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New Economic Study Shows CEQA Protects Environment without Stunting Economic Growth

BAE Urban Economics report includes quantitative analysis of CEQA's impacts on litigation, development costs and affordable housing

Berkeley, Calif. – Economic analysis firm [BAE Urban Economics](#) released a new report today that shows the California Environmental Quality Act (CEQA) supports economically and environmental sustainable development in California. The report was commissioned by the Rose Foundation in response to a number of flawed analyses released in recent years that inaccurately blame CEQA for economic challenges in the state.

“This report uses quantitative analysis to clarify that anti-CEQA rhetoric really has no basis in fact,” said Janet Smith-Heimer, President of BAE Urban Economics. “After extensive analysis, we found that CEQA does not have an actual dampening effect on California’s economy.”

The report includes a number of significant findings, including:

- **There is no quantitative evidence that CEQA has a retarding effect on the state’s economic prosperity.**
- **Legislative changes to CEQA aimed at streamlining the CEQA process to encourage [infill development](#) are working.** In San Francisco, only 14 environmental impact reports were prepared in the last three years. In that time, 100 projects proceeded with CEQA exemptions or expedited review.

- Despite rapid population growth and development, **the number of CEQA lawsuits statewide has remained constant over the past 14 years.** Between 2013 and 2015, legal challenges were filed in 0.7 percent of projects subject to CEQA review.
- **Less than one percent of projects subject to CEQA review face litigation.**
- **Direct costs for complete environmental reviews under CEQA typically range from 0.025% to 0.5% of total development costs.**
- **California is the 11th most densely populated state in the nation.** Its urban areas compare favorably to cities around the country with regard to the rate of infill vs. greenfield development.
- The state's largest cities show ongoing improvement in walkability. **California is home to 12 of the nation's 50 most walkable cities.**
- **CEQA does not hamper the development of affordable housing** in urban areas. Although the need to provide more affordable housing in California is undisputed, when compared to other states, California produces the second highest number of affordable housing units per 100,000 residents in the nation.

CEQA was signed into law in 1970 by then-Governor Ronald Reagan. CEQA requires public agencies to identify environmental impacts associated with development and to reduce or eliminate such impacts whenever feasible. The law provides provisions to ensure transparency and invites community involvement in development decisions.

"CEQA is often the only legal protection afforded to communities of color and low-income communities disproportionately burdened by environmental harms," noted Gladys Limón, Staff Attorney with Communities for a Better Environment. "It identifies environmental health and safety impacts that would otherwise be passed off to residents and taxpayers generally. CEQA ensures smart development that respects the right of a decent home and suitable living environment for every Californian."

The report's analysis includes:

- **A literature review of recent studies on CEQA's impacts.**
- **A detailed review of legislation, legal findings and regulatory changes intended to streamline the CEQA process, and the degree to which those efforts have been successful.**
- **Five case studies that illustrate how the CEQA process works (a transit center in Anaheim, an affordable senior housing project in Richmond, a Specific Plan for the Millbrae BART station, a solar installation in the Mojave Desert, and the contested SCIG railyard development at the Port of Los Angeles).**
- An analysis of the direct costs for the environmental review portion of a project, placed into context of other planning and constructions costs.
- A review of California's ranking compared to other states with regard to infill development, population density, walkability (a key metric of sustainable development) and economic prosperity.

"Public enforcement of CEQA plays a crucial function in protecting public health and the environment in California's most vulnerable communities," said Sean Hecht, Co-Executive Director, Emmett Institute on Climate Change and the Environment, UCLA School of Law. "At the same time, this report shows that litigation under CEQA affects only a small fraction of projects in the state."

To read the full report, [CLICK HERE](#).



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