**Now Is The Time To Plan Your Community's Future:** Speaking to a group of elected officials and city managers from the East Bay Region of the San Francisco Bay Area, Developer Will Fleissig urged the group this month to take advantage of the current pause in development happening in the State to start planning for their communities' futures.

The major challenges that top the list today — rising gas prices, falling housing values and mortgage foreclosures, local economic challenges, food security, and global warming — all will be impacted by the way our communities grow in the future. Why not take time to get on top of the problem while planners have the luxury to act rather than react, he asked?

**Gas Prices:** A study published back in 1989 revealed that households in the suburban community of San Ramon, CA were spending almost half as much more on auto-related costs per year compared to those living in the walkable, transit-oriented neighborhood of Rockridge in Oakland, CA. In the past five years, average household expenditures for gasoline alone have risen nationally from $1,750 to $4,350 per year. With gasoline prices now pushing almost $5.00 per gallon, the escalating cost of living in an auto-oriented neighborhood with no alternative transportation choices will be enough to break many household budgets. The future doesn’t look much better. According to the Brookings Institution, the high cost of gas is likely to persist and local governments should be planning accordingly.

**Housing prices and mortgage foreclosures:** A May 2008 Report by economist Joe Cortright with the Brookings Institution revealed that higher gasoline prices are shifting consumer preferences toward more urban housing and this shift will continue far into the future. The study compared housing price changes in targeted zip codes of five cities nationwide, including the Los Angeles region. Across the country, he found a significant decline in housing values depending upon how far the zip code was from the city center.

CEOs for Cities undertook a similar study with the same result: Housing values are falling fastest in distant suburban and exurban neighborhoods where affordability depended directly on cheap gas. They concluded that this phenomenon has contributed to the bursting of the housing bubble.

A Harris interactive poll from December 2007 found that 92% of participants thought gas prices are likely to rise in the coming years. Clearly, buyers are making housing decisions based on the cost of gas and will likely continue to do so. Local governments should plan accordingly. The market for higher density and redevelopment in close-in neighborhoods will likely grow stronger, and local land use plans should take this into account.

**Local Economic Challenges:** Residents of communities where people are spending less on gas will have more money to spend on other things, assisting the local economy and reducing the impact of the current recession.

**Food Security:** Food security has become a major issue today, both because of higher prices and because of a recent outbreak of contaminated fruits and vegetables. Space in community gardens across the country is selling out and, according to the Burpee Seed Company, sales of vegetable and herb seeds and plants are up by 40 percent.

There are any number of ways that local governments can provide for this growing interest in local food production. Choices range from high-density housing with window boxes, to kitchen gardens, quarter-acre plots, or 50-acre farms with farmers markets that provide an outlet for locally-grown produce.

**Global Warming:** Transportation represents almost 40% of California's greenhouse gas emissions, though many cities' and counties' greenhouse gas emission assessments have found their own transportation-related emissions to be considerably higher. According to the *Growing Cooler* report recently published by the Urban Land Institute, vehicle miles traveled could be reduced 20 to 40% for each increment of new development or redevelopment, depending on the degree to which it accommodates the pedestrian, cyclist, and transit rider.

While many cities are downsizing the planning staff in response to the reduction in development, staff that remain could be asked to review the general plan and recommend amendments to assure that it addresses the challenges of our day. Many communities have used the Ahwahnee Principles as a guide and a source of general plan language.

For those that have already incorporated a vision for a walkable, transit-oriented future in their general plan (and most LGC-member communities have done so), it is important to assure that zoning ordinances are consistent with the plan. It is a common complaint among developers that the livable communities vision aspired to by many cities is restricted by out-of-date zoning laws.

For assistance, visit the Local Government Commission's web page: www.lgc.org or contact Laura Podolsky at our Center for Livable Communities at lpodolsky@lgc.org.

The LGC staff has spent the past 18 years producing information and tools to assist city and county leaders in improving the economic health and livability of their communities. We have an extensive resource library and an experienced staff, and in this time of crisis, we are here to help.
California Adopts Statewide Green Building Code: Carbon emissions from buildings represent about one quarter of the state's total, second only to transportation, which contributes almost 40%.

In 1978, California adopted building efficiency standards (along with those for energy efficient appliances). The standards have saved more than $56 billion in electricity and natural gas costs since their adoption, and it is estimated they will save an additional $23 billion by 2013.

But as good as this is, the State plans to do better. The California Building Standards Commission announced this month the unanimous adoption of a statewide "green" building code, the first in the nation. The new code calls for new construction to reduce energy consumption by another 15% over existing standards, requires a 20% improvement in water use efficiency for both residential and commercial plumbing fixtures, and mandates a 50% increase in conservation for water used in landscaping.

The California Department of Education Building in Sacramento, CA was recently certified as LEED Platinum and is one of more than 50 buildings for which California is applying for LEED certification.

The new green building code will be phased in beginning in 2009, making some standards optional between now and their full implementation in 2011.

The State is also making energy conservation a criterion for its own buildings. State agencies have been directed to reduce energy consumption for all state-owned buildings 20% by 2015, and in the future new and renovated buildings will be LEED Silver certified.

Berkeley Financing Innovation: The new state energy building standard addresses new buildings, however the City of Berkeley is working on a way to encourage the retrofit of existing homes. As part of its program to reduce greenhouse gas emissions, the City has proposed an innovative "Energy Assessment District" to remedy many of the disincentives to installing alternative energy systems and energy-efficient measures in existing homes. It is a novel approach and has the promise to be tremendously effective if used widely throughout the state.

The Energy Assessment District proposed for Berkeley is modeled after existing Underground Utility Districts whereby a group of homeowners in a neighborhood work in coordination with the municipality on a plan to place utility distribution poles and wires underground. All property owners in the designated area vote on the proposal. If a sufficient majority vote in favor, the City works with the local utility to contract to have the infrastructure placed underground. The entire cost of the project is paid for with a non-tax exempt municipal bond. Homeowners repay the bond as an assessment on their property tax bills over a fixed period, typically 20 years or so. The assessment is officially in "second position" as a lien on the property — behind property tax and in front of the mortgage — giving excellent security and a correspondingly low interest rate. A 20-year period fits well with the expected minimum lifetime of solar PV panels, with different periods possible should this model be adapted for other technologies.

The City of Berkeley is working to create a similar citywide voluntary Energy Assessment District. In this case, property owners (residential and commercial) could install solar PV systems and make energy efficiency improvements to their buildings, and then pay for the cost as a 20-year assessment. They would pay only for the cost of the project and fees necessary to administer the program.

This program solves many of the financial hurdles facing property owners. First, it significantly reduces the upfront cost to the property owner. Second, the total cost of the system may be less when compared to a traditional equity line or mortgage refinancing. This is because the well-secured bond should provide lower interest rates than are commercially available. (Another factor is that the City would require multiple projects to be aggregated in order to reduce construction costs.) Third, the tax assessment is transferable between owners. If the property is sold prior to the repayment of the assessment, the next owner would take over the assessment as part of their property tax bill.

While charter cities like Berkeley have the authority for such a program, the 370 general law cities in California are bound by State Law AB 811, signed into law in July and allows general law cities to offer low-interest loans for energy improvements on private property.

Quote of the month: From Ventura City Manager Rick Cole we hear, "It's not today's gas prices that will force adoption of a smart growth model — suburban sprawl is doomed by the triple witching hour of heating up the planet, running up unsustainable debt, and running out of cheap energy."

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