

should receive all three incentives or only one or two of them.

*Option 2:* EPA is also considering a less ambitious program of incentives that focuses on the development zones. In this option, the reduced emissions from improved development patterns are used to create offset pools for use by sources in development zones. We believe that this would also help steer development toward development zones providing the same benefits discussed above. The main advantage to a CADC compared to option 1 is that the offset pool could start with considerable offset credits and, therefore, the credits would not have to be created through additional actions. It would also have the potential of more carefully targeting new development just to the development zone instead of anywhere in the CADC.

b. *What would a CADC be?* A CADC would be a "community" that changes its development patterns in such a way that air emissions within the non-attainment area are demonstrably reduced. A CADC does not have to be, and in most cases probably would not be, an entire metropolitan nonattainment area covered by a SIP. A portion of a nonattainment area could be designated a CADC in those cases where the land use changes did not result in a sufficient emissions reductions to allow the entire nonattainment area to qualify. It should be noted, however, that if a CADC smaller than the entire nonattainment area was designated, any analysis of the effect of any changes in development would have to reflect and consider effects on the nonattainment area as a whole.

c. *What would a development zone be?* EPA proposes that areas that meet certain criteria would be considered "development zones," and new sources in these development zones could receive offsets from State offset pools. The following is a list of possible criteria that EPA could use to define those zones. EPA's goal is to help identify zones which promote environmentally sound development, the preservation of regionally-or locally-designated open space, and sites which have adequate, existing infrastructure. Areas would, for example, have to be:

- Located within an 8-hour ozone nonattainment area.
- Located within an "urbanized area" as defined by the U.S. Census Bureau.<sup>75</sup>

- Zoned for industrial use.
- Located within 0.25 miles of rail freight facilities.
- Located within 0.5 mile of fixed rail or express bus transit service.
- Designated or qualify for designation as a Federal or State redevelopment zone.
- Enrolled in a State brownfield remediation plan.
- Designated industrial corridor.
- Adopting land use density indicators such as population, employment, congestion index.

EPA specifically requests comment on these criteria including whether these criteria are appropriate, and if not, how should they be changed? We also request comment regarding whether a site must meet all or just some of the criteria to qualify.

d. *Why is EPA proposing these ideas?* EPA would like to encourage land use practices that reduce emissions, and one possible way could be through NSR program flexibility. EPA recognizes that the way land use occurs in an area can affect emissions in all sectors, including stationary, area and mobile sources. For on-road mobile sources, areas can already include the emissions impacts of their land use choices within their SIP, as well as in their transportation conformity determinations. EPA would like to encourage areas to adopt land use practices that result in fewer emissions from all sectors by allowing areas to apply the benefits from certain land use measures to the major stationary source sector and creating special NSR flexibilities for areas that do so.

e. *If areas receive NSR flexibility for adopting land use measures, can the air quality benefits of land use measures also be applied to other sectors?* As part of any flexibility, EPA wants to ensure that areas do not count the effects of a land use activity twice. For example, if areas decide that they want to apply the emissions benefits that result from certain land use decisions toward NSR, then they cannot also include the air quality benefits of land use choices in their motor vehicle emissions budgets in the SIP, or in the area's transportation conformity determinations. EPA recognizes that this means that areas will have to decide for themselves how to apply any emissions benefits of land use activities, and that consultation among all affected parties must occur. For many communities, this could be a difficult decision that would require the input of many stakeholders representing both the mobile and stationary source sectors as well as the general public.

area. <http://www.census.gov/geo/www.tiger/glossary.html>

One possible way for areas to avoid double counting would be for EPA to give credit only for new measures that are adopted in response to this proposal. This approach would ensure that the proposal acts as an incentive to encourage new actions that will reduce emissions. Such an approach could, however, be seen as unfairly penalizing areas that have already taken positive actions. EPA requests comment on how best to balance the issues of ensuring fair treatment for all areas, preventing double counting, and making this proposal an effective incentive.

For example, areas would continue to include existing land use measures in their SIP motor vehicle emissions budgets and in their conformity determinations, and apply the reductions from newly adopted land use measures to demonstrate they qualify for the type of flexibilities proposed here. Quantifying the on-road mobile source air quality impacts of land use measures occurs in transportation modeling (discussed below). Therefore, in a SIP submission that includes land use measures adopted to obtain NSR flexibility, areas would have to show that their motor vehicle emissions budgets do not also include the effects of the newly adopted land use measures. EPA also recognizes that there may be other, potentially easier ways to avoid double counting and encourages commenters to submit them.

f. *How would areas quantify the benefits of land use choices?* Areas would quantify the benefits of land use through their air quality modeling process in the SIP process. EPA's guidance, "Improving Air Quality Through Land Use Activities" (Improving Air Quality Through Land Use Activities Report). U.S. Environmental Protection Agency, Office of Air and Radiation, Office of Transportation and Air Quality. (EPA420-R-01-001, January 2001). It can be found at: <http://www.epa.gov/otaq/transp/trancont/r01001.pdf>) provides information about how land use measures are modeled and possibly quantified. EPA requests comment on other potential methods of quantifying the reductions.

Areas should be aware that quantifying the benefits of land use may not be an easy task. EPA sees two potential difficulties in quantifying the benefits of land use for application to NSR on which we seek input. First, as stated above, it may be very complicated for areas to avoid counting the same air quality benefits twice. One way areas might reduce the risk of such double counting is to produce two sets of modeling. One would be based on the

<sup>75</sup> Urbanized area—an area consisting of a central place(s) and adjacent urban fringe that together have a minimum residential population of at least 50,000 and generally an overall population density of at least, 1,000 people per square mile of land