

# SMART GROWTH FROM A COUNTY PERSPECTIVE JUNE 2002

## Background

County government recognizes the need to accommodate the expected population growth in the State of California. The Legislative Analyst's Office projects the number of new Californians to be upwards of 560,000 a year—increasing California's total population from an estimated 35 million to 38 million in 2006. In accomplishing this goal, county government also shares in the objective to preserve the quality of life important to the citizens of California. To this end, county government finds itself in a very unique position of responsibility and interest different from other levels of government.

County government shares with city government the unique role of exercising land use authority, while balancing all the important statewide and regional goals and interests, such as: 1) providing a variety of public safety, social and economic programs to both county and city residents; 2) protecting agricultural lands and encouraging the continued operation and expansion of agricultural businesses; 3) protecting natural resources, wildlife habitat and open space, 4) addressing adequate water supply issues; 5) providing affordable housing; 6) protecting air quality; 7) providing adequate transportation; and 8) ensuring efficient use of infrastructure, etc. This constitutionally granted authority to both city and county government requires local elected officials to constantly balance—often times—competing goals.

County government also shares a broader perspective with the State in the role of providing an abundance of services to city and county residents in the areas of health, welfare, criminal justice, and other joint state-county programs. Counties administer state-county programs to residents of both incorporated and unincorporated portions of the county. Often, however, revenues for provisions of these state-county programs are derived exclusively from unincorporated areas of the county. Additionally, a fiscal burden is placed on counties when growth occurs within cities that demands services without providing sufficient revenue, particularly since counties are more limited in their ability to raise revenues. Conversely, land use decisions by cities to restrict growth and potentially direct growth elsewhere places pressures on the county to develop in the unincorporated areas. To county government this population growth means not only recognition that California needs to construct approximately 220,000 housing units a year—the number analysts predict to be necessary to accommodate the demand—but also the recognition that these new residents will demand county services.

Thus, CSAC's interest in "smart growth" inextricably links and reflects counties dual role as land use decision makers and service providers to the citizens of California. The following important policy considerations are provided from that perspective.



## Important Policy Considerations

1. **Loss of Property Taxes and Situs Distribution of Sales Taxes Contrary to Smart Growth Objectives**—The diminished property tax revenues to cities and counties and current situs distribution of sales tax revenues is at the root of recurring inappropriate land use decision making. A more advantageous approach would be the distribution of growth on sales tax on a basis other than situs for the county and all cities within the county. A per capita distribution would be more equitable. This situation must be corrected in order to promote “smart growth” principles, such as compact development, promotion of affordable housing, preservation of agricultural land, encouraging the continued operation and expansion of agricultural businesses, and protecting natural resources, wildlife habitats and open space.
2. **Property Tax Loss Promotes Sales and Transient Occupancy Tax Development**—The diminished property tax revenues to counties provide an impetus for counties to approve land uses that contribute high proportions of sales tax and transient occupancy tax. Counties recognize the effect on city revenues and service costs.
3. **Support for Local Agreements**—Cities and counties must strive to work together to accommodate the anticipated growth in California and ensure the most efficient use of our limited infrastructure and resources and an equitable distribution of revenues.
4. **Revenues from Growth Must Match Service Responsibilities**—Counties and cities must strive to promote efficient development in designated urban areas in a manner that evaluates all costs associated with development on both the city and the county, and which evaluates responsibility for providing new services required by growth.
5. **Priority Areas for Growth**—Encourage new growth that supports compact development within cities, existing urban communities and rural towns that have the largest potential for increasing densities and that efficiently utilize existing and new infrastructure investments and scarce resources, and strives towards achieving a jobs-housing balance.
6. **Critical Lands for Protection**—Future development should also respect the need to protect agricultural lands, encourage the continued operation and expansion of agricultural businesses, and protect natural resources, wildlife habitat and open space.
7. **New Growth Areas & Infrastructure Investment Necessary As Well**—High density development within existing urban areas will only meet a portion of the future population needs, thus investment in major new infrastructure will be necessary to meet housing demands, and in some cases to avoid expansion of existing urban areas into prime agricultural lands.
8. **The Rural California Equation of Smart Growth**—Counties that have adopted local programs or policies to protect agricultural lands, encourage the continued operation and expansion of agricultural businesses, protect natural resources, wildlife habitats and open space, and direct growth within their cities are fulfilling an important role in the “smart



growth” equation. This rural California role must be recognized and will need sufficient revenues to accomplish these goals.

9. **Counties Not Urbanizing Must Receive Adequate Revenues**—Support for growth patterns that encourage urbanization to occur within cities must also result in revenue agreements that consider all revenues generated from such growth in order to reflect the service demands placed on county government. As an alternative, agreements could be entered into requiring cities to assume portions of county service delivery obligations resulting from urban growth.
10. **Williamson Act Critical**—The retention of and adjusted increase in Williamson Act Agricultural Preserve Subventions is critical to the principles of good land use practices and the prevention of sprawl.
11. **Mediation**—A mediation process should be established to resolve land use conflicts and disputes between neighboring jurisdictions in order to avoid punitive statewide legislation that has unanticipated and adversarial consequences on other local governments.
12. **State Role**—The State must develop a process to ensure horizontal consistency by coordinating policies, planning, regulations, and directives amongst the various state agencies and departments. Further, Statewide planning through coordination between the various state agencies to develop a State Capital Improvement Plan, which would direct the investment of state infrastructure dollars would also assist local governments in their efforts to efficiently utilize local infrastructure monies and direct growth in a more efficient manner. A State Goals and Policy Report would also assist local governments to this end. Lastly, the State must recognize the importance of providing adequate resources to cities and counties to meet the existing and any future State mandated planning requirements.
13. **School & Special District Consistency with Local General Plans**—Support the consistency of school and special district plans and facilities with local general plans to ensure a coordinated approach toward growth.
14. **Retention of Revenue Neutrality**—Preservation of new city incorporation revenue neutrality with some procedural improvements.

In summary, “smart growth” discussions must consider: 1) local internal county-city relationships; 2) provision of adequate funding for growth in county program obligations for all citizens of the county; 3) responsibility of cities and counties to participate in coordinated planning; 4) support for the continued preservation of agricultural lands and to encourage the continued operation and expansion of agricultural businesses, 5) protection of natural resources, wildlife habitat and open space; 6) retaining revenue neutrality for new city incorporations; and 7) development of locally-based land use dispute resolution procedures.

