Senate Bill (SB) 1087 (Cabaldon) Sustainable Communities Strategies Modernization Objectives and Draft Bill Outline

Background

MTC-ABAG and our partners at the Sacramento Area Council of Governments, the San Diego Association of Governments and the Southern California Association of Governments are co-sponsoring SB 1087 (Cabaldon) to modernize the Sustainable Communities Strategies (SCS) law and to accelerate regional-scale progress on climate, transportation, and housing goals. To meet the February 20 bill introduction deadline, Senator Cabaldon introduced SB 1087 with two initial provisions – extending the SCS planning cycle from four to eight years and transitioning annual Sustainable Communities planning grants from a competitive program to a formula-based allocation to Metropolitan Planning Organizations (MPOs). This document outlines the bill's three overarching objectives and potential amendments under consideration to achieve them. Provisions are organized by objective to show how the proposed changes advance the goal. All concepts remain subject to refinement.

Objective 1: Focus on Implementation to Accelerate Climate Progress

The state invests billions of dollars each year in transportation and housing projects that impact California's ability to meet its climate goals, yet some important state funding decisions are inconsistent with regions' SCSs or prioritize lower-impact projects. Strengthening alignment between regional priorities as articulated in SCSs and how state funding is used, especially transit and housing funding, will accelerate progress toward the state's climate goals. And providing new, dedicated resources to MPOs will foster innovation and region-specific approaches that complement state-level efforts.

Additionally, the process of developing the SCS should be more efficient so regions can devote staff capacity to *implementing* strategies rather than simply planning them. Today, MPOs spend millions of dollars refining modeling assumptions and navigating years of state review. A streamlined process would allow MPOs to shift bandwidth to delivering projects and programs that improve the daily lives of Californians and substantively advance the state's housing, transportation, and climate goals.

Proposed Provisions to Advance This Objective

1. Direct funding to metro regions to implement SCSs
    a. New SCS implementation grants [modeled on the funding provided in Regional Early Action Planning (REAP) 1.0 and REAP 2.0]. Broad eligibility for transportation and housing projects and programs, planning, and technical assistance.
2. Align existing state funding programs with SCSs to drive faster implementation*
    a. Specify that one of the goals for the $12.5 million/year in competitive grants under the SB 1 Sustainable Communities planning grant program is alignment with the region's SCS. (This provision would replace the bill's current provision that converts the $12.5 million portion of the program from a statewide competitive program to a formula-based program.)
    b. Prioritize SB 1 Solutions for Congested Corridors program funding for projects included in the portion of an SCS used to demonstrate attainment of state greenhouse gas emission reduction targets.*
    c. Require SCS consistency for highway projects to receive funding from state transportation programs.
    d. Declare legislative intent to establish prioritization for projects consistent with SCSs in other relevant state funding programs.

*In the case that a region does not have an approved SCS, allow greenhouse gas (GHG)-reducing projects in that region to still qualify for state funding.

3. Right size the planning process
    a. Shift the SCS planning cycle from every four years to every eight years. Halfway through the eight-year cycle, require MPOs to publish a progress report. (Currently reflected in SB 1087)
    b. Authorize a conditional California Environmental Quality Act (CEQA) exemption for the SCS, recognizing that the SCS is a long-range planning framework and the vast majority of significant individual transportation projects are subject to project-level environmental review. To qualify, the SCS must be developed through a robust public engagement process that goes beyond existing statutory requirements and provides meaningful opportunities for community participation. (Note, MTC-

ABAG's public engagement work on Plan Bay Area is very robust and already significantly exceeds current requirements.)

b. Eliminate the requirement to adopt a Comprehensive Multimodal Corridor Plan to access Solutions for Congested Corridors funding.

Objective 2: An SCS that Reflects a Balanced Set of Goals

California and the regions have many important goals, from reducing greenhouse gas (GHG) emissions to increasing affordability, improving mobility, and making it safer to move around the region. The SCS should reflect this balance. That requires 1) the state considering multiple objectives when establishing GHG targets, and 2) ensuring regions have flexibility to manage trade-offs and balance priorities while still advancing the state's climate goals.

Proposed Provisions to Advance this Objective

1. Create an advisory body of practitioners and technical and policy experts to examine the intersection of climate, fair housing, resilience, economic vibrancy, and land conservation and develop recommendations for balancing them in the state's GHG target setting process.
2. Transfer responsibility for developing SCS guidelines, including technical methodology requirements, to the California Transportation Commission (CTC) to better align SCS and regional transportation plan (RTP) requirements. CTC would incorporate SCS requirements into the RTP guidelines, determine whether an SCS, if implemented, would meet the GHG target set by the California Air Resources Board (CARB), and consult with CARB and the Department of Housing and Community Development on the above.

Objective 3: The SCS Should Earn Trust and Drive Action

As each region's roadmap for reducing GHGs from transportation and building communities where people are less reliant on driving, the SCS can be a powerful tool for informing investments and policy decisions. To maximize its effectiveness, it must be understandable, engaging and grounded in reality.

Today, MPOs are required to use CARB modeling assumptions that fail to reflect actual conditions — such as California's transition to cleaner vehicles and fuel standards — which makes the SCS and its impacts challenging both to explain and understand. If the SCS were allowed to reflect real-world trends, it could function as a more credible, transparent planning tool, strengthening the foundation for more informed policy decisions by MPOs and local jurisdictions in each region.

Proposed Provisions to Advance This Objective

1. Make GHG targets more consistent and understandable
    a. Require the metric and target to reflect the anticipated combined effect of policies, regulations, and investments by all levels of government to improve fleet efficiency and reduce vehicle miles traveled (VMT) from all on-road transportation.
    b. Require CARB to base the targets on what is achievable for each region, given existing conditions, taking exogenous factors and financial constraints of regions into consideration. Targets may be different for each region (as allowed under current law) and should consider a region's existing resources, access to non-drive-alone modes of travel, and built environment.
    c. Require MPOs to use the same air quality model to analyze their SCS as they use to analyze the federal air quality conformity requirement for their RTP and require that model to be the most up-to-date version.
2. Increase transparency in the target-setting process, including requiring CARB to:
    a. Engage in a public process for determining whether targets should be changed.
    b. Publish its methodology, fleet assumptions, and budget assumptions, prior to releasing draft targets for public comment.
    c. Hold a public hearing on the draft targets.