

## Solano County Smart Growth Zones: Rewarding Cities that Plan for Livability

This fact sheet elaborates on the “Reward Smart Growth Planning” element in the “Transportation for a Livable Solano County” recommendations put forth by environmental and community groups for the Solano County transportation sales tax:

***Reward Smart Growth Planning.** To build on the effective land-use controls in the county’s “Measure A”, the sales tax should establish a new “Smart Growth Incentive Fund” to reward jurisdictions that have adopted policies to encourage smart growth.*

Solano County’s “Smart Growth Zone” (SGZ) program would set aside a portion of the transportation sales tax to fund planning and transportation improvements within limited geographic areas that meet specific zoning and land-use criteria. This proposal is based in part on programs run by San Mateo County and the Metropolitan Transportation Commission and a proposed program in Monterey County.

The goal of the Smart Growth Zone program is to reward cities that plan for and approve new jobs and housing in core areas where transportation infrastructure already exists. This program will support livable communities where walking, bicycling, and public transit are viable transportation choices, encourage transit ridership through the location of housing and mixed-use development at transit stops throughout the region, and forge partnerships between transportation and land use decision-makers by offering incentives to encourage transit-oriented and downtown jobs and housing. **Likely Smart Growth Zones could include downtowns and existing or proposed transit/intermodal stations in all seven of the county’s cities.**

The key to the Smart Growth Zone concept is that it offers rewards for cities that enact and follow through on smart growth policies. The SGZ program would be separated into two categories:

- **SGZ Planning Awards:** up to \$250,000 *per zone* in planning funds to help with area-specific plans, programmatic EIR’s, or community-based design charrettes, each time a city designates a Smart Growth Zone and meets the criteria.
- **SGZ Transportation Awards:** up to \$250,000 *per project*, to be used for *any* transportation improvements within the SGZ. Funds would be approved each time a city approves new jobs and/or housing that meets SGZ criteria, with extra bonuses for density and affordable housing.

**“Measure S”, the proposed Solano County transportation sales tax, would provide \$40 million (\$2 million per year, on average) to initiate the Smart Growth Zone program.** This level of funding is required to provide cities with certainty that funding would be available each time they enact an SGZ or approve a relevant project. This level is calculated based on the number of eligible new jobs and new housing units in Solano County estimated for the various alternatives in the regional Smart Growth Strategy.

Through the Transportation Awards, the vast majority of funds allocated through the Smart Growth Zone program would go towards maintaining and improving local streets and roads and towards pedestrian/transit-friendly downtown areas, two of the goals most strongly supported by Solano County’s electorate.

During the first few years of the sales tax, it is likely that the program will not draw down the full \$2 million per year, as most of the initial awards will be planning awards. By the time several cities have designated Smart Growth Zones and are submitting Transportation Awards, STA may need to consider expanding the program with additional state or federal funds.

## **SGZ Planning Awards**

As soon as a city designates an area as a Smart Growth Zone and meets the criteria, they would immediately qualify for up to \$250,000 in SGZ planning funds to help with area-specific plans, programmatic EIR's, or community-based charrettes processes. Awards of up to \$100,000 would also be available to cities that want to create an SGZ; this start-up funding could be used to expedite zoning changes and involve the public in these discussions. Each city may designate more than one Smart Growth Zone.

To insure that cities have the opportunity to update their planning on a timely basis, a city may re-apply for a second SGZ Planning Award for the same Smart Growth Zone, as early as five years after the initial Planning Award. Cities that apply for start-up funding to create an SGZ may re-apply as early as two years after their start-up award.

### ***Criteria to Qualify for SGZ Planning Awards***

The qualifying standards for density, parking, height, and other design factors would be high, in order to encourage local governments to enact real change in their development patterns. The following specific criteria must be met in order for a city to qualify for SGZ funds:

- SGZ's are downtown areas OR areas within one-half mile of transit stations (including ferry, bus, or train) or of high-frequency bus corridors (minimum 15-minute peak and 30-minute off-peak service).
- Zoning allows mixed-use development in a substantial portion of the SGZ.
- Residential zoning meets minimum average densities (20 units/acre) and accommodates a range of incomes, family sizes, and ages, including 25% for low/very-low income families.
- Zoning for retail provides for a mix of retail establishments, with no individual new retail facility to exceed 40,000 square feet of floor space.
- Zoning encourages pedestrian- and bicycle-friendly design, such as sidewalks of at least 5' width, bicycle lanes, on-street parking where possible, and no minimum setback on street frontage.
- The city has a citywide inclusionary zoning ordinance that requires at least 10% of new housing units are dedicated to affordable housing.
- Zoning includes smart growth parking policies, including shared parking, moderate minimum parking requirements (no more than 1 space per housing unit, 1-2 spaces per 1000 square feet of office/retail space), and allow businesses to contribute in-lieu fees instead of providing on-site parking.
- The city must specify the geographical boundary of the Smart Growth Zone.

## **SGZ Transportation Awards**

Each time a city approves a jobs or housing development within a Smart Growth Zone that follows the SGZ criteria, the city would become eligible to receive additional funds to be spent on transportation improvements within the SGZ. Funds would be disbursed upon proof of ground-breaking, and would be awarded on a rolling basis.

### ***Awards for Housing Projects:***

Eligible housing projects must be within a previously designated Smart Growth Zone, follow SGZ zoning criteria, and meet the following design criteria:

- A pedestrian path of travel from the center of the project to the nearby transit stop must be provided and demonstrated on a site plan and project maps. This path must comply with the Americans with Disabilities Act.
- Mixed-use development is strongly encouraged but not required.

Awards for housing projects would be (up to a maximum of \$250,000 per project):

- 12 units or more per acre: \$1,000 per bedroom
- 20 units or more per acre: \$1,500 per bedroom
- 35 units or more per acre: \$2,000 per bedroom
- For all affordable housing (below market) units, an additional \$500 per bedroom will be awarded.

STA would reserve the right to scale up or down individual awards, based on the total number of SGZ applicants, availability of funds, and merits of the individual project.

### ***Awards for Commercial & Retail Projects:***

Eligible commercial and retail projects must be within a previously designated Smart Growth Zone, follow SGZ zoning criteria, and meet the following design criteria:

- Designed and built at a minimum floor to area (FAR) ratio of 0.5;
- Maximum 40,000 square feet per tenant;
- Main customer entrances must open directly onto a street and sidewalk, and have at least one side with a zero lot line or that fronts the street;
- A pedestrian path of travel from the center of the project to the nearby transit stop must be provided and demonstrated on a site plan and project maps. This path must comply with the Americans with Disabilities Act.

Rewards for commercial projects would be based on a rough formula of:

- (ground floor square footage) x (# of stories x 2) x \$1.00, up to a maximum of \$250,000 per project.

STA would reserve the right to scale up or down individual awards, based on the total number of SGZ applicants, availability of funds, and merits of the individual project.

### ***Use of Transportation Award Funds***

Although applicants would be encouraged to use funds to support livability improvements related to the specific development that led to the award, SGZ Transportation Award funds could be used for *any* transportation improvement within the same Smart Growth Zone for which the funds were awarded.

## **Smart Growth Zone Funding Process**

### ***SGZ Planning Awards***

Step 1: STA issues Smart Growth Zone Planning Award guidelines.

Step 2: City designates a specific geographic area as a Smart Growth Zone and makes any necessary zoning changes *for that area* to match zoning requirements in Smart Growth Zone program guidelines.

Step 3: City applies for SGZ Planning Award. Application information will include geographic boundaries of Smart Growth Zone, match between SGZ criteria and the actual zoning in the SGZ, and proposed use of SGZ Planning Award.

Step 4: Annual “Planning Award” application period closes and staff review all applications to determine eligibility based on criteria outlined above.

Step 5: SGZ Planning Award is announced. If cities apply for more eligible SGZ areas than funds available, a proportionate reduction will occur to allow all eligible SGZ’s to receive planning funds.

Step 6: STA allocates Planning Award funds to city, and city has one year to obligate funds within the funding award limit.

### ***SGZ Transportation Awards***

Step 1: STA issues Smart Growth Zone Transportation Award guidelines.

Step 2: Cities, as project sponsors, submit applications describing the eligible projects. Application information will include description of project, the location of the project within a previously-designated Smart Growth Zone, the ways in which the project meets SGZ design criteria, and the ways in which the project meets SGZ zoning criteria. Application will also include information to back up the requested award amount (for housing: density, number of bedrooms, number of affordable bedrooms; for job developments: ground floor square footage and number of stories). Application will also include proposed use of Transportation Award Funds and certification that this use falls within the SGZ.

Step 3: Annual “Transportation Award” application period closes and staff reviews all applications to determine eligibility based on criteria outlined above.

Step 4: SGZ Transportation Award is announced. If more eligible projects are submitted than funds available, a proportionate reduction will occur to allow all eligible projects to receive funds.

Step 5: STA places funds on reserve for two years.

Step 6: Cities submit letters demonstrating development project has broken ground and is under construction to claim transportation funds by the end of the two-year period.

Step 7: STA allocates Transportation Award funds to city, and city has one year to obligate funds within the funding award limit.