerns for residents of the Sacramento region, particularly around transportation issues. The increase in the region's population, combined with decentralized development, has increased pressure on the region's road system and worsened area traffic congestion. Between 1986 and 1998, freeway congestion in the Sacramento region, measured as vehicle hours of delay, jumped by a remarkable 1,000 percent.[28] In a recent survey, 63 percent of Central Valley residents cited traffic congestion as either "somewhat of a problem" (34 percent) or a "big problem" (29 percent).[29] Continued development in the outlying areas of the Sacramento region threatens to make these problems worse.

Increased traffic congestion exacerbates another serious problem in the Sacramento region: poor air quality. The American Lung Association recently ranked Sacramento County as the 12th worst ozone-polluted county in the country.[30] The Sacramento Valley Air Basin regularly exceeds the ozone levels that the state considers safe for area residents.[31] Excessive ozone levels have been linked to respiratory illnesses and may contribute to the prevalence of asthma.[32] Preventing more traffic congestion in the

Sacramento region is a critical concern for the health of area families.

Sprawl development increases transportation costs for residents of the Sacramento region. The Center for Neighborhood Technology and the Surface Transportation Policy Project recently conducted a study of the transportation costs associated with sprawl in 28 metropolitan areas. The authors found a direct correlation between household transportation spending and sprawl development patterns. In the top one-third of areas with a high degree of sprawl, families spent 20 percent more of their spending dollars on transportation than did families living in places that fell in the bottom one-third on sprawl measures. The average family in a high-sprawl area pays around $1,300 more per year in transportation expenses.[33]

The Sacramento region's transportation problems mirror those faced by other sprawling metropolitan areas. Los Angeles has grown through sprawl development throughout the second half of the 20th century, with its population and jobs growing primarily along the urban edges.[34] This level of decentralization has created a dependence on freeways and high level of traffic congestion. Residents in and near Los Angeles drive twice as many miles now as they did 20 years ago, and they drive more miles on average than residents in any other region in the country.[35] The Los Angeles area also currently ranks as one of the most polluted regions in the country.[36] Sprawling growth in the Bay Area has also increased stress on that region's transportation system and air quality. As *Sacramento Bee* columnist Daniel Weintraub recently wrote: "The result (of sprawl development) is what seems like an inevitable pattern of traffic congestion, long commutes and air pollution. We've seen it happen in Orange County and in the Bay Area. Now the Central Valley seems poised to fall into the same trap."[37]

Sprawl Heightens Social and Economic Disparities

Social and economic disparities are both causes and consequences of sprawl. Decentralized regional development has historically limited opportunities for minority and low-income residents of central cities and inner suburbs. Sprawl has contributed to unequal distribution of resources, encouraged disinvestment in older communities, and created barriers to opportunity for employment, housing, and quality public services throughout metropolitan regions.[38] Consequently, many families living in poor communities in urban and rural communities in the Sacramento region are effectively disconnected from the educational and economic opportunities required to escape poverty.[39]

One illustration of this problem is the spatial mismatch that occurs when job growth is dispersed at the edges of regions. While jobs in downtown Sacramento are well served by public transportation, jobs in suburban areas have limited transit access, and thus are more difficult to reach by many lower income job-seekers. As of 1995, 47 percent of the region's households could reach downtown Sacramento within 45 minutes on transit. In contrast, only 31 percent could reach jobs in Rancho Cordova and 13 percent could reach jobs in Roseville/Rocklin within a 45-minute trip on transit.[40] The map, "Job Growth in the Sacramento Region," shows that several suburban corridors characterized by low-density development, which had high population growth in the 1990's, also had very high rates of job creation per capita.

Conversely, social stresses in inner city, inner suburban, and some rural communities 'push' those with residential choices to move away from problems toward newer communities at the fringe of the region. In his recent Central Valley study, urban scholar Myron Orfield found that poorly performing schools, relatively low growth in property values, high crime rates, and other challenges encourage residential choices that foster sprawl in metropolitan areas such as Sacramento, Fresno, and Stockton.[41]

The pattern of sprawling retail development has contributed to great disparities in sales tax bases among California jurisdictions. Between the early 1970s and the early 1990s, 234 cities in California increased their per capita sales tax revenues while 169 cities saw a decline in per capita sales taxes.[42] In the Sacramento region, sales tax revenues per capita vary tremendously – Live Oak residents generate sales tax revenues of $19 per person while Roseville receives $354 per capita in sales tax revenues.[43] See the "Sales Tax Revenue Distribution in the Sacramento Region" map for an illustration of the variance in sales tax revenues generated per capita around the Sacramento region. The distribution mechanism of AB 680 will help ensure balance in future sales tax revenues among jurisdictions.

From a regional perspective, the continued presence of social and economic disparities, exacerbated by sprawl patterns, places a drag on the overall health of the region. The authors of *Regions that Work* examined the statistical relationship between metropolitan income growth and various measures of poverty, equity, and residential segregation using data from 74 regions around the United States. They found that metropolitan regions that pay attention simultaneously to regional economic growth and central city poverty issues are more competitive.[44] The authors concluded that "the region is only as strong as the team: the whole will not do well if the individuals are left out."[45]

Assembly Bill 680 would not only decrease incentives to compete for retail development, it would also provide positive incentives to support "smart growth" land-use planning. First, AB 680 creates a "Regional Projects Fund," administered by the Sacramento Area Council of Governments (SACOG) and funded with the residual dollars not captured under the sales tax distribution formula. All jurisdictions in the region would be eligible to apply to this fund to pay for regional development projects. These projects may include: transit-oriented development, infill development, and open space acquisition.

Second, AB 680 provides several incentives to reward jurisdictions that work together and/or support “smart growth principles.” Jurisdictions in the Sacramento region, for example, would be eligible to apply to SACOG and Caltrans for funding for transportation projects that “support smart growth strategies.” In addition, the bill provides for any multi-county region in California that adopts regional tax-sharing agreements and/or “smart growth principles” to qualify for: (1) a one percent share of designated state transportation funds; and (2) additional points in the scoring of applications for three State Department of Housing and Community Development programs.[46]

CONCLUSION: ASSEMBLY BILL 680 IS A PROMISING PROPOSAL FOR BETTER GROWTH IN THE SACRAMENTO REGION

The Sacramento region has an important opportunity to reshape its future growth, and AB 680 offers a promising first step toward a more sustainable path. California’s current tax system encourages jurisdictions to compete for retail development and develop at the edges of a metropolitan region. AB 680 replaces these negative incentives with positive ones that would induce more sustainable land-use decisions and help respond to regional problems. By changing the way future sales tax dollars are collected and distributed, prioritizing regional investments in affordable housing and other critical services, and creating a regional pool of resources for collective action, AB 680 would help to shift the Sacramento region toward a more livable, sustainable, and equitable future. It will also provide a model for better regional growth in other metropolitan areas across California.

[1] This analysis is based on the January 4, 2002 version of the bill.

[2] Sacramento Area Council of Governments, "Growth, 1999 to 2025 by Jurisdiction, March 2001." Website accessible at http://www.sacog.org/demographics/proj2001/files.htm

[3] Sacramento Area Council of Governments, "Growth, 1999 to 2025 by Jurisdiction, March 2001." Website accessible at http://www.sacog.org/demographics/proj2001/files.htm.

[4] Valley Vision/Regional Action Partnership, *Sacramento Region: Quality of Life Index* (March 2000), p. 34.

[5] Proposed AB 680 bill language, obtained on January 4, 2002 from the Office of Assembly Member Darrell Steinberg.

[6] Paul Lewis and Elisa Barbour, *California Cities and the Local Sales Tax*, (Public Policy Institute of California, July 1999) pg.19. Web accessible at http://www.ppic.org/publications/PPIC121/PPIC121.pdf/index.html.

[7] Jeffrey Chapman, *Proposition 13: Some Unintended Consequences*, Occasional Paper (Public Policy Institute of California, 1998), p. 3.

[8] Paul Lewis and Elisa Barbour, *California Cities and the Local Sales Tax*, (Public Policy Institute of California, July 1999). Web accessible at http://www.ppic.org/publications/PPIC121/PPIC121.pdf/index.html.

[9] Judith E. Innes and David E. Booher, "Metropolitan Development as a Complex System: A New Approach to Sustainability," *Economic Development Quarterly*, 1999, 13(2) pg. 144.

[10] Michael A. Shires, *Patterns in Government Revenue Since Proposition 13*, Research Brief, (Public Policy Institute of California, March 1999). Web accessible at http://www.ppic.org/publications/PPIC117/PPIC117RB/ppic117.rb.pdf.

[11] Paul Lewis and Elisa Barbour, *California Cities and the Local Sales Tax*, Research Brief, (Public Policy Institute of California, July 1999). Web accessible at http://www.ppic.org/publications/PPIC121/PPIC121.pdf/index.html

[12] Public Policy Institute of California, *PPIC Statewide Survey,* November 2001, pg. 7.

[13] California Budget Project, *Locked Out: California's Affordable Housing Crisis*, Sacramento Fact Sheet, May 2000. Web accessible at http://www.cbp.org/.

[14] State of California Department of Housing and Community Development, *Raising the Roof: California Housing Development Projections and Constraints, 1997- 2020*, (State of California, 2000).

[15] State of California Department of Housing and Community Development, *Raising the Roof: California Housing Development Projections and Constraints, 1997- 2020*, (State of California, 2000) p. 1.

[16] United States Bureau of Labor Statistics Website, http://www.bls.gov/home.htm.

[17] State of California Economic Development Department website, Labor Market Information Division, http://www.calmis.ca.gov/file/occup$/oes$.htm.

[18]*Money*, Aug. 1994, pg. 5, quoted in Jonathan Schwartz, "Prisoners of Proposition 13," *Southern California Law Review 183* (University of Southern California, November 1997).

[19] Paul Lewis and Elisa Barbour, *California Cities and the Local Sales Tax*, (Public Policy Institute of California: July 1999) p. 20. Web accessible at http://www.ppic.org/publications/PPIC121/PPIC121.pdf/index.html.

[20] The exception to this is where the retailing is in itself an attraction for tourists and shoppers from outside the region. Examples of this include mid-town Manhattan, the Mall of America in Minnesota, or shopping centers at the borders of states with no sales tax, none of which are characteristic of the Sacramento region.

[21] Good Jobs First website, Corporate Research Project E-newsletter No. 17, October 2001. Web accessible at http://www.ctj.org/itep/crp/oct01.htm.

[22] Judith E. Innes and David E. Booher, "Metropolitan Development as a Complex System: A New Approach to Sustainability," *Economic Development Quarterly*, 1999, 13(2) pg. 144.

[23] William Fulton, *The Reluctant Metropolis: The Politics of Urban Growth in Los Angeles* (1997).

[24] Robert Wassmer *An Economist's Perspective on Urban Sprawl, Part II*: *Influences of the "Fiscalization of Land Use" and Urban-Growth Boundaries* (California Senate Office of Research, August 2001) pg. 42. Web accessible at http://www.sen.ca.gov/sor/sprawlreport2.pdf.

[25] Robert Wassmer *An Economist's Perspective on Urban Sprawl, Part I*: *Defining Excessive Decentralization in California and Other Western States* (California Senate Office of Research, August 2001) pg. ix. Web accessible at http://www.sen.ca.gov/sor/sprawlreport1.pdf.

[26] Robert Wassmer *An Economist's Perspective on Urban Sprawl, Part I*: *Defining Excessive Decentralization in California and Other Western States* (California Senate Office of Research, August 2001) pg. 25. Web accessible at http://www.sen.ca.gov/sor/sprawlreport1.pdf.

[27] The maps in this report were created by AMEREGIS (http://www.ameregis.com), a Minneapolis-based research and geographic information systems (GIS) firm, headed by Myron Orfield, author of *Metropolitics: A Regional Agenda for Community and Stability,* (Brookings Institution Press, 1997).

[28] Valley Vision/Regional Action Partnership, *Sacramento Region: Quality of Life Index* (March 2000) pg. 34.

[29] Public Policy Institute of California, *PPIC Statewide Survey, November 2001*, pg. 7.

[30] Matthew Barrows, "Area Stays in Bad Air League," *Sacramento Bee*, May 1, 2001.

[31] Valley Vision/Regional Action Partnership, *Sacramento Region: Quality of Life Index* (March 2000) pg. 32.

[32] Richard J. Jackson and Chris Kochtitzky, Centers for Disease Control and Prevention, *Creating a Healthy Environment: The Impact of the Built Environment on Public Health*, pgs. 6-7 (cited in Sprawl Watch Clearinghouse web information service).

[33] Surface Transportation Policy Project and the Center for Neighborhood Technology, *Driven to Spend: The Impact of Sprawl on Household Transportation Expenses*, Executive Summary, November 2000 (Web Accessible at http://www.transact.org/Reports/driven/exec.htm).

[34] Southern California Studies Center and Brookings Institution Center on Urban and Metropolitan Policy, *Sprawl Hits the Wall: Confronting the Realities of Metropolitan Los Angeles*, (Brookings Institution, March 2001) Chapter 3.

[35] Southern California Studies Center and Brookings Institution Center on Urban and Metropolitan Policy, *Sprawl Hits the Wall: Confronting the Realities of Metropolitan Los Angeles*, (Brookings Institution, March 2001) pg. 17.

[36] Southern California Studies Center and Brookings Institution Center on Urban and Metropolitan Policy, *Sprawl Hits the Wall: Confronting the Realities of Metropolitan Los Angeles*, (Brookings Institution, March 2001).

[37] Daniel Weintraub, "Steinberg Has a Novel Plan to Shape Growth," *Sacramento Bee*, May 8, 2001, pg. B7.

[38] john a. powell, "Race, Poverty and Urban Sprawl: Access to Opportunities through Regional Strategies," (Institute on Race and Poverty). Web accessible at http://www1.umn.edu/irp/publications/racepovertyandurbansprawl.html.

[39] Myron Orfield, *Central Valley Metropatterns: Regional Challenges in California's Central Valley* (Metropolitan Area Research Corporation and the Great Valley Center). Web accessible at http://www.metroresearch.org.

[40] Valley Vision/Regional Action Partnership, *Sacramento Region: Quality of Life Index* (March 2000) pg. 35.

[41] Myron Orfield, *Central Valley Metropatterns: Regional Challenges in California's Central Valley* (Metropolitan Area Research Corporation and Great Valley Center). Orfield is also a Minnesota state legislator.

[42] Paul Lewis and Elisa Barbour, *California Cities and the Local Sales Tax*, (Public Policy Institute of California, July 1999) pg.22.. Web accessible at http://www.ppic.org/publications/PPIC121/PPIC121.pdf/index.html

[43] Economic & Planning Systems (EPS), June 6, 2001 Memorandum, "Sales Tax Revenue Analysis Based on AB 680 (Steinberg)," Figure 1.

[44] See Manual Pastor, Peter Dreier, J. Eugene Grigsby III and Marta López-Garza, *Regions that Work: How Cities and Suburbs Can Grow Together,* (University of Minnesota Press, 2000).

[45] Manual Pastor, Peter Dreier, J. Eugene Grigsby III and Marta López-Garza, *Regions that Work: How Cities and Suburbs Can Grow Together,* (University of Minnesota Press, 2000) pg. 98.

[46] The state transportation funds are pursuant to Proposition 42, an initiative on the March 2002 ballot. The three state housing programs are the Jobs-Housing Balance Program, the Cal Home Program, and the Multi-Family Housing Assistance Program.

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