California Metropatterns Part II

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Pois in Schools

Map 13: Percentage of Elementary Students Eligible for Free Lunch by School, 1997

Poor schools are scattered throughout the Central Valley, but the significant concentrations are in the largest cities—Sacramento, Fresno, Stockton and Bakersfield, and in rural San Joaquin Valley. Schools in suburban districts surrounding the Valley’s major cities, such as Dry Creek outside of Sacramento and Clovis outside of Fresno, as well as Placer and El Dorado counties, had the lowest poverty rates.
Map 14: Change in Percentage Points of Elementary Students Eligible for Free Lunch by School, 1992–1997

The overall student poverty rate in Central Valley schools rose over 6 percentage points between 1992 and 1997. Areas where schools saw the most significant increases included northern San Joaquin County, the Marcum-Illinois Union district in suburban Sacramento and the Madera district outside Fresno. Schools with significant decreases were found outside Modesto, Yuba City and scattered throughout Fresno and Tulare counties.

Legend
Regional Value: 6.5
-51.8 to -4.5 (94)
-4.2 to 0.2 (143)
0.4 to 6.4 (234)
6.5 to 14.3 (317)
14.5 to 23.0 (163)
23.3 or more (108)
No data (186)

Note: Schools with "No data" either had fewer than 50 students or else did not have free lunch data available in 1992 or 1997.

Data Source: National Center for Education Statistics.
In the Central Valley, tax capacity in 1998 tended to be highest in larger incorporated cities, such as Sacramento and Bakersfield, and their growing suburbs, such as Roseville. Areas with lower-than-average tax capacities included many small outlying cities, such as Avenal in Kings County and Placerville in El Dorado County.
Growth in tax capacity was highest in many areas of San Joaquin County, including Tracy, and in the northern suburbs of Sacramento, such as Roseville and Loomis. Unincorporated areas in the south Central Valley, as well as small cities scattered throughout the region, had growth in tax capacity below the regional average. Merced, Chico and Sacramento also saw above-average growth, while Fresno, Modesto, Stockton and Redding all saw drops in capacity.
Minority students attend school in many of the same areas poverty is concentrated: in the cities and rural areas of the south Valley. Sacramento, Stockton, Modesto and Fresno have above-average shares of high-poverty schools, as do rural Fresno, Tulare and Kings counties. Districts with extremely low numbers of Hispanic and black students were found throughout the northern Central Valley, including northern Sacramento suburbs. Schools in the Valley exhibit segregation: 32 schools had minority enrollment of 95 percent or greater while 46 had minority enrollment of 5 percent or less. These two groups comprised a quarter of all the Valley's schools.
Not including central cities, communities of the Central Valley fall into four broad categories that share similar sets of social, physical and economic characteristics. There are the at-risk aging communities, which include Madera, South Lake Tahoe and the unincorporated areas of seven counties. At-risk developing suburbs include Citrus Heights and Clovis. Affluent residential places include Auburn and unincorporated Placer County. Affluent job centers include Roseville, Rocklin and Loomis outside of Sacramento, and Tracy and Lathrop in San Joaquin County.
In 2000, the San Diego metropolitan area was home to over 2.8 million people. The population of the region grew by 13 percent—about 316,000 people—between 1990 and 2000. The urbanized area of the San Diego region became slightly denser from 1970 to 1990, expanding by 81 percent in area, while its population grew by 96 percent. Most of the expansion occurred in the north metro, in and around San Diego proper and in the fast-growing cities of San Marcos, Carlsbad and Escondido. In 1990, 94 percent of San Diego County residents lived in urbanized areas, up from 88 percent in 1970.

The San Diego region is unusual because it has the fewest local governments per resident of any of the 25 largest metropolitan areas in the country—just 19 governments (one county and 18 cities) for 1.2 million people. In Denver, a similarly sized western metropolitan area, there are 78 local governments. In Phoenix, 34.

Although the region has a history of rivalry among its cities, this lack of political fragmentation provides opportunities for regional cooperation, such as region-wide planning and tax-base sharing, not as readily available to other more fragmented places.

Race and poverty

Of all the elementary students in the 37 school districts of the San Diego region, 53 percent of them were eligible for free meals in 1997. Although student poverty in the city of San Diego was high, the highest proportions of extremely poor schools were concentrated in inner suburban school districts, including South Bay, San Ysidro and National. The far northern districts of Oceanside and Escondido also had schools with significant poverty. Low-poverty districts were arranged in a ring around the city of San Diego, from Carlsbad and Del Mar on the north to Jamul-Dulzura in the southeast.

Most of the wealthiest districts were clustered just north of San Diego proper.

Even in districts with average levels of poverty, poor students were largely segregated. In the Cajon Valley district, for instance, poverty rates in individual elementary schools ranged from 9 percent to 95 percent in 1997, and high-poverty schools were clustered in one part of the district. In fact, in 1997, 51 percent of poor elementary students in the region would have needed to change schools to achieve an equal mix of poor and non-poor students in each school.

Schools with rapid increases in elementary student poverty between 1992 and 1997 were scattered throughout the San Diego area, with clusters in San Diego proper; the south suburban districts of Chula Vista, San Ysidro and South Bay; and in the northern districts of Escondido. Schools experiencing decreases in poverty were also scattered throughout the region, with a pocket in Oceanside.

From 1992 to 1997, most of the growth in Hispanic and black elementary students occurred in the central city and inner suburbs, and in northern suburbs such as Escondido and San Marcos. Overall, 47 percent of elementary students in the San Diego region in 1997 were Hispanic or black, and nearly half of them would have needed to change schools in order to achieve a racially balanced enrollment in each one. Schools with especially high numbers of Hispanic and black students were located largely in poor neighborhoods within San Diego, as well as in the rapidly developing...
communities of Escondido, Vista and Oceanside.

Schools with extremely low Hispanic and black enrollments were found in more affluent districts of the region, including Poway, Encinitas, Ramona and Del Mar. In fact, 45 percent of Hispanic and black elementary students attend high-poverty schools, while only 12 percent of their white and Asian counterparts attend those schools.

**Fiscal disparities**

Tax capacity is also unevenly distributed among San Diego communities. With the exception of National City, located immediately south of San Diego, cities with the highest capacities are mostly affluent residential enclaves and job centers north of San Diego. Topping the list are Carlsbad and Del Mar. The city of San Diego experienced below-average growth in tax capacity in the mid-1990s, but was still slightly above the regional average in 1998. The lowest tax capacities in 1998 were in the city of Imperial Beach and unincorporated San Diego County, both of which also experienced below-average growth in tax capacity in the preceding years.

Low tax capacities are often correlated with special needs. The city of Imperial Beach, for example, had a tax capacity that grew at a slower-than-average rate during the mid-1990s and was just one-third the regional average in 1998. Many of its schools had student poverty rates above the regional average, and poverty within them grew at faster-than-average rates in the mid-1990s.

While some cities struggle to pay for the extra costs associated with growing poverty, other developing places struggle to build the roads, parks and schools needed by new residents. The north suburban community of San Marcos, for example, grew by almost 1,600 households, or 11 percent, between 1993 and 1998. In that period, its per-capita tax capacity decreased by 7 percent.

Cities with low tax capacities often have costly needs like high poverty and aging infrastructure.
Poverty in Schools

Map 19: Percentage of Elementary Students Eligible for Free Lunch by School, 1997

Legend
Regional Value: 52.8%
- 0.0 to 16.0% (50)
- 17.0 to 32.3% (58)
- 33.3 to 52.1% (80)
- 52.8 to 67.3% (60)
- 68.2 to 81.8% (52)
- 82.9% or more (75)
- No data (9)

Data Source: National Center for Education Statistics.

Note: Schools with "No data" either had fewer than 50 students or did not have free lunch data available.

Map 20: Change in Percentage Points of Elementary Students Eligible for Free Lunch by School, 1992–1997

Legend
Regional Value: 6.2
- -62.7 to -3.0 (28)
- -2.6 to 1.8 (59)
- 2.1 to 6.1 (58)
- 6.2 to 10.5 (56)
- 10.9 to 16.8 (72)
- 17.2 or more (53)
- No data (58)

Data Source: National Center for Education Statistics.

Note: Schools with "No data" either had fewer than 50 students or did not have free lunch data available in 1992 or 1997.

Student poverty varied greatly among San Diego-area schools in 1997. Poor students were highly concentrated in portions of San Diego, and in the suburban districts of Lemon Grove, National, South Bay, Cajon Valley, Carlsbad, Vista, San Marcos and Escondido. Districts immediately north of San Diego, including Poway and Solana, were home to schools with extremely low poverty rates. Poverty increased in the region as a whole in the mid-1990s, with significant increases in many south suburban schools, and in the northern Escondido, Vista and Encinitas districts. The Oceanside district saw a significant decrease in poverty in many of its schools.
Suburban communities saw the greatest extremes in tax capacity in 1998. The lowest capacities were concentrated in communities east and south of San Diego, in the far north metro and unincorporated San Diego County. Tax capacities were highest in Carlsbad, National and Del Mar, and significantly above average in many north-metro communities. Although the city of San Diego saw below-average growth in tax capacity in the mid-1990s, its capacity remained above the regional average in 1998. Growth in tax capacity was highest along the coast, including Del Mar, Encinitas and Vista. Growth was slowest in fast-growing San Marcos and the established suburb of El Cajon.
Racial Segregation in Schools and Community Classification

**Map 23: Percentage of Non-Asian Minority Elementary Students by School, 1997**

Legend

<table>
<thead>
<tr>
<th>Regional Value: 47.3%</th>
</tr>
</thead>
<tbody>
<tr>
<td>2.3 to 12.8% (49)</td>
</tr>
<tr>
<td>13.7 to 26.7% (63)</td>
</tr>
<tr>
<td>28.1 to 46.8% (91)</td>
</tr>
<tr>
<td>47.3 to 64.1% (72)</td>
</tr>
<tr>
<td>65.6 to 76.8% (46)</td>
</tr>
<tr>
<td>78.1% or more (60)</td>
</tr>
<tr>
<td>No data (3)</td>
</tr>
</tbody>
</table>

Note: Schools with "No data" had fewer than 50 students in 1997.

Data Source: National Center for Education Statistics.

**Map 24: Community Classification**

Legend

- At-Risk, Aging Suburbs (6)
- At-Risk, Developing Suburbs (6)
- Affluent Residential Enclaves (3)
- Affluent Job Center (3)
- Central City (1)

Data Source: California State Controller.

**Map 23**: For the most part, minority students are concentrated in relatively poor parts of the region. Schools in many San Diego neighborhoods, as well as the southern suburbs of San Ysidro and South Bay and the northern suburbs of Vista, San Marcos and Escondido had minority enrollments well above the regional average. The Poway, Del Mar and Solana districts were among those relatively affluent places with very low minority enrollments.

**Map 24**: The San Diego region's at-risk aging suburbs are located in the south metro, in a line from El Cajon to Chula Vista and Imperial Beach. Fast-growing, fiscally strapped at-risk developing suburbs include Santee, Oceanside and Escondido.
In 2000, the Santa Barbara metropolitan area was home to 399,347 people. Forty percent (159,483 people) lived in unincorporated Santa Barbara County, almost as many as resided in the county’s two largest cities—Santa Barbara (92,325 people) and Santa Maria (77,423 people)—combined. The area’s population grew by 8 percent in the preceding decade. Santa Maria, in the northwest corner of the county, experienced the greatest population growth, 25 percent. Guadalupe, a small city west of Santa Maria, experienced the smallest, just 2 percent.

Poverty and race
Fifty percent of elementary students in Santa Barbara County’s 20 school districts were eligible for free meals in 1997. As in other regions, poor children tended to go to school with other poor children. In fact, that year, half of the free-lunch eligible students in the area would have needed to change schools to achieve an identical mix of poor and non-poor students in each building. Districts in at-risk communities in the northern part of the county, including Guadalupe Union, Cuyama Joint Unified and Santa Maria-Bonita, had the highest poverty rates. Districts with low poverty rates were concentrated in more affluent areas in the south, including Ballard, Montecito Union, Cold Spring and Vista del Mar Union.

From 1992 to 1997, the Cuyama Joint Union district saw the biggest increases in student poverty, followed by Buellton Union and Solvang. The biggest decreases were in Guadalupe Union and Los Olivos.

In 1997, 54 percent of elementary students in Santa Barbara County were Hispanic or black. School districts with especially high minority enrollments were largely located in poor areas. In fact, 39 percent of the region’s Hispanic and black elementary students attended high-poverty schools, while only 8 percent of white and Asian students attended those schools. That year, approximately 46 percent of the region’s minority students would have needed to change schools in order to achieve integration. The degree of segregation varied greatly even within districts. Minority enrollments in Santa Barbara elementary schools, for example, ranged from 95 percent to 25 percent.

Fiscal capacity
The ability of local governments in the Santa Barbara area to raise revenues is also highly uneven. The per-household tax capacity ranged from $1,009 in the affluent job center of Buellton to just $194 in the at-risk aging community of Guadalupe. Solvang, Santa Barbara and Santa Maria also had tax capacities above the regional average of $506; Lompoc, Carpinteria and unincorporated Santa Barbara County had tax capacities below the regional average.

The greatest increase in per-capita tax capacity was in Buellton, while Santa Barbara, Guadalupe and unincorporated Santa Barbara County also had increases at or above the regional average. Controlling for inflation, tax capacity in Solvang fell 9 percent, and tax capacity in Santa Maria, Carpinteria and Lompoc grew at rates less than the regional average.
Student poverty in the Santa Barbara region is highest in the Santa Maria-Bonita district, where more than three out of four students are eligible for free lunches in most schools. There is also significant poverty in some Lompoc-area and Santa Barbara schools. Schools in and around Ballard and Solvang and surrounding Santa Barbara tend to have low poverty rates.

Map 25: Student poverty in the Santa Barbara region is highest in the Santa Maria-Bonita district, where more than three out of four students are eligible for free lunches in most schools. There is also significant poverty in some Lompoc-area and Santa Barbara schools. Schools in and around Ballard and Solvang and surrounding Santa Barbara tend to have low poverty rates.

Map 26: Santa Maria and central Santa Barbara have minority enrollments well above the regional average, while schools in Orcutt Union, Cold Spring and Montecito Union districts have very low minority enrollments.
Lompoc and Guadalupe had the lowest tax capacities in the region in 1998, while Buellton, Santa Maria and Santa Barbara had tax capacities above the regional average of $402 per household. Growth in tax capacity was highest in Buellton, Santa Barbara and Guadalupe. Solvang and Santa Maria experienced increases in tax capacity well below the regional average of 11 percent.
Monterey County

DURING THE 1990s, Monterey County felt increasing development pressure from its northern neighbor, Silicon Valley. Its population grew by 13 percent—more than 46,000 people—during that decade to arrive at 401,762 in 2000. The biggest city, Salinas, was home to 151,060 people, up 39 percent from 1990. Over one-quarter of the population lived in unincorporated areas of Monterey County, outside the region’s 12 cities.

As in most places, social and fiscal stress tend to occur together in Monterey County. Wealth and jobs are concentrated in and around the coastal community of Monterey, where higher-wage Bay Area workers and retirees drive up housing prices beyond the means of many of the wage earners working there. Social strain and growing poverty are concentrated in the small inland communities along Highway 101 and in the city of Salinas. Many of the jobs in this area are in low-wage occupations in agriculture, the dominant industry in the county. Low- and moderate-wage earners often end up driving long distances from the more affordable housing inland to their jobs in wealthier coastal areas.

RACE AND POVERTY

Overall, the region saw the highest rate of free-lunch eligibility of all California regions in 1997: 65 percent. Many of the schools in the city of Salinas and in the at-risk rural towns along Highway 101 had student poverty above the county average. Many of these same schools saw higher-than-average increases in poverty between 1992 and 1997. The lowest poverty rates were in schools along the coast, including those in the Pacific Grove and Carmel Unified districts.

Overall, 66 percent of elementary students in Monterey County in 1997 were Hispanic or black. Districts with especially high numbers of minority students were almost exclusively located in impoverished towns along Highway 101 and in Salinas. The relationship between race and poverty is notable; 64 percent of the region’s Hispanic and black elementary students were enrolled in high-poverty schools in 1997, while only 18 percent of white and Asian students attended similarly impoverished schools. That year, approximately 55 percent of minority students in the region would have needed to change schools to achieve an identical mix of students in each school.

Schools with extremely low Hispanic and black enrollments were located largely along the coast in relatively affluent places like Monterey.

FISCAL CAPACITY

Tax capacity in Monterey County in 1998 largely followed the same pattern as poverty. It was highest in the coastal retail hub of Sand City, a place with significant retail and employment activity, but very few residents. The residential enclave of Carmel-by-the-Sea, the city of Monterey and unincorporated Monterey County also had above-average tax capacities.

Two at-risk developing towns in the rural interior county, Soledad and Greenfield, had the lowest tax capacities. While the city of Salinas had a tax capacity slightly above the county average, it experienced slower-than-average growth in tax capacity between 1993 and 1998. Driven by increases in sales tax revenue, Sand City saw the biggest increase in per-household tax capacity.

Most of the housing being built in Monterey County is too expensive for the area’s low-wage service and farm workers.
Minority students are concentrated in high-poverty schools in Salinas and the school districts south along Highway 101, such as Chualar Union and Greenfield Union. The Pacific Grove and Carmel Unified districts have very low minority enrollments and poverty rates, while schools in Monterey display fewer extremes in their enrollments of poor and minority students.

**Map 29: Percentage of Elementary Students Eligible for Free Lunch by School, 1997**

**Map 30: Percentage of Non-Asian Minority Elementary Students by School, 1997**
The city of Marina and the small municipalities along Highway 101 in central Monterey County had the lowest tax capacities in the region in 1998. The cities along the coast—among them Sand City, Monterey and Carmel-by-the-Sea—and Salinas had tax capacities above the regional average. Controlling for inflation, growth in tax capacity between 1993 and 1998 was highest in the coastal cities of Marina and Sand City. The cities of Gonzales, King City and Soledad saw decreases in tax capacity. The city of Salinas saw an increase below the regional average.
Although considered metropolitan, in many ways the San Luis Obispo area, located roughly halfway between Los Angeles and San Francisco, is still rural. In 2000, more people lived in unincorporated San Luis Obispo County (103,980) than in its three largest cities—San Luis Obispo (44,174 people), Atascadero (26,411 people) and Paso Robles (24,297 people)—combined. Population growth in the 1990s was faster in unincorporated areas than in cities. Overall, the region’s population grew 14 percent in that time to reach 246,681. The region’s economy is based largely on tourism, education and agriculture.

Like other California regions, the San Luis Obispo region is suffering from an imbalance of jobs and housing. The city of San Luis Obispo, the region’s economic and social center and home of California Polytechnic University, has instituted strict growth controls. As a result, much of the region’s population growth is taking place in the nearby communities of Paso Robles, Atascadero and the “five cities” area around Pismo Beach to the south.

Race and poverty
Of the nearly 36,000 elementary students in the region’s 10 school districts, 39 percent were eligible for free meals in 1997, the lowest regional poverty rate in this study. Income separation is also less extreme than in other regions, although still evident. In that year, 36 percent of free-lunch eligible students would have had to change schools to achieve an identical mix of poor and non-poor students.

Schools with high proportions of poor students are, for the most part, located in rural at-risk developing districts like Shandon Joint Unified, and in certain neighborhoods of Paso Robles and Grover Beach. In Atascadero, poverty rates were relatively low, but had increased at higher-than-average rates in all but one of the district’s seven elementary schools in preceding years. Schools in the San Luis Coastal Unified District all saw decreasing or slow-growing poverty rates.

San Luis Obispo is also less racially diverse than other California metropolitan areas, although racial segregation still exists. Twenty-five percent of elementary students in San Luis Obispo County in 1997 were Hispanic or black; nearly 40 percent of them would have had to change schools in order to achieve an identical racial mix in each one. Segregation exists even within school districts. In the San Luis Coastal district, for example, minority enrollment in elementary schools ranged from 46 percent to 5 percent.

Although less pronounced than in other California metropolitan areas, the link between race and poverty exists as well. In 1997, 15 percent of Hispanic and black students attended high-poverty schools, while only 2 percent of white and Asian students attended those schools.

Fiscal capacity
The lowest per-household tax capacity in 1998 was in the at-risk aging city of Grover Beach, followed by fast-growing unincorporated San Luis Obispo County. Atascadero and Morro Bay also had below-average tax capacities. Paso Robles and the affluent residential enclave of Pismo Beach had the highest tax capacities, and tax capacities were also above the regional average in San Luis Obispo and Arroyo Grande.

From 1993 to 1998, changes in tax capacity per household ranged from a 15 percent increase (adjusted for inflation) in Paso Robles to a flat rate in unincorporated San Luis Obispo County. Grover Beach and Pismo Beach both saw increases of tax capacity of over 6 percent.

Photo credit: San Luis Obispo Tribune
Poverty and Racial Segregation in Schools

Map 33: Percentage of Elementary Students Eligible for Free Lunch by School, 1997

Legend
Regional Value: 38.6%
- 0.0 to 10.8% (4)
- 18.1 to 24.1% (12)
- 26.7 to 36.8% (10)
- 38.6 to 48.0% (6)
- 51.9 to 66.8% (7)
- 71.6% or more (4)
- No data (3)

Note: Schools with "No data" either did not have free lunch data available or had fewer than 50 students in 1997.

Map 34: Percentage of Non-Asian Minority Elementary Students by School, 1997

Legend
Regional Value: 24.8%
- 4.5 to 7.6% (4)
- 8.0 to 9.8% (5)
- 11.1 to 16.0% (13)
- 18.2 to 24.0% (6)
- 24.8 to 31.2% (5)
- 37.4% or more (10)
- No data (3)

Note: Schools with "No data" either did not have racial data available or had fewer than 50 students.

Map 33: Student poverty (measured by the percentage of elementary students eligible for free lunches) in the San Luis Obispo region is concentrated in the Paso Robles Joint Unified, Shandon Joint Unified and Lucia Mar Unified school districts. The rates of poverty in these areas are well above the regional average. Schools with the lowest poverty rates were clustered in the Atascadero and San Luis Coastal districts.

Map 34: Minority students were mostly concentrated in the region’s relatively poor schools—those in the Paso Robles Joint Unified, Shandon Joint Unified and Lucia Mar Unified districts. Most schools in the Templeton, Atascadero and San Luis Coastal districts, on the other hand, had relatively low minority enrollments.
Grover Beach had the lowest tax capacity of the municipalities in the region in 1998. The unincorporated area of San Luis Obispo County, Atascadero and Morro Bay also had tax capacities below the regional average. The highest tax capacities were in Pismo Beach, Paso Robles and San Luis Obispo.

Growth in tax capacity was highest in Paso Robles, Grover Beach, Pismo Beach and Arroyo Grande. The slowest growth in tax capacity was in unincorporated San Luis Obispo County and the city of Atascadero.
Regional competition for tax base and uncoordinated growth strategies hurt almost every city and suburb in a region—leading to concentrated poverty and abandoned public facilities in central cities; growing social and fiscal strain in at-risk suburbs; and traffic snarls, overcrowded schools and degraded natural resources in communities on the urban fringe.

These problems diminish the quality of life throughout a region. They require region-wide solutions. Broad policy areas where reforms are most needed to combat social separation and wasteful sprawl include:

- Greater fiscal equity to equalize resources among local governments.
- Smarter land-use planning to support more sustainable development practices.
- Accountable metropolitan governance to give all communities a voice in regional decision-making.

These reforms offer relief to all types of metropolitan communities. For central cities, regionalism means enhanced opportunities for redevelopment and for the poor.

For older at-risk suburbs, it means stability, community renewal, lower taxes and better services.

For developing at-risk communities, it means sufficient spending on schools, infrastructure and clean water.

For affluent suburban communities, regional cooperation offers the best hope for preserving open space and reducing congestion.

In addition to addressing individual problems, these strategies are mutually reinforcing. Successfully implementing one makes implementing the others much easier, both substantively and politically.

Specific policies should, of course, be tailored to reflect the special circumstances of individual metropolitan areas. A number of analysts in California—from the nonprofit community to academia and the public sector—are providing expertise and research on specific metropolitan areas and policies. Examples include the California Center for Regional Leadership, the Speaker's Commission on Regionalism, the California Futures Network, the Southern California Studies Center, San Diego Dialog, the Great Valley Center and many capable researchers in California's universities and state and local governments. This section summarizes broad policy issues facing all metropolitan areas in the state.

Greater Fiscal Equity

Since 1978, when Proposition 13 lowered property tax rates and increased state control over the distribution of revenues, California local governments have increasingly relied on the sales tax to fund public services. A result is the “fiscalization” of land use, in which local planning and zoning decisions are primarily driven by the need to generate sales tax revenues.

The places that are especially active and effective in this approach are newer, fast-growing communities with large tracts of developable land. These places, desperate for sales-tax base, are willing to offer cash subsidies, new roads, and other incentives to attract large-scale retailers to their communities.

In the end, these subsidies amount to a “zero-sum” game that changes the distribution of economic activity within a region without increasing the overall size of the regional economy. The losers in this competition are usually the central cities and at-risk older suburbs. Research shows that these places are home to significantly less retail business than would be expected given their populations, income levels and land prices. For instance, with just a one-third reduction in reliance on the “situs” based local sales tax levy, central places in the Los Angeles-Long Beach area would have done an estimated $3.4 billion more business in 1997. Instead that...
business went to the outlying suburbs. In the Oakland area, the shift in retail business to the urban fringe represented $1.3 billion.\textsuperscript{32}

In a final ironic twist, the presence of new stores—and the new infrastructure to accommodate them—increases pressure for the very growth that developing cities are struggling to finance.\textsuperscript{33}

The net result of the fiscalization of land use is significant and (oftentimes) widening fiscal inequality.

Municipalities with high tax capacities are more able to provide the level of public services desired by residents. A municipality with low tax capacity, on the other hand, either must charge high fees or provide relatively few, or low quality, services to make ends meet. Either choice puts it at a disadvantage in the regional competition for jobs and residents.

Two measures of inequality are shown in the bottom panel on page 47. The ratio of tax capacity in a high-capacity place (the one at the 95th percentile) to the tax capacity in a low-capacity community (the one at the 5th percentile) shows the degree of inequality at the extremes of the range. The Gini coefficient measures the overall degree of inequality, with higher figures representing greater inequality. Los Angeles shows the greatest inequality both at the extremes and overall. Its 95th-to-5th percentile ratio, 6.1, means that if all places in the Los Angeles area levied the same tax rate, the high-capacity place would generate six times the revenue per household of the low-capacity place.

Despite the infusion of state aid, which reduced inequalities significantly, inequality among local governments in most of the state’s regions increased in the 1990s. One way to reduce inequalities is to move from reliance on locally generated sales-tax revenues toward a form of regional sales tax-base sharing. In such a system, a portion of regional sales-tax revenue is pooled and redistributed within the region on a more equitable basis.

Sacramento Assemblyman Darrell Steinberg has authored a bill (AB680) that would establish sales tax-base sharing in the six-county Sacramento area. Passed by the California House in February 2002, AB680 would allow cities to keep the sales taxes they already collect, while any growth in sales-tax revenue would be divided three ways. One-third would go to the place where it was generated. One-third would be collected in a regional pool and distributed to jurisdictions based on population. The remaining third would stay in the place it was collected if that place met a series of requirements related to affordable housing, redevelopment and open-space preservation. If the place did not meet those goals, those funds would be made available for regional projects instead.\textsuperscript{34}

Sales tax-base sharing among California cities would bring tangible benefits, among them: 1) increases in the fiscal capacity of declining communities, giving them new means of reinvesting in themselves; 2) less pressure on growing communities to compete for tax-generating land uses by offering wasteful subsidies to developers; and 3) incentives for places to expand the amount of land devoted to other needed land uses, such as housing.

**Regional Land-Use Planning**

In addition to the great disparities in the fiscal capacity of local governments, there are many other costs associated with the inequitable and inefficient growth occurring in much of California. Valuable and sensitive open space is destroyed. Traffic congestion increases. Expensive public infrastructure is built on the urban edge, while existing facilities within cities are underutilized, and sometimes abandoned.

The local nature of planning efforts contributes to unbalanced growth patterns, and makes it very difficult to implement coherent policies in policy areas with regional implications, such as housing, economic development, transportation or environmental protection.

An example of local actions that can harm the region as a whole is growth management. Frightened by the fiscal and environmental costs of growth, nearly half of California cities have implemented some form of growth control.\textsuperscript{35} But local limitations on development simply
push new economic activity to other areas of the region that are unable or unwilling to control the pace or intensity of development, and can limit the locality's ability to meet local demand for housing. Without a regional land-use plan that protects open space and farmland, the actions of individual jurisdictions to control growth and preserve land can actually make the problems associated with sprawl worse rather than better.

Developing a cooperative framework for land-use planning that encourages places to plan together for their common future and to consider the regional consequences of local decisions is an essential aspect of a regional reform agenda. This kind of thinking has been implemented in several states over the last 25 years and is receiving increasing attention across the country. Examples include urban growth boundaries, urban service areas, concurrency requirements, a variety of open space preservation programs and local government incentives for developers to use New Urbanist design principles.

Based on the premise that regions can make more efficient use of their land through cooperation rather than competition, “smart growth” initiatives essentially call for local planning with a regional perspective. Among their goals: to reduce the destruction of woodlands, hillsides, floodplains, wetlands, agricultural lands and other valuable open space; to ease traffic congestion by creating an accessible and balanced transportation system; to ensure that housing is accessible for people of all incomes; and to make more efficient use of public investments.

Ensuring that all communities in the region, particularly those with new jobs and good schools, strengthen their commitment to affordable housing is an essential component of smart growth planning because it helps to reduce the consequences of concentrated poverty on core communities. It allows people to live closer to work and provides them with real choices concerning where they want to live.

**REGIONAL GOVERNANCE**

A primary theme of this study is that social separation and sprawling development patterns harm not just central cities, but all parts of California’s urban centers. As in most places, however, the fragmented nature of land-use planning and local governance has discouraged creating coordinated strategies for dealing with these problems.

There are already regional institutions in place that can serve as a backbone for regional reform. All of California’s major urbanized areas have Metropolitan Planning Organizations, appointed bodies of local officials with power to make extremely important decisions on planning and funding regional transportation systems. Often little known by citizens, MPOs have the power to approve billion-dollar highway projects. But their ability to address broader land-use patterns—often patterns that contribute to the very congestion they are trying to ameliorate—is very limited.

Retooled, these existing organizations could address a whole host of regional issues, such as land-use planning, housing and redevelopment efforts, and the protection of agricultural lands and other open spaces. Their potential has not been ignored. Efforts have been made to increase the accountability of the Los Angeles region’s MPO, the Southern California Association of Governments, by making its members directly elected.

Advocates across the state have undertaken other efforts to strengthen regional governance. There was a significant effort in the late 1980s to create a strong regional body in the Los Angeles area with the ability to enforce regional land use, housing, and transportation plans. In 2000, the San Diego Regional Government Efficiency Commission crafted plans for a 15-member regional government body, including 12 seats directly elected by county voters, that would exercise broad authority over transportation, housing and growth. The California Center for Regional Leadership has helped develop a number of regional initiatives. The Bay Area Alliance for Sustainable Development has engaged business and government leaders and community activists in developing a “Draft Compact for a Sustainable Bay Area,” containing 10 regional “commitments for action” to create a more sustainable Bay Area.

There is also a growing history of smaller-scale cooperation within subregions. The Alameda Corridor Jobs Coalition, which includes community-based organizations, churches and neighborhood groups from parts of the city of Los Angeles and neighboring southeastern Los Angeles County cities, is just one example.

Such efforts reflect growing concern with the current system—a system fragmented with powers divided among different actors, none of which have the mandate to exercise strong oversight functions. There is a clear need to develop fairly apportioned, accountable and directly elected regional institutions to address the best interests of the state’s diverse regions.
Cross Metropolitan Area Comparisons

### Social Separation

<table>
<thead>
<tr>
<th>Metropolitan Area</th>
<th>Percentage of Students Eligible for Free Lunch</th>
<th>Percentage of Poor Students Required to Move to Achieve Parity</th>
<th>Minority Percentage Required to Move to Achieve Parity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Los Angeles</td>
<td>54.4</td>
<td>60.0</td>
<td>53.9</td>
</tr>
<tr>
<td>San Francisco</td>
<td>34.8</td>
<td>39.7</td>
<td>48.5</td>
</tr>
<tr>
<td>Central Valley</td>
<td>51.3</td>
<td>59.3</td>
<td>47.0</td>
</tr>
<tr>
<td>San Diego</td>
<td>43.7</td>
<td>52.0</td>
<td>51.1</td>
</tr>
<tr>
<td>Santa Barbara</td>
<td>43.0</td>
<td>50.1</td>
<td>46.7</td>
</tr>
<tr>
<td>Salinas</td>
<td>53.7</td>
<td>64.8</td>
<td>46.3</td>
</tr>
<tr>
<td>San Luis Obispo</td>
<td>29.7</td>
<td>38.6</td>
<td>38.2</td>
</tr>
</tbody>
</table>

### Sprawl

<table>
<thead>
<tr>
<th>Metropolitan Area</th>
<th>Population in Urbanized Area</th>
<th>Urbanized Land Area (sq. miles)</th>
<th>% Change in Population Density in Urbanized Area</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1970</td>
<td>1990</td>
<td>% CHANGE</td>
</tr>
<tr>
<td>Los Angeles</td>
<td>9,236,452</td>
<td>13,798,025</td>
<td>49</td>
</tr>
<tr>
<td>San Francisco</td>
<td>4,088,206</td>
<td>5,820,209</td>
<td>42</td>
</tr>
<tr>
<td>San Diego</td>
<td>1,198,322</td>
<td>2,348,417</td>
<td>96</td>
</tr>
<tr>
<td>Salinas</td>
<td>155,740</td>
<td>253,413</td>
<td>64</td>
</tr>
<tr>
<td>Santa Barbara</td>
<td>129,774</td>
<td>327,743</td>
<td>153</td>
</tr>
<tr>
<td>Central Valley</td>
<td>633,732</td>
<td>1,149,716</td>
<td>81</td>
</tr>
<tr>
<td>Sacramento</td>
<td>262,905</td>
<td>453,388</td>
<td>72</td>
</tr>
<tr>
<td>Fresno</td>
<td>176,155</td>
<td>302,605</td>
<td>72</td>
</tr>
<tr>
<td>Bakersfield</td>
<td>160,373</td>
<td>317,636</td>
<td>98</td>
</tr>
<tr>
<td>Stockton-Lodi</td>
<td>106,107</td>
<td>230,609</td>
<td>117</td>
</tr>
<tr>
<td>Modesto</td>
<td>49</td>
<td>55</td>
<td>3</td>
</tr>
</tbody>
</table>

### Fiscal Inequality

<table>
<thead>
<tr>
<th>Metropolitan Area</th>
<th>95th to 5th Ratios</th>
<th>Gini Coefficients</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Tax Capacity per Household</td>
<td>Tax Capacity plus Aid per Household</td>
</tr>
<tr>
<td>Los Angeles</td>
<td>5.2</td>
<td>6.1</td>
</tr>
<tr>
<td>San Francisco</td>
<td>3.4</td>
<td>4.3</td>
</tr>
<tr>
<td>Central Valley</td>
<td>4.6</td>
<td>4.6</td>
</tr>
<tr>
<td>San Diego</td>
<td>2.6</td>
<td>2.5</td>
</tr>
<tr>
<td>Santa Barbara</td>
<td>3.9</td>
<td>4.0</td>
</tr>
<tr>
<td>Salinas</td>
<td>4.8</td>
<td>2.6</td>
</tr>
<tr>
<td>San Luis Obispo</td>
<td>1.8</td>
<td>1.6</td>
</tr>
</tbody>
</table>
Community Classifications

Characteristics of the Community Clusters

<table>
<thead>
<tr>
<th></th>
<th>Central Cities</th>
<th>At-Risk Aging</th>
<th>At-Risk Developing</th>
<th>Affluent Residential</th>
<th>Affluent Job Centers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of Municipalities</td>
<td>18</td>
<td>143</td>
<td>155</td>
<td>66</td>
<td>77</td>
</tr>
<tr>
<td>Number of Households</td>
<td>3,113,028</td>
<td>2,355,708</td>
<td>3,407,058</td>
<td>685,495</td>
<td>1,246,766</td>
</tr>
<tr>
<td>Percentage of Total Population</td>
<td>29</td>
<td>22</td>
<td>32</td>
<td>6</td>
<td>12</td>
</tr>
</tbody>
</table>

**Percentage of Regional Averages:**

<p>| | | | | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Property Tax Capacity</td>
<td>95</td>
<td>80</td>
<td>88</td>
<td>172</td>
<td>145</td>
</tr>
<tr>
<td>Property Tax Capacity Growth</td>
<td>99</td>
<td>101</td>
<td>97</td>
<td>105</td>
<td>101</td>
</tr>
<tr>
<td>Sales Tax Capacity</td>
<td>95</td>
<td>101</td>
<td>80</td>
<td>109</td>
<td>160</td>
</tr>
<tr>
<td>Sales Tax Capacity Growth</td>
<td>97</td>
<td>95</td>
<td>95</td>
<td>102</td>
<td>120</td>
</tr>
<tr>
<td>Population Growth</td>
<td>99</td>
<td>98</td>
<td>101</td>
<td>98</td>
<td>105</td>
</tr>
<tr>
<td>Free Lunch Eligibility Rate</td>
<td>134</td>
<td>147</td>
<td>107</td>
<td>25</td>
<td>47</td>
</tr>
<tr>
<td>Change in Free Lunch Rate</td>
<td>121</td>
<td>116</td>
<td>124</td>
<td>59</td>
<td>44</td>
</tr>
<tr>
<td>Non-Asian Minority Share</td>
<td>137</td>
<td>154</td>
<td>95</td>
<td>30</td>
<td>55</td>
</tr>
<tr>
<td>Housing Age</td>
<td>114</td>
<td>118</td>
<td>88</td>
<td>123</td>
<td>68</td>
</tr>
<tr>
<td>Population Density</td>
<td>1,784</td>
<td>135</td>
<td>41</td>
<td>216</td>
<td>357</td>
</tr>
</tbody>
</table>

**Endnotes**

1. The procedure used for the grouping was the K-means clustering procedure in SPSS. Cluster analysis divides observations in a data set (in this case, municipalities) into homogeneous groups according to specified characteristics. The characteristics used to cluster the California municipalities included 1998 tax capacity per household, growth in tax capacity per household from 1993 to 1998, percentage of elementary students eligible for free lunches in 1997, non-Asian minority percentage of elementary students in 1997, population growth from 1993 to 1998, and average age of the housing stock in 1990.

2. The distribution of community types across metropolitan areas is not even. In San Francisco, 20 percent of households are located in one of the two affluent community types, while in San Diego, only 9 percent of households are. In Los Angeles, 27 percent of households are in at-risk aging places, while in Sacramento just 8 percent were. As a group, regions in the Central Valley had relatively high proportions of households in central cities and at-risk developing areas, and low proportions in at-risk aging and affluent groups. In fact, the Sacramento and Stockton areas were the only places in the Central Valley that had any affluent communities at all.


5. See the Cities Annual Report for fiscal years 1992-93 and 1987-98 (Sacramento: California State Controller).


7. The median home sale price in California in October 2001 was almost $273,000, compared with approximately $150,000 nationwide (California Association of Realtors; U.S. Housing Market Conditions, HUD). The homeownership rate in California was 57 percent, compared with 66 percent nationally. Only the Ventura and Riverside-Bernardino areas of greater Los Angeles had homeownership rates above the 2000 national average, 68 and 67 percent, respectively (U.S. Census Bureau). For discussion of overcrowding, see *Locked Out: California’s Affordable Housing Crisis* (Sacramento: California Senate Budget Project, 2000) at http://www.cbp.org.


9. The authors defined “melting pot metros” as those with greater than average concentrations of at least two minority groups. See William H. Frey and Ross C. DeVol, “America’s Demography in the New Century: Aging Baby Boomers and New Immigrants as Major Players,” (Santa Monica: Milken Institute, 2000), Table 10, p. 27.
10 “Legal Immigration to California by County, 1990-98,” (Sacramento: California State Department of Finance, November 2000).


17 Asian students are not included in this analysis because research has shown that they tend to experience less educational and housing segregation than other minority groups. For more information on growing racial segregation in schools, see Gary Orfield and John T. Yun, “Resegregation in American Schools” (Cambridge, Mass.; The Civil Rights Project, Harvard University, 1999).


24 These meals are available to children of families whose household income is at or below 130 percent of the federal poverty line.

25 These percentages are dissimilarity indexes. These statistics are commonly used to measure the degree to which two groups are evenly distributed in a given geographic area. They can be interpreted as the percentage of one of the groups that would have to change schools to achieve a perfectly integrated enrollment—for example, an equal mix of minority and non-minority students, or poor and non-poor students, in each building. For more on school segregation, see John R. Logan, “Choosing Segregation: Racial Imbalance in American Public Schools, 1990-2000” (Albany: Lewis Mumford Center for Comparative Urban and Regional Research, University at Albany, 2002). It is available at www.albany.edu/mumford/census/.

26 High-poverty schools are those with a free-lunch eligibility rate of 75 percent or higher.


28 Kenneth W. Umbach, “A Statistical Tour of California’s Great Central Valley” (Sacramento: California State Library, California Research Bureau, 1997).


33 Ibid.


37 See Wassmer 2001, for instance, on the effects of metropolitan-wide growth boundaries on retail sprawl. See Orfield 2002 for more discussion of land-use planning tools.
