

**Department of Transportation and the Department of Housing and
Community Development:
Building Coordination Between Two Departments**

Joanne McDermott

Capstone

MTM 290

6 June 2003

Community Development: Building Coordination Between Two Departments

Joanne McDermott

TABLE OF CONTENTS

CHAPTER ONE: INTRODUCTION	3
CHAPTER TWO: BACKGROUND.....	5
CHAPTER THREE: HISTORY	6
CHAPTER FOUR: CALIFORNIA PLANNING.....	8
CHAPTER FIVE: THE GENERAL PLAN	10
CHAPTER SIX: HOUSING NON-COMPLIANCE AND RELATED ISSUES	13
CHAPTER SEVEN: STRATEGIC PLAN	15
CHAPTER EIGHT: CONCLUSION.....	18
ABBREVIATIONS AND ACRONYMS	19
BIOGRAPHY	20

List of Figures

FIGURE 4-1. POPULATION AGE DISTRIBUTION.....	9
FIGURE 6-1 HOUSING ELEMENT COMPLIANCE STATUS OF CALIFORNIA CITIES AS OF SEPTEMBER 25, 2002	13

CHAPTER ONE: INTRODUCTION

Overview

According to William Fulton, “Historically, one of the great weaknesses of planning in California has been a lack of coordination between the agencies that build regional infrastructure and the agencies that do local planning.”¹ The focus of this paper is on the planning functions of two departments, the Department of Transportation (Caltrans) and the Department of Housing and Community Development (HCD); both departments reside under the umbrella agency of the Business, Transportation and Housing Agency (BT & H). Each of these departments develops policies and guidelines for local governments that have been criticized for being at cross-purposes with each other.

Problem Statement

In September 2002, Assemblywoman Patricia Wiggins introduced Assembly Bill 857 (AB 857), which amended sections of the Government Code relating to state planning, the State Environmental Goals and Policy Report. AB 857 sets out three planning priorities for the state: (1) to promote infill and equity, (2) to conserve agricultural land and open space, and (3) to encourage efficient development in areas already planned for growth. AB 857 added §65041.1 through §65041.41 requiring the Governor to prepare, maintain and regularly review and revise a comprehensive State Environmental Goals and Policy Report (EGPR). AB 857 further states that in the preparation of the report, “priority shall be given to the development of statewide land use policy, including the recommendations resulting from land use planning and implementation.” Within §65041.1, the following requirements, listed below, will have significant impacts to these two departments:

- (a) “To promote infill development and rehabilitating, maintaining and improving existing infrastructure and appropriate reuse and redevelopment of underutilized land that is presently served by transit, streets, water and other essential services, particularly in underserved areas.”
- (b) “To protect environmental and agricultural resources by protecting, preserving, and enhancing the state’s most valuable resources, including working landscapes such as farm, range and forest lands, natural lands such as wetlands, recreation lands such as parks, trails, greenbelts, and other open space, and landscapes with locally unique features and areas identified by the state as deserving special protection.
- (c) “To encourage efficient developmental patterns by ensuring that any infrastructure associated with development that is not infill support new development that uses land efficiently, is built adjacent to existing developed areas to the extent consistent with the priorities specified to subdivision (b), is in an area appropriately planned for growth, is served by adequate transportation and other essential utilities and services, and minimizes ongoing costs to taxpayers.”

Within section 65404, lies the beginning of the problem statement. This section requires that on or before January 1, 2005, the Governor shall develop “conflict resolutions processes to resolve conflicting requirement of two or more state agencies for a local plan, permit or development projects.” Governor Reagan first signed legislation that authorized the Office of Planning and

Research to set priorities and goals in the Environmental Goals and Policy Report (EGPR), a report that was required to be updated every four years. The report has only been completed once and that was under Governor Jerry Brown's administration over 25 years ago.

Many of the elements of AB 857 reflect Smart Growth principals. As a result, it has gained wide support from a coalition of interest groups, including the League of California Cities, California State Association of Counties, American Farmland Trust, and the Sierra Club, to name a few. The California Chapter of the American Planning Association (CCPA) and California Futures Network supported this legislation. Sande George, Executive Director of the CCPA, says, "California is one of the few states that to date has not updated its planning laws or adopted planning polices. The State should decide how it wants to grow, and what resource it wants to save, before it is too late. AB 857 will assist the State in that effort, and provide a conflict resolution process so that conflicts between the policies of different agencies, or between projects and sponsor and agencies, can be much more quickly resolved."²

In order to fulfill this expectation, communication must take place that begins with developing comprehensive knowledge of the planning function being done by these departments.. In addition to the time limitation (to be completed by 2005), adding to the urgency is that, population forecasts are projecting California to "grow by 12 million people within the next 20 years, which will pose substantial challenges to the state's built and natural environment."³ California is growing faster than any state in the nation. The complexity of the interaction of transportation and land use will be one of the determining factors in the quality of life for Californians.

Purpose

HCD and Caltrans have vital roles in shaping California's future. This paper was written to serve two purposes. The first is to establish a historical perspective of these departments. How did they get to where they are today? What has happened since the days of a Golden California? Second, is to develop an understanding of each agency's policies, strategic plans, missions, goals and constraints so that this will lay a foundation for a more collaborative and coordinated effort between these agencies, one that will better serve local government planning efforts and the State.

CHAPTER TWO: BACKGROUND

The Business, Transportation and Housing Agency is one of the largest agencies in the state of California with more than 47,000 employees and with a combined budget of \$12.4 billion for the 14 departments within the agency.⁴ BT & H oversees and directs the administration of these departments and acts as a liaison among these departments and the Governor's Office. As part of the executive branch of California government, the agency is responsible for carrying out the Governor's vision for business, transportation and housing for the state. As such, the Agency oversees programs that plan, build, and maintain California's transportation systems, ensures efficient and fair markets for the real estate industry, and assists state and community efforts to expand the availability of affordable housing for a growing workforce. In addition, the agency regulates managed health care plans, banking, and financial industries.

The Secretary of BT & H is appointed by the Governor and has the power of general supervision over the agency. The Secretary of BT & H is directly responsible to the Governor for the operations of each department, office, and unit within BT & H. There are four agencies under the BT & H umbrella with transportation related responsibilities - the State Department of Transportation, the Department of the California Highway Patrol, the Department of Motor Vehicles, and the Stephen P. Teale Consolidated Data Center. Within BT & H, Caltrans and HCD are the two departments with the most responsibility and are influenced by decisions on land use in the state. Land use and transportation are interconnected. It is the built environment that makes demands on the transportation system. It is the relationship between two of these departments, Caltrans and HCD, which will provide an opportunity for improved collaboration and decision-making.

In January 2000, the California Planning Roundtable, a non-profit organization of experienced professional planners, published "Planning at the Edge of the Millennium: Improving Land Use Decisions in California"⁵. One of its conclusions was that California's leadership can no longer focus on a return to its past. "The future won't and can't look like the past." When its freeways were free of congestion and housing supply was more adequate and affordable. One of the frequent themes that dominate articles about California, which is found in numerous articles published in newspapers, professional journals, and scholarly reports, is that the state lacks affordable housing and the state is leading the nation in traffic congestion and delay. There are many contributors to congestion and outward urban sprawl – rapid population growth, decentralization of jobs and housing, environmental and fiscal constraints. Housing supply has failed to keep up with demand especially in coastal areas, forcing many to increasingly depend on their automobiles.

California's rapid population growth continues to swallow up land and open spaces making demands on a burdened, aging, infrastructure that is being stretched beyond its capacity. In the last two decades, population within the State has "increased by over 10 million people, with over 40% of that increase coming from other states and countries."⁶ A history of deferred maintenance and delayed rehabilitation on the infrastructure adds to the cost burden. Threats to air and water quality were increasingly traced to urban residents and their automobiles. California housing supply has not kept up with its population growth. Costs will continue to remain high. Land use decisions are being made without assessing the impacts on housing, transportation, and the economy.

CHAPTER THREE: HISTORY

Local development planning grew rapidly in the post War II era. Like many states, California had a postwar surge of population and urban growth. This spurred a need for capital investment in infrastructure and community facilities that had been postponed during the depression and war years. Under the leadership of Governors Earl Warren and Pat Brown, California invested heavily in infrastructure, “especially highways, higher education and water projects” (Dowall)⁷. The time period when Governor Pat Brown was in office, 1958-1966 has been referred to as the Golden Age of California’s, a booming time with abundant infrastructure investments. The growth of aircraft, automobile, steel and motion picture industry added to the state’s economic prosperity. Governor Brown fought to establish tuition-free education at the university level, for the building of mass transit and highways, and for abundant water supplies for both agricultural and urban use.

With these massive public investments, California was provided a foundation for growth and prosperity from the 1950’s to 1970’s. Federal actions taken also contributed to better planning and prosperity. The federal Housing Act of 1954, Title I, section 701, required local governments to adopt a long-range general plan in order to qualify for federal grants for urban renewal, housing, and other programs. It also provided funding for comprehensive planning. For communities with less than 25,000 people, it provided funding of comprehensive plans with a matching 50-50 federal-to-local funding. With the leverage of financial support, the growth of urban planning grew rapidly from the mid-fifties than anytime prior in the United States. Among the elements of this program was a requirement of an annual report to Housing and Home Finance Agency (HHFA) to do a neighborhood analysis, housing for displaced persons, and citizen participation in the renewal process. The Housing Act of 1954 specifically required that urban renewal project be part of a full comprehensive city plan, complete with surveys and projections.

Beginning around 1970, population growth out paced infrastructure investment. Regrettably, spending on infrastructure experienced a reduction, a trend that began during Governor Ronald Reagan’s administration. During his administration, the need for spending for infrastructure began to be challenged. The Public Policy Institute of California analyzed the per capita state spending over time in the categories of state expenditures in operations, local assistance and capital outlay. In the areas of operations such as “staffing, routine maintenance, repair, equipment and deferred maintenance, and the leasing of facilities without the option to purchase” spending increased. State government consisted of 22 departments and spent \$250 per capita on operations. Currently, the state has 8 agencies and 64 departments with expenditures for operations of approximately \$700 per capita. Local Assistance spending, funds to local governments in the form of grants to local agencies for the operation, maintenance, acquisition, or development of facilities or land, also outpaced population growth. In the 1950’s, the average per capita spending on local assistance was \$400. By the year 2000, spending on local assistance had substantially risen to \$1,900. Capital outlay, the state’s spending on infrastructure such as physical plant and equipment, facilities, and infrastructure significantly declined during the same time period. In the years from 1945 through 1970, the outlay per capita ranged from \$100 to \$160, but by the late 1990’s reduced the figure to \$30. Part of the reduction of spending can be contributed to basic infrastructure being in place, however, this does not account for maintenance or depreciation over the life cycle nor does it reflect accommodation for the population growth during this time period or for future growth.

The 1970's brought a lot of changes. The Department of Public Works became the Department of Transportation (Caltrans). Confronting the state were new challenges, such as declining revenue. Caltrans was experiencing significant changes as well. These changes included appreciably increased construction and maintenance costs, a major reorganization, a freeway revolt, and environmental legislation at both the state and federal levels. Many state and federal agencies were impacted by new environmental legislation, such as the National Environmental Policy Act (NEPA) and the California Environmental Quality Act (CEQA). Complicating these conditions even further was the passing of Proposition 13, a landmark tax-cutting initiative that drastically changed state and local government tax revenues.

CHAPTER FOUR: CALIFORNIA PLANNING

The conduit for “state land use policies, coordinating planning for all state agencies, and assists in and monitoring local and regional planning” (California Code sections 65025 et seq.) is the Governor’s Office of Planning and Research (OPR). Much of California infrastructure planning is done based on project orientation. In a published report by the California Public Policy Institute, “Building California’s Future: Current Conditions in Infrastructure Planning, Budgeting, and Financing”, it was noted that “the necessity of allocating fiscal and other resources of the state among competing programs and needs requires integration of the planning and executive budget functions within state government (§ 65047).” It is the distribution of power and resources, via the funding process, among departments and agencies that can create interagency rivalry or ignorance of what each agency or department is doing and will influence how planning is carried out. In the same report it was stated that “In response to the state’s planning processes, many official publications and commissions, not to mention all of those interviewed for this research, have stated that California is relatively strong on project planning by individual state agencies and weak on statewide planning and strategy by the administration.” OPR shall “assist the Department of Finance in preparing actions to implement state functional plans (§ 65032)”, but the law does not specify how Planning and Research the California Public Departments and agencies are fiscally served best if they are projected orientated.

For local governments housing is a significant consideration. Residential development is usually the predominant user of urban land. The planning of California’s communities is a task undertaken by a multitude of governmental agencies. The state’s 528 cities and counties do the visioning of a community through the use of a “general plan.” California’s general plan is the equivalent of other state’s “master” or “comprehensive” plan. The State is seldom involved in local land use and development decisions, which had been delegated to the city councils and boards of supervisors at the individual cities and counties. Cities and counties are distinct and independent political units.

Proposition 13

We are nearing the twenty-fifth anniversary of Proposition 13. This voter’s initiative changed the levying of property taxes. Local governments receive the majority of their revenue from property tax and sales tax. Prior to Proposition 13, property tax was a vital source of revenue for local governments. When housing prices rose rapidly in the early 70’s, assessors acting on behalf of their agencies were assiduously following the changes and were reassessing property taxes as housing values rose steadily. Houses were being reassessed at appraised values with “jumps of up to 40-60 percent.”⁸ Local governments are being forced to “attract land use that will generate a net tax revenue surplus.”⁹ To describe the changes that were made and the constraints placed on local governments is a complex and lengthy topic, one that would take us outside the parameters of this paper. But, there is general agreement that the constraints placed on the levying of taxes had significant impacts on land use.

The initiative cut property tax rates by about two-thirds and this piece of legislation makes it nearly impossible for local governments to increase those rates. One of areas hardest hit was capital funds for infrastructure. Local governments found that they lacked funds to build new roads, sewers, schools and other essential infrastructure needs of their communities. They were also severely hampered by being unable to issue bonds unless they had a two-thirds. This created a unique situation in California called the “fiscalization of land use.”

Local governments began to actively seek sources of sales tax revenue, such as auto malls, hotels, and shopping malls, since they were entitled to a portion of the sales tax revenue generated within their boundaries. They also began to get greater concessions or mitigation from developers, making them pay more and more for the infrastructure to serve their projects. In some areas, they also had pay substantial development fees to assist in the construction of freeway interchanges, transit lines, If able to establish a nexus, mitigation measures might also include assisting in funding schools, parks, and libraries, etc. The planning process for local governments meant juggling community needs while seeking fiscal resources. As mentioned previously, cities and counties began to compete with each other in order to attract precious retail sales tax, offering concessions and inducements, and limiting their thinking to what was taken place within their boundaries and not the regional impacts to their decisions.

Demographics

There are many factors contributing to sprawl and the rapid consumption of open space taking place in California, perhaps the most challenging factor is population growth and its characteristics. In all regions in California, except the Sierras, natural increase was the largest component of population change. Natural increase is defined as the increase as the difference between the number of births and the number of deaths. Like the rest of the nation, California is aging ¹⁰

Chapter 4-1. Population Age Distribution

	1990	2000	2010	2020
Under 18	7,869,132	9,770,687	10,884,663	12,442,683
18-24	3,474,026	3,194,064	4,235,933	4,490,582
25-34	5,714,423	4,998,216	5,119,926	6,444,055
35-44	4,630,685	5,751,694	5,204,967	5,241,358
45-54	2,887,962	4,469,059	5,649,561	5,080,081
55-64	2,237,939	2,756,954	4,306,878	5,386,478
Over 65	3,128,230	3,712,721	4,555,688	6,363,390
Total	29,942,397	34,655,395	39,957,616	45,448,627

SOURCE: US Census, Department of Finance

Projections December

The Department of Finance has calculated that as of last July, California's population stood at 35.3 million, a yearly gain of 603,000 or 1.74 percent. This creates a need of 200,000 housing units a year, an amount less than public agencies and private developers are producing. A gap is particularly felt in low- and moderate-income housing. The biggest impact of California's low production levels and high housing prices has been on commute times. "Nationwide, according to the American Housing Survey, median commute times among recent homebuyers declined from 19.5 minutes in 1985 to 17.9 minutes in 1995."¹¹ For California, among recent homebuyers in California metropolitan areas, the median commute time increased from 20 minutes in 1985 to 25 minutes in 1995. For first time-homebuyers, those hardest hit by rising prices – median commute time increased from 20 minutes in 1985 to 31 minutes in 1995. Home purchases are often made on the urban edge, where housing is more affordable, therefore increasing the need for additional highway capacity.

CHAPTER FIVE: THE GENERAL PLAN

In 1965, the master plan was renamed the “general plan”. Up until 1971, the local governments were able to adopt zoning ordinances before adopting a general plan. However, in 1971 the state legislature passed a consistency law, which changed the legal hierarchy of the general plan and zoning ordinances. The general plan is best understood as the “constitution for the future development of a community,” and is often referred to as the “blueprint” All general plans in the State of California are required to have at least seven elements: land use, circulation, housing element, conservation, open-space, noise and safety (Government Sections 65300 et seq.). All elements and issues are to form an integrated, internally consistent plan, which all parts are weighed equally in their application. Each jurisdiction is free to adopt additional elements that as long as they remain consistent with equal weight as the other elements.

In 1967, the Legislature made the housing element mandatory and required local governments to adopt housing elements by 1967. The statute was unclear on the content of the requirements and the Department of Housing and Community Development prepared housing element guidelines in 1970.

There are four elements that have symbiotic relationships with each other – land use element, circulation element, housing element and open space element.

Land Use Element

The land use element deals with such matters as population density, building intensity, and the distribution of land uses within a city or county. It charts a course for the community’s physical development. This element requires laying out a vision of all the buildings, roads, and public facilities in the city for the present and for the future. Along with a descriptive narrative written into the general plan, a diagram must accompany the text. It visualizes the policies laid out in the land use element, and must be consistent with the written text. Within the land use element, the distribution of the following must be addressed:

- housing, business, and industry;
- open space and agricultural land;
- mineral Resources; and
- recreation facilities.

In summary, the land use element is to designate the proposed general distribution and general location and extent of uses of the land.

Circulation Element

The circulation element deals with all major transportation improvements. “It is an infrastructure plan that addresses the circulation of people, goods, energy, water, sewage, storm drainage, and communications.”¹² It is a statutory requirement that the circulation element must correlate with the land use element. The circulation element affects a community’s physical, social and economic environment. It affects the pattern of human settlement and impacts the areas and activities it serves.

A city or county must take into account the regional setting. “The local planning agency should coordinate its circulation element provisions with applicable state and regional transportation plans

(§65103(f) and §65080, et. Seq.).”¹³ In addition, the state must coordinate its plan with local governments (§65080(a)) and the federal government is under a similar obligation (§134, Title 23 of the U.S. Code).

The guide goes further on to state that “Caltrans is particularly interested in the transportation role of local government” and suggests that coordination of planning efforts be made between local agencies and Caltrans districts; that emphasis best given to the preservation of transportation corridors; and that the transportation system be developed with management plans that strives for maximum use of present and proposed infrastructure. The Governor’s Office of Planning and Research publishes a guideline for General Plans that strongly suggests that this element should contain “objectives, policies, principles, plan proposals an/or standards for planning the infrastructure that supports the circulation of people, goods, and communications.”¹⁴ The circulation element is further constrained by the need to be consistent with regional air quality and transportation plans. This requirement is a significant task for nonattainment areas and is referred to as air quality conformity. Conformity applies to federal transportation decisions in all areas that are designated nonattainment for specific pollutants (ozone, carbon monoxide, particulate matter) by the United States Environmental Protection Agency. This element must speak to the mandatory circulation issues such as major thoroughfares, transportation routes, terminals, and other local public utilities and facilities. Any developmental policies within this element, should contain objectives, principals, and plan proposals for planning the infrastructure that supports the movement of people, goods, and communication.

Housing Element

Housing has vast consequence to our communities. State law declares that housing is an issue of statewide concern.¹⁵ Housing impacts our lives and our communities. It has physical, social and economic impacts. In 1967, the legislature made the housing element expressly mandatory and required local governments to adopt housing elements by January 1967. Housing element guidelines were first published by the HCD in 1970 and adopted in 1971. In 1975, HCD was authorized to review and comment on local housing elements. HCD previously published guidelines became a subject of debate over whether they were advisory or obligatory upon cities or counties. This debate was resolved in 1980 by the enactment of provisions by the legislature of the housing element guidelines as statutory requirements, “and by requiring cities and counties to consider the department’s findings prior to adopting the element.”¹⁶

State Housing Element law, Article 10.6 of the California Government Code, requires a quantification of each jurisdiction’s existing projected housings needs. This is referred to as the regional needs housing need allocation (RHNA) process, which involves HCD and local councils government (COGs). HCD’s determination of the regional housing need for each regional is based on State Department of Finance’s (DOF’s) county-level estimates and projections of population and housing/households and reported loss of stock, consideration of population assumptions of the regional transportation plan, and income and vacancy factors from the U.S. Census Bureau. is suppose to assess the community’s needs (with the state imposed goal of providing housing opportunities for all segments of the community and all income groups) and then establish polices to ensure that these needs are met.

Housing element updates, and the RHNA process, is conducted on a staggered schedule, differentiated by COG. The city or county's share of regional housing needs that was determined by their COG and HCS is the projected housing unit need for the planning period of the housing element. The allocation period is for a 7.5 planning period.

The COGs develop the distribution of the regional determination fore each member city or county (if a multi-county COG) in draft regional housing need allocation plans, following consideration of statutory required factors that include market demand, community patterns, site and public facility availability, type and tenure of housing needs, needs of farm workers, or the conversion of assisted units. For cities not part of a COG, HCD will act the role of the COG. Each city and county has an opportunity to request revisions of their need allocation by the COG during a 90-day period. This is followed by an appeal option subsequent to action of the final RHNA.

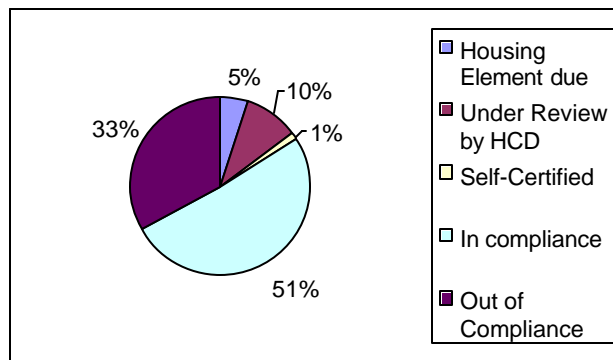
The RHNA process for each city is distributed among four income categories to address the required provision for planning for all income levels. The RHNA is used as the basis for the residential development capacity of the housing element for the planning period. The RHNA is used as the basis for the residential development capacity of the housing element for the planning period. To support the RHNA, the housing element must demonstrate site development capacity equal to or exceeding the projected housing need. This is to facilitate the development of a variety of housing types for all income levels. The RHNA is not a forecast of building permit activity. Local governments are not held accountable if the projected housing need is nor actually constructed. . In recent years, many localities have been out of compliance.

CHAPTER SIX: HOUSING NON-COMPLIANCE AND RELATED ISSUES

California’s housing elements law was enacted to help officials plan for adequate housing in their communities. As previously stated, California has failed to keep pace with its population and job growth. California’s housing element is referred to as the “fair-share approach.” Based on state estimates of regional housing needs, regional council of governments assign a housing unit goal to each city and unincorporated area, they are then expected to meet these expectations and incorporate these goals into their plans for over the next five years.

There are many causes for non-compliance. Some communities have enacted slow growth measures; other communities may lack vacant land and are “built-out.” There is also the reluctance to build affordable housing because of the demands put on infrastructure and the real estate taxes are minimal and do not generate revenue. Many communities do not want low- and moderate- income homes to be near them, practicing the philosophy of “not in my own backyard” and are referred to as r NIMBYs, a form of practicing social exclusion. Communities may also lack funds for this type of housing and are dependent on the availability of subsidized housing funds.

Figure 6-1. The Housing Element Compliance Statue Of California Cites As Of September 25, 2002



According to the Center for Housing Policy, a research affiliate of the National Housing Conference (NHC), “one in seven American households (14.4 million in 2001) paid more than half their incomes for housing or lived in dilapidated conditions.¹⁷” They also reported a growing portion of these households were low- to moderate-income families working full-time jobs. Although the home ownership rate is close to an all time high, the growing number of owners who are now spending more than half of their incomes on housing continues to rise.

Housing Availability and Affordability

No national housing plan exists that is equivalent to the interstate highway program. Housing availability is complex and dependent on supply, demand, finance and government roles. In the next decade, California is expected to lead the nation in job, population and income growth. With this growth, there will be a greater need to supply safe, affordable housing within a reasonable

commute to jobs, services and entertainment. Housing development is deeply affected by the availability and ability to acquire land, secure zoning and other governmental permits, and prepare site plans, building plans, and the accessibility to infrastructure such as roads, utilities, water and sewer service.

Since the bulk of the housing supply is provided by the private sector, choice is dependent largely on income. The housing market can be divided into sub-markets, renters and owners. By allowing income tax deductions not available to renters, the policy of the federal government favors homeowners. Housing is a highly “leveraged” commodity with few people able to buy residential property without a mortgage. Although the general economy plays an important role in the availability of housing, a more recent trend in California is that in spite of a downturn in the economy, low interest rates continue to push the market, therefore constraining the availability of housing supply. In California, residents spend a larger percentage of their income on housing than residents of other states. Home ownership costs burdens are consistently “two to five percentage points higher than for residents of comparable metropolitan areas outside California.”¹⁸ Among the 50 states, California had the lowest percentage of unoccupied housing units, the 3rd lowest rental vacancy rate, and the 9th lowest homeowner vacancy rate.¹⁹ These are the challenges that are facing HCD, challenges that seem insurmountable.

CHAPTER SEVEN: STRATEGIC PLANNING

Caltrans and HCD

DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT (HCD)

The State of California, Department of Housing and Community Development (HCD) mission is to “provide leadership, policies and programs to preserve and expand safe and affordable housing opportunities and promote strong communities for all Californians.”²⁰ Along with their mission, the agency has established the following five goals:

- Provide leadership and promote housing and community development as an ongoing state priority
- Increase the supply of housing; especially affordable housing
- Conserve and improve the State’s housing conditions and the health and safety of its residents
- Ensure a highly skilled workforce and become a destination agency for housing professionals
- Become a model for customer service.

As an advocate and supporter of housing development, HCD performs statewide housing analysis that looks at existing housing stock, including age, condition, type, tenure, cost, location and vacancy rate and production of housing. Additional analysis is further made on the existing and projected housing needs of people and household, their characteristics, and the constraints they may face in obtaining and securing housing. Housing projections of supply and of population and household formations are important in forecasts of future needs. This analysis should clarify the housing deficiencies which exist in any given region or sub-region. The Division of Housing Policy Development (HPD) within HCD identifies housing needs and develops policies to meet those needs. HPD prepares the California Statewide Housing Plan and prepares and implements the federal consolidated planning and performance reporting requirements for Housing and Urban Development.

HPD has established its own mission “to administer, develop and advocate policies and laws to further housing and community development.”²¹ HPD also administers state housing element law and reviews local general plan housing elements. In addition, they are responsible for the writing, researching, preparing numerous state plans and reports relating to facilitating housing development and improvement. This includes an annual report on redevelopment agencies housing activities. They also “provide technical assistance to local governments, public and private housing providers, business and industry groups, housing advocates and interested citizens.”²²

In August 2000, HCD produced their Strategic Plan. This detailed report communicates the focus and direction for the department for the next three years. It clearly states the mission and vision of the agency and is distributed to all employees, thereby reinforcing the importance of the document. A strategic plan communicates to employees the direction of an agency or organization and how it is intended to get there. HCD’s Strategic plan begins the listing of its core principles and values with the making their first statement about their staff. The first “Employees are our greatest asset.” It continues to guide direction of the agency with how work is to be done and stating the importance of teamwork by stating, “(we) work as one team to accomplish the Department’s missions and goals.

They also through internal and external assessment of the operating environment did an analysis of their strengths, weakness, opportunities, and threats (SWOT) and their intentions to address these issues. This information is easily accessible to the public through the Internet, remarkably including their SWOT analysis.

DEPARTMENT OF TRANSPORTATION (CALTRANS)

Caltrans has taken a different approach, a “one vision/one mission” approach. The vision and mission is simple, “Caltrans improves mobility across California”²³ and the crucial work is here is mobility. There is a de-emphasis from the days when it was referred to as the Department of Highways, which reflected the engineering, highway building days of the past. The following is their mission statement and goals:

“The

California Department of Transportation strives to be the highest performing transportation agency in the country. In pursuit of our mission, we continue to build a talented and diverse team and to strengthen ties with our partners. To keep California moving, we commit ourselves to these goals:

- Safety – “Have the best safety record in the nation”
- Reliability – Reduce traveler delays due to roadwork and incidents.
- Performance - Deliver Record levels of transportation system improvements
- Flexibility – Make transit a more practical travel options
- Productivity - Get better use out of new and existing capacity²⁴

The subtext of this message is that Caltrans wants to change the direction of the department. Transportation is about mobility of people and goods. It is about providing options, being multi-modal and encouraging transportation solutions that go beyond asphalt and concreted. Throughout the organization, the message is that we are going to change the way we do business. It is about transforming the perception of the department both internally and externally. The reliability goal means the organization chooses to be part of the solution by providing good customer service by taking actions that will minimize delay, such as scheduling construction, maintenance or rehabilitation work during non-peak hours. Flexibility has more than one meaning. It means making transit a more practical and viable option. It also has other connotations. It implies that there is more than one transportation option to consider, such as pedestrians, bicycles, light-rail, rail, and bus, but it also implies means flexibility in dealing with stakeholders. The underlying message in choosing the goal of productivity is to reinforce that capital outlay for projects is considered after examining other options, operations and management of the system. It is about efficiently utilizing what is in existence.

Safety, the most important goal of all was placed first. The bar has been set high to reflect the degree of commitment and level of performance expected to achieve this goal, to achieve the best safety record in the nation.”²⁵ In the 1998 Caltrans Strategic Plan, safety was not included as one of the five departmental goals. The safety goal was a part of the sub-text of one of the department’s five goals, “Optimize Transportation System (sic).”²⁶ The phrase that was associated with this goal was “improve trip quality, including safety, reliability and rideability (sic).”²⁷ With the current strategic goals, safety was made the number one goal, a goal that should always receive priority for any transportation department.

In 1998, a strategic plan had been written that was similar in content to HCD. The current Deputy Director, Jeff Morales, is using a more simplified approach. In the Division of Transportation Planning, employees are encouraged to ask if what they are doing is responsive to these goals. Each Office Chief within the Division of Transportation Planning is to report on a quarterly basis the actions and activities that their branch did to meet these goals.

Comparing Mission And Goals

The goals of the two agencies lack commonality. HCD's emphasis is rightly place on increasing the supply of housing, particularly affordable housing. Caltrans goals reflect trying to avoid expansion (supply) and effectively handle demand on the transportation system. It is reactive. HCD's goals are proactive, such as "promoting housing and community development." Their missions share the unstated message of trying to better serve their customers, the citizens of California. However, they both are constrained by land use decisions made on the regional and local levels.

Caltrans and HCD share a reemerging issue – physical infrastructure. Most of the highways and roads were built 30 to 50 years ago. Through neglect, overuse and abuse over the years, the physical infrastructure is deteriorating. The unrestrained growth of private automobile use has changed the landscape of this country. There is a now greater reason to integrate transportation planning with land use planning to reduce dependence on the private automobile and increase reliance on public roads, as often quoted to the point of becoming cliché, we can no longer build our way out of congestion." The biggest impact of California's low production levels and high housing prices has been on commute times. Nationwide, according to the American Housing Survey, median commute time amount s among recent homebuyers declined from 19.6 minutes in 1985 to 17.5 minutes in 1995. Inside California, among recent homebuyers the median commute increased from 20 minutes in 1985 to 25 minutes in 1995.

Infrastructure decision making has changed since the 1960's and state agencies will need to continue to evolve into a more participate format, one that goes beyond the usual recognized stakeholders but also recognizes that agencies need to view infrastructure outside of its jurisdictional boundaries. Higher levels of government set out policies, standards, and guidelines in various sectors, such as transportation, the environment, and housing as well as procedural and management requirements for their programs, all of which affects plan making and development control at the local level. The cumulative results of these policies and programs have significant impact on the cost of private development and the nature and magnitude of user demand. To quote Albert Einstein, "The significant problems we face cannot be solved with the same level of thinking we were at when we created them." In paraphrasing that thought, it should be said "nor can it be solved with the same level of spending."

CHAPTER EIGHT: CONCLUSION

This topic is a difficult topic, one that is multi-faceted, covering a large spectrum of planning areas and government levels. Housing and transportation are major factors in California's vital economy. The State's ability to provide housings is increasingly becoming an economic development factor that is important in the retention and attraction of employment. The transportation system shapes California probably more so than any kind of infrastructure and impacts economic productivity. It is the enormity of these issues, the interwoven threads of land use, housing and transportation, which creates significant challenges for these departments. So, these departments must start with a logical beginning.

Caltrans and HCD have agreed to a series of meeting to facilitate a better understanding of the demands and constraints of each department. High and mid-level management has attended these meeting from both departments. It was agreed in an informal action plan that the process would begin with an understanding of the strategic plan for each organization. This was assigned to a sub-committee to meet and prepare a report on these plans to be used as a foundation for future meetings. After the review of that report, an action plan will be developed.

It is important that at some time during the process other stakeholders are brought to the table. As with organizational effectiveness, it has been found that "in general, the research suggests that the diversity of background and perspectives improves the quality of the strategic decisions made by a team facing a turbulent, uncertain environment."²⁸ The group make-up should be diverse enough so that members have the expertise needed. Members should consist of top management, as needed, and those who will be most responsible to implement and carry out any plan or recommendations. It is only when top management shows support and empowers the group to develop and implement actions that will integrate the needs of all stakeholders. Although all members may not agree to specific strategic decisions being made, it is important to establish a level of consensus in order to be effective so actions can be taken.

A better understanding can also be established through exchanges of staff assignment. Employees in Caltran's Division of Planning are encouraged to rotate into other positions within the division so that they get both regional (districts) and headquarters (corporate) experience. This diversity of experience has been invaluable to the department. Employees are enriched with additional skills, knowledge and a perspective based on real experience. It is my recommendation that management at both agencies, along with non-management personnel, establish a rotation program. This would be a limited exchange lasting six months to a year with a placement into key strategic planning areas so that there is a continued commitment to learn more about each agency.

Ultimately, there will be a need to realign state polices in a manner that would promote strategic infrastructure investments. The state will need to provide a "carrot" providing financial incentives for the development of integrated transportation that provides for affordable housing and encourages better land use (infill and transit oriented development) and a "stick" with mandates that have enough "bite" to force and encourage compliance.

-
- ¹ William Fulton, Guide to California Planning (Point Area: Solano Press, 1999), 275.
- ² California Legislative Action, "Encourage Governor Davis to Sign AB 857 and Help Prevent Out-of-Control Growth and Congestion in California." October 2002, <<http://cal-legalert.seirraclubaction.org/showalet.asp?aid=125>> 15 May 2003).
- ³ State of California, General Plan Guidelines
- ⁴ Business, Transportation and Housing Agency, Profile, <<http://bth.ca.gov/aboutus/index.asp>> (4/30/03).
- ⁵ State of California, "Invest for California: Strategic Planning for California's Future Prosperity and Quality of Life", (Commission on Building for the 21st Century, Sacramento, 2001)
- ⁶ Michael Neuman. Jan Whittington. "Building California's Future: Current Conditions in Infrastructure Planning, Budgeting, and Financing" (Public Policy Institute of California, San Francisco, CA 2000). lii
- ⁷ David E. Dowall and Jan Whittington, "Making Room for the Future: Rebuilding California's Infrastructure". (Public Policy Institute of California, San Francisco, CA 2002) 5.
- ⁸ Tony Bizjak. "25 Years Later the Debate Still Rages", The Sacramento Bee, June 1, 2003, page A14.
- ⁹ Fulton, 17.
- ¹⁰ Hans Johnson, "A State of Diversity: Demographic Trends in California's Regions," California Counts: Population Trends and Profiles, 3 no. 5 (2002): 5.
- ¹¹ California Department of Housing and Community Development,
- ¹² State of California, General Plan Guidelines, (Governor's Office of Planning and Research, Sacramento) 43.
- ¹³ State of California 43.
- ¹⁴ State of California Governor's Office of Planning and Research, General Plan Guidelines (Sacramento 1998) 43.
- ¹⁵ State of California Governor's Office of Planning and Research, 49.
- ¹⁶ State of California Governor's Office of Planning and Research, 49.
- ¹⁷ "Four Windows: A Metropolitan Perspective on Affordable Housing Policy in America, 2002," National Housing Conference, March 2002, 1.
- ¹⁸ California Department of Housing and Community Development, "Raising the Roof: California Housing Development Projections and Constraints 1997-2020", (Sacramento, May 2000), 8.
- ¹⁹ Hans Johnson, 10.
- ²⁰ California Department of Housing and Community Development, HCD Mission, <<http://www.hcd.ca.gov/plainHTML.egi>> (4/30/03).
- ²¹ California Department of Housing and Community Development, Housing Policy Development, <<http://www.hcd.ca.gov/plainHTML.egi>> (4/30/03).
- ²² California Department of Housing and Community Development
- ²³ California Department of Transportation, Caltrans Mission, Vision and Goals, Caltrans Mission, <http://www.dot.ca.gov/hq/paffairs.about/mission.htm> (07/09/02)
- ²⁴ California Department of Transportation.
- ²⁵ California Department of Transportation
- ²⁶ California Department of Transportation, 1998 Caltrans Strategic Plan: Managing for Results, (Sacramento, 1998) 5.
- ²⁷ California Department of Transportation
- ²⁸ Gary Yukl, Leadership in Organizations, 5th ed. (Upper Saddle River, NJ: Prentice Hall, 2002), 355.

Abbreviations and Acronyms

AB	Assembly Bill
BT & H	Business, Transportation and Housing Agency
CCPA	California Chapter of the American Planning Association
CEQA	California Environmental Quality Act
COG	Council of Governments
DOF	Department of Finance
EGPR	Environmental Goals and Policy Report
HCD	Housing Policy Development
HPD	Department of Housing and Community Development
HHFA	Housing and Home Finance Agency
NENA	National Environmental Planning Act
NIMBY	Not in my backyard
OPR	State Office of Planning and Research
RHA	Regional Housing Allocation
SWOT	Strengths, Weakness, Opportunities and Threats (analysis tool)

BIBLIOGRAPHY

Bizjak, Tony. "25 Years Later the Debate Still Rages" The Sacramento Bee, 1 June 2003, 5.

Business, Transportation and Housing Agency. "Profile." <http://bth.ca.gov/aboutus/index.asp> (4 April 03).

California Legislative Action, "Encourage Governor Davis to Sign AB 857 and Help Prevent Out-of-Control Growth and Congestion in California." <http://cal-leglert.sierraclubactoin.org/showalet.asp?aaid=124> (15 May 2003).

Fulton, William, Guide to California Planning. Point Area: Solano Press, 1999.

Johnson, Hans. "A State of Diversity: Demographic Trends in California's Regions. California Counts: Population Trends and Profiles. San Francisco, No. 5, 2002

National Housing Conference, "Four Windows: A Metropolitan Perspective on Affordable Housing Policy in America, 2002." March 2003.

Neuman, Michel, Jan Whittington, "Making Room for the Future: Rebuilding California's Infrastructure." Public Policy Institute, San Francisco, 2002.

State of California, Commission for Building for the 21st Century. "Invest for California: Strategic Planning for California's Future Prosperity and Quality of Life." Sacramento, 2001.

State of California, Governor's Office of Planning and Research, "General Plan Guidelines." Sacramento 1998.

State of California, Department of Housing and Community Development, "HCD Mission," <http://www.hcd.ca.gov/plainhtml.egi> (30 April 2003).

State of California, Department of Housing and Community Development, "Housing Policy Development." <http://www.hcd.ca.gov/plainhtml.egi>.

State of California, Department of Housing and Community Development, "Raising the Roof: California Housing Development Projections and Constraints 1997-2020," Sacramento, May 2000.

State of California, Department of Transportation, 1998 Caltrans Strategic Plan: Managing for Results, Sacramento, 1998.

State of California, Department of Transportation, "Caltrans Mission, Vision and Goals," <http://www.dotca.gov/hq/paffairs.about/mission.htm> 9 July 02.

Yukl, Gary. *Leadership in Organizations*, 5th ed. Upper Saddle River: Prentice Hall, 2002.