



January 12, 2024

Southern California Association of Governments
Attn: Ms. Karen Calderon
900 Wilshire Blvd., Suite 1700
Los Angeles, CA 90017

via electronic mail at: ConnectSoCalPEIR@scag.ca.gov

Re: The Business Coalition's Comments on the Draft Connect SoCal 2024 Plan (Regional Transportation Plan/Sustainable Communities Strategy) and the accompanying Program Environmental Impact Report

Dear Ms. Calderon and the Connect SoCal Team:

On behalf of the Southern California Business Coalition ("Business Coalition") and its members that are signatories to this letter, we appreciate this opportunity to both comment on the Draft 2024 Regional Transportation Plan/Sustainable Communities Strategy ("Connect SoCal 2024," "RTP/SCS," or the "Draft Plan") and accompanying program environmental impact report (the "PEIR"), and express our thanks to you and your staff for your collaborative and forthcoming approach to the drafting of these documents. We appreciate that SCAG's executive leadership and staff have provided our members with many occasions on which to ask questions during the RTP/SCS development process, and to provide our comments and suggestions along the way.

On July 18, 2023, the Business Coalition provided SCAG's leadership and its Connect SoCal 2024 team with a copy of the policy principles we developed for our use when reviewing and evaluating the Draft Plan. These included:

- **Accounts for Technological and Societal Change** – that Connect SoCal 2024 should account for the benefits of all recent technological and societal changes, such as ongoing increases in the number of people who work from home, in developing and calculating its GHG and VMT reduction strategies;
- **Supports Housing Production** – that Connect SoCal 2024 supports the accelerated production of new housing to address the housing crisis, in compliance with recent reforms to state housing laws. Also, Connect SoCal 2024 must be crafted to avoid problems associated with CEQA abuse and so as to assure that projects, to the extent possible, enjoy the benefits of CEQA exemptions and streamlining;
- **Respects Local Control** – that Connect SoCal 2024 respects local control by giving cities, counties and local transportation agencies appropriate control and flexibility in matters related to land use and transportation;
- **Provides Positive Economic Impacts** – that Connect SoCal 2024 supports economic growth, encourages job creation and that the Plan include a true cost/benefit analysis that delineates the plan's positive economic outcomes for the region;
- **Applies Appropriate Criteria for New Revenue Sources** – that Connect SoCal 2024 ensures that new transportation revenue sources are fair, equitable and economically sound, so that new revenues are drawn fairly and proportionally from those who would benefit from the related transportation infrastructure or improvement; and
- **Assures Transparency and Disclosure** – that SCAG commits to transparency and disclosure in the drafting, development, and public review of the Draft Plan.

In the same letter, we requested that SCAG prepare and share the results of modeling of a land use scenario that reflects the realization of the local governments' respective housing elements that are approved, or are pending approval, and reflect the local governments' planning to accommodate the sixth cycle RHNA process. Although we understand that such modeling was not undertaken, we appreciate that Connect SoCal 2024 modeling does indeed accommodate the 1,341,827 housing units which were required by the current sixth cycle of RHNA.

We are pleased that the Draft Plan largely addresses our policy principles noted above and has resolved most of the concerns that we raised in our meetings with SCAG's executive leadership and staff during the Plan development process. We therefore write today to express our general support for the

Connect SoCal 2024 draft plan, provided that some remaining matters expressed in this letter are satisfactorily addressed in the Final Draft, in the accompanying PEIR as needed, and in SCAG's planning efforts going forward.

First, we wish to express our appreciation and support for certain elements of the Draft Plan which demonstrate SCAG's efforts to assure that Connect SoCal 2024 will provide tangible economic benefits to the region. Most importantly, we wish to express, as representatives of businesses that are vital to the regional economy, our support for the extensive transportation improvements that are envisioned in the RTP/SCS, which will total a cumulative investment of \$750 billion over the duration of Connect SoCal 2024's term. Our region's transportation network and the aging infrastructure that underpins it are essential to our regional economy. Every constituent and all persons in the SCAG region are dependent on our transportation infrastructure. For the region to become more livable, prosperous, and accessible, transportation investments of the scale indicated in the RTP/SCS are indeed necessary.

We also wish to express our specific support for the following two transportation-related aspects of the Draft Plan:

- **Goods Movement:** The importance of the Goods Movement & Transportation ("GM&T") sector to Southern California's economy – not to mention the state and national economies – cannot be overstated. The San Pedro Bay Ports handle goods valued at \$1.37 billion a day (\$500 billion annually), and there are more than 307,000 trade-related jobs in Los Angeles County alone. More than any other sector in the region, GM&T creates more high-wage jobs for people who do not have a college education, and as such has provided a path for thousands upon thousands of Southern Californians to achieve long-term financial security.¹ We therefore appreciate that the Draft Plan includes \$65 billion in capital expenditures for goods movement projects. Moving forward, we encourage SCAG to pursue pragmatic pathways to keep the Region competitive by meeting the goods movement sector's infrastructure and energy needs in light of State mandates for GHG reductions and the conversion of both fixed and mobile sources to cleaner energy options. We encourage SCAG to lead a regional initiative to research, communicate, and implement policies that will increase a better understanding of the economic importance of our ports and the entire goods movement sector to our region, state, and nation. We look forward to working with SCAG to create opportunities for regionwide communication, coordination, and understanding between businesses, utilities, regulatory agencies and regional planning agencies to better prioritize projects, secure sufficient funding, and increase system-wide integration and efficiencies in support of improved goods movement.
- **Express Lanes:** We appreciate that the Draft Plan commits to the planning, permitting, funding and building of additional express lanes throughout the region. Express lanes can be effective in

¹ The average salary of Los Angeles County trade-related employees is \$73,106 [LAEDC 2020], with the average annual salary of jobs at the ports in the \$117,000 to \$139,000 range, approximately double the overall Los Angeles County average wage for all workers of \$68,900.

the management of travel demand by alleviating congestion and encouraging ridesharing, which helps to reduce GHG emissions. As nearly all future highway expansion projects in the SCAG region will involve the provision of new express lane capacity, one of the most essential roles for SCAG and its member jurisdictions will be to develop a coordinated and strategic approach for the buildout of the region's express lane network. This is particularly important because the response to Senate Bill 743 implementation is still evolving,

Beyond the sections of the Draft Plan directly related to transportation projects, we also support the following elements of the draft:

- **Housing:** As noted above, we appreciate that the Draft Plan addresses and accommodates the sixth cycle RHNA requirement of 1.34 million new housing units in the region and includes SCAG's own goal of 1.6 million new housing units regionwide by the horizon year of the plan. We appreciate the various policies and strategies in the Draft Plan that can support greater regional housing production; but, as explained below, we urge SCAG to assume more of a leadership role in efforts to identify and champion development opportunities beyond existing urbanized areas, to include master-planned new towns, new so-called edge communities, and their related infrastructure. We fear that the Draft Plan assumes too much growth within the centers of urbanized areas and around particular transit nodes, which will provide far too limited opportunities for new development, especially affordable new development; and this will in turn constitute a major impediment to meeting the RHNA and SCAG's targets for new housing production. The highly constrained growth pattern that is inherent in the Draft Plan will, if it is not revisited and reasonably relaxed, lead to a continuing and severe shortage of available and affordable housing. The SCAG region will not have the amount of additional housing supply needed to solve the housing affordability crisis unless a larger palette of development opportunities can be realized – one that includes a more balanced typology of new development in addition to redevelopment. As is noted in the Draft Plan (on page 21 of the Economic Impact Analysis technical report), if housing production is not increased, the region's economy will suffer.

That said, we appreciate the inclusion of the Housing Technical Report, which provides a good summary of the region's housing challenges and highlights the connectivity between resolution of the housing crisis and sound regional transportation planning. We also appreciate that the Plan anticipates that the region will leverage \$6 billion for critical housing-supportive infrastructure, like water, sewer and electrical utilities, which is essential to spurring housing development across the region. We support both this approach and additional efforts to assure local government has the resources, funding, and flexibility that they need to meet the growing demand for infrastructure maintenance and expansion, as is needed to support and enable housing.

- **Workforce Development and Technology:** We appreciate the discussion in Chapter Two of the Draft Plan regarding changes to the future of the workplace and SCAG's assumptions regarding continuing increases in telework rates. SCAG must continue to track these trends and incorporate them into their modeling and analysis, because they should cause changes to the assumptions used in modelling VMT for new housing, and the levels of transportation-related GHG emissions. We stated in the policy principles noted above that Connect SoCal 2024 should support economic development and job creation. Accordingly, we appreciate the inclusion of the workforce development policies, and in particular recognition of the need to foster a resilient workforce, especially given the positive cost/benefit analysis and job creation projections that are reflected in the Draft Plan.

Whereas we applaud the Draft Plan as expressed above, the Business Coalition nonetheless has remaining areas of concern, which we believe should be addressed through SCAG's ongoing planning efforts. Specifically, we see the need to better address the following areas of concern:

- **The Need for More Effective Approaches to Increased Housing Production:** Simply put, the SCAG region needs a staggering amount of new housing supply added within a short period of time, and we are concerned that the Draft Plan's emphasis on overly-concentrated, transit-oriented and urban-centric infill development will not lead to the amount of housing that is needed, especially affordable housing, if it is not reasonably expanded. SCAG, as the region's planning hub, should strive to make it easier to meet housing supply goals by removing barriers to the development of new towns and master-planned communities, particularly in unincorporated areas of the six counties in the region, where land is available and can be improved more economically when compared to building predominantly in urban centers and near public transit routes. Consequently, we encourage SCAG to undertake a greater leadership role in seeking a better balance between transit-oriented and urban development and, in addition, new development outside of existing urban boundaries. For example, the Draft Plan indicates a projected limitation on such development through 2050 to just 40 square miles throughout the entire 1.8-million-square-mile SCAG region, as stated in the performance measurement tables in Section Five of the Draft Plan. We view this limitation as wildly unrealistic and restrictive, given the economics of housing production, the challenges relating to adding infrastructure, and especially the current massive undersupply of adequate housing for the region's population. SCAG should be championing and pursuing plans that will lead more surely to more housing production throughout the region, especially the development of homes which are more affordable to the working-class Southern Californians who are now priced out of home ownership and denied the significant economic and social benefits it provides.

There is ample evidence that the housing typology currently favored by state housing policy and in recent regional housing planning (i.e., as are reflected in Connect SoCal 2024) have inherent associated costs that make adequate housing unattainable for a great many Californians, even if economic incentives and regulatory streamlining are provided. The Turner Center for Housing

Innovation at UC Berkeley recently explained the current predicament in its study, *Making It Pencil: The Math Behind Housing Development* (originally published in 2019 and updated with current market data in December 2023.)² The study used as its example a 30,000 square foot, 120-unit multistory residential building with 120 parking spaces and 1,500 square feet of first-floor retail space. The example assumed a construction type which was a concrete podium first floor (classified under the state’s residential building code as “Type 1”) and wood frame construction above (classified as “Type 5”), or “five-over-one” construction. Even though their study deliberately ignored the effects of many costs, such as the foreseeable need for environmental study, affordable housing subsidization, demolition costs, infrastructure exactions, and made generously low assumptions about many other costs, the study ultimately found this typology of construction to be largely uneconomical. Specifically, the study states:

We found that it has become increasingly difficult to get projects to pencil in many parts of California, including the Bay Area, Sacramento, and Los Angeles. The example case study “deals” we created in 2019 for the most part are no longer financially viable in current market conditions. These changing market conditions help to explain why many typical market-rate multifamily projects are stalling across the state. (p. 2)

If projects like the one modeled in the study – which are like the projects that Connect SoCal 2024 envisions will be the solution to the state’s housing crisis – cannot pencil out in the areas of the state that have the highest housing costs, they certainly would not be economically viable in the region’s more affordable, non-coastal markets, where many Californians now must look to find affordable housing options. There are places for these types of projects, but the goal of providing ample housing for all our region’s residents will not be met unless a wider variety of housing types is supported by policy, especially that which can foster new housing in non-urban areas, where land costs are lower.

Given how the Turner Center’s study underscores the importance of an understanding the economics of housing to the resolution of the housing crisis, we invite SCAG to study and compare new and developing towns like Valencia (which currently has the highest job-generation rate in the entire SCAG region) with development and redevelopment projects within urban centers and narrowly-defined transit-oriented areas. We believe such a study will show that (1) the amount of public funding required to build or improve the infrastructure needed to support population growth is less for new towns and large master-planned communities, (2) that new towns and large master-planned communities can be as successful as urban developments in the generation of new jobs, if not more so, and that current VMT assumptions should be revised to address the amount of jobs generated by these new

² Garcia, David et. al, *Making It Pencil, The Math Behind Housing Development*, Turner Center for Housing Innovation, UC Berkeley, Dec. 19, 2023. <https://turnercenter.berkeley.edu/wp-content/uploads/2023/12/Making-It-Pencil-December-2023.pdf>

developments, (3) that it is more affordable to achieve climate resiliency goals like net zero energy use in new developments than in existing, more developed areas, and (4) that new towns and large master-planned developments can effectively set aside ecologically significant open space and generate funds necessary for the ongoing protection and enhancement of that open space.

- **Include Clear Limitations on the Prescriptiveness of the RTP/SCS:** We appreciate that the Draft Plan’s Demographics and Growth Forecast Technical Report (the “Growth Technical Report”) explains that SCAG’s technical, demographic growth modeling and mapping using transportation analysis zones (TAZs) should not be misinterpreted as being unduly prescriptive or prejudicial. Specifically, such text within the Draft Plan is found in the Growth Technical Report at page 45, which is labeled “5.5 TAZ-Level Growth Forecast, Growth Vision, and SCS Consistency,” and in footnote 3 on page 54. We believe that such helpful and important text should be significantly expanded upon and relocated to within the text of the Connect SoCal 2024 document itself, and be reflected in SCAG’s responses to comments in the final PEIR, rather than being relegated, as it is now, to only an accompanying report and a footnote. More specifically, we urge SCAG to include within the final Connect SoCal 2024, and reflect in the PEIR, the alternative text that is recommended in comments submitted by the Orange County Council of Government (“OCCOG”).

As Connect SoCal 2024 was developed over time, our Business Coalition has endeavored to follow the excellent work of SCAG’s staff and the thoughtful input from its Technical Working Group and the COGs within the region. The investment of time we made in understanding their work has greatly benefitted us as we analyzed the Draft Plan. In particular, we would like to draw your attention to the exhaustive review by OCCOG of the Draft Plan and the PEIR, which we understand will be included in their comment letter. We have reviewed this work and their recommendations to SCAG; and we believe the inclusion and reflection of the OCCOG’s work in the final Connect SoCal 2024 will enhance and improve it.

In summation, we wish to emphasize that the Business Coalition embraces the Draft Plan’s vision of a Southern California region that is more livable, prosperous, and accessible than it is today. Beyond the potential adoption of this plan, we look forward to working with SCAG on an expanded vision for the region that not only achieves important environmental and economic goals, but also provides the tools to foster the volume of housing production that is so desperately needed.

Finally, we appreciate the tremendous amount of time and effort that SCAG’s staff and leadership have put into this plan, and we further appreciate the opportunities for input and engagement that were afforded to the business community and other stakeholders throughout the 2024 RTP/SCS development process. Please let us know if you have any questions regarding our comments, concerns, and recommendations as outlined in this letter and we look forward to working with you to assure a Final Connect SoCal 2024 that strengthens our region and enhances the quality of life for all Southern Californians.

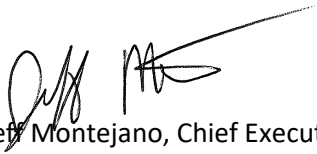
Sincerely,



Richard Lambros, Managing Director
Southern California Leadership Council



Tracy Hernandez, Founding Chief Executive Officer
Los Angeles County Business Federation (BizFed)



Jeff Montejano, Chief Executive Officer
Building Industry Association of Southern
California (BIASC)



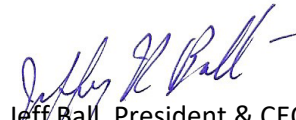
Maria Salinas, President & CEO
Los Angeles Area Chamber of Commerce



LOS ANGELES AREA
CHAMBER OF COMMERCE



Jon Switalski, Executive Director
Rebuild SoCal Partnership



Jeff Ball, President & CEO
Orange County Business Council (OCBC)



ORANGE COUNTY
BUSINESS COUNCIL



Paul Granillo, President & CEO
Inland Empire Economic Partnership (IEEP)



Luis Portillo, President & CEO
San Gabriel Valley Economic Partnership





Jeremy Harris, President & CEO
Long Beach Area Chamber of Commerce



Dexter McLeod, Founder & Chairman/CEO
L.A. South Chamber of Commerce



Mike Lewis, Senior Vice President
Construction Industry Air Quality Coalition
(CIAQC)

