DRAFT

AB 130 Statewide Vehicle Miles Traveled (VMT) Mitigation Program Guidance

CA Governor's Office of
Land Use and
Climate Innovation

California Governor's Office of
Land Use and Climate Innovation
1400 10th Street
Sacramento, CA 95814

April 2026

DRAFT

AB 130 Statewide Vehicle Miles Traveled (VMT) Mitigation Program Guidance

Prepared:

CA Governor's Office of
Land Use and Climate Innovation

California Governor's Office of Land Use and Climate Innovation
1400 10th Street
Sacramento, CA 95814

1.0 Introduction

On June 30, 2025, Governor Gavin Newsom signed California Assembly Bill (AB) 130, expanding the existing Transit-Oriented Development Implementation Program (TDIP), administered by the California Department of Housing and Community Development (HCD). Additionally, AB 130 directed the Governor's Office of Land Use and Climate Innovation (LCI) to develop guidance for a voluntary statewide vehicle miles traveled (VMT) mitigation program (Mitigation Program). Under this Mitigation Program, lead agencies that determine a project will have a significant transportation impact under the California Environmental Quality Act (CEQA) (Impacting Project) may mitigate that impact to a less-than-significant level, or to the extent feasible, by contributing to the Transit-Oriented Development Implementation Fund (TDIF). HCD then uses contributions collected via the TDIF to award funding for VMT-efficient affordable housing and related infrastructure projects (Mitigating Projects) through the TDIP.

As established in California Public Resource Code (PRC) Section 21080.43, subdivision (f), the general working principle of the Mitigation Program is that investments in VMT efficient affordable housing will successfully mitigate VMT. The mitigation benefits of location-efficient affordable housing are most accurately demonstrated through the VMT reduction that type of housing generates in comparison to the market-rate housing that would have been built in its stead. As such, the reductions in VMT associated with the development of location-efficient affordable housing and related infrastructure as compared to market-rate housing can be used to mitigate the significant VMT impacts of Impacting Projects throughout the state.

AB 130 directs LCI to issue guidance by July 1, 2026, and at least once every three years thereafter, for implementing the Mitigation Program. This guidance document establishes the methodology for determining TDIF contributions, defines “location-efficient” areas and provides the methods for estimating and validating the VMT reductions associated with Mitigating Projects. By calculating the VMT reductions attributable to the location efficiency and affordability of Mitigating Projects and providing a mechanism to contribute to those reductions, the Mitigation Program provides project applicants and lead agencies throughout the state with an additional optional strategy to mitigate any significant transportation impacts generated by their projects.

Reviewers should note that this draft LCI guidance document and the draft HCD Guidelines are being developed concurrently. Reviewers should expect evolution in both documents as they are updated to reflect public input.

1.1. Purpose

This document specifically provides guidance for the following items, as directed by PRC Section 21080.44, subdivision (d):

- Program Validation - Section 2.4 provides information on the validation process such that lead agencies can rely on Mitigation Program contributions to satisfy applicable mitigation requirements.
- Program Regions and Geography – Section 3.0 of this document defines areas where TDIF contributions can be allocated to fund Mitigating Projects relative to the region where the Impacting Project is located, including definitions for regions and establishing a "proximity radius" for adjacent regions.
- Location-Efficient Areas - Section 4.0 provides the definition of Location Efficient Areas within the Mitigation Program and the criteria and methodology as to how these areas are identified.
- VMT Reductions – Section 5.0 outlines the methodology used to calculate the VMT reductions associated with Mitigating Projects that can be used to mitigate the transportation impacts of Impacting Projects.
- Gap Funding – Section 6.0 outlines the approach used to determine the Gap Funding needs for Mitigating Projects as well as the evidence used to develop and support the approach.
- Mitigation Credit Values – Section 7.0 establishes the methodology used to calculate the TDIF contributions Impacting Projects would make to mitigate their transportation impacts through the Mitigation Program.

This guidance was prepared in conjunction with the TDIP Guidelines, prepared by HCD. The TDIP Guidelines focus on the structure of the Mitigation Program, including the process and criteria for selecting and identifying Mitigating Projects, the funding allocation that can be provided to Mitigating Projects, as well as the process for verifying that the Mitigating Projects are constructed. Applicable portions of this guidance document will inform the development of the TDIP Guidelines and ensure that the Mitigation Program as a whole satisfies the statutory requirements of CEQA mitigation measures as defined within the CEQA Statute and clarified through relevant caselaw.

1.2. Definitions and Terms

The following is a list of key terms and their definitions that are commonly used throughout this document:

- Mitigation Program: Voluntary statewide VMT mitigation program established pursuant to PRC Section 21080.43 which allows lead agencies to mitigate a project's significant CEQA transportation impacts by helping to fund or otherwise facilitating affordable housing or related infrastructure projects by contributing an amount into the Transit-Oriented Development Implementation Fund for purposes of the Transit-Oriented Development Implementation Program.
- Transit-Oriented Development Implementation Fund (TDIF): The fund created pursuant to Section 53561 of the Health and Safety Code (HSC) in which contributions from Impacting Projects to the Mitigation Program are deposited. This document provides guidance on how contributions to the TDIF will be calculated and provides evidence that the TDIF's investment in affordable housing developments and related infrastructure projects will mitigate transportation impacts.
- Transit-Oriented Development Implementation Program (TDIP): The program established pursuant to Part 13 (commencing with Section 53560) of Division 31 of the HSC. This program is administered by HCD and invests the TDIF funds in affordable housing developments and related infrastructure projects as an optional strategy to mitigate transportation impacts and achieve the Mitigation Program objectives. (Note: HCD is developing separate guidelines for implementing and administering the TDIP.)
- Impacting Project: A project that requires mitigation under CEQA because it is expected to have a significant transportation impact and is utilizing the Mitigation Program to reduce its impact.
- Mitigating Project: An affordable housing development or related infrastructure project that qualifies for (and is selected to receive funding through) the TDIP.
- VMT Mitigation Credit: The VMT reductions realized through the implementation of Mitigating Projects and used as VMT Mitigation Credits. These credits will be obtained by the Impacting Projects to mitigate their transportation impacts in exchange for a contribution to the TDIF. A VMT Mitigation Credit represents the cost to reduce one mile of travel within the relevant program region, via the development of qualifying Mitigating Projects.

- Gap Funding: The additional funding needed to make a Mitigating Project viable from both a pro forma and an initial capital standpoint. Affordable housing developments generally require the acquisition of funding through a mix of tax credit equity, public loans or grants, and limited private debt. Developers typically combine low-income housing tax credits (LIHTC), tax-exempt bonds, state and local subsidy programs, and sometimes philanthropic or deferred-fee contributions, but may have a remaining funding gap needed to make the project viable.
- Region: Pursuant to PRC Section 21080.44(a)(3), "region" is defined as the territory of the metropolitan planning organization (MPO) within which a project is located, or the territory of the regional transportation planning agency (RTPA) within which a project is located if the project is located outside of the boundaries of a MPO.
- Proximity Radius: "Proximity Radius," as used in this Guidance, defines areas where TDIF contributions can be allocated to fund Mitigating Projects in the regions adjacent to the region the Impacting Project is located.
- Location-efficient Area: "Location-efficient Areas," as that phrase is used in this Guidance, will be used to prioritize the allocation of VMT mitigation contributions to Mitigating Projects through the TDIP pursuant to PRC Section 21080.44(d)(2). See Section 4.1, "Location-Efficient Areas," for more details on what qualifies as a "location-efficient area."

1.3. Authorizing Legislation

AB 130 added language to the PRC and the HSC, which prescribes the framework of the Mitigation Program. These code sections are referenced frequently throughout this document and establish the foundation for the guidance provided here-in.

AB 130 added PRC Section 21080.43, which identifies the need for the program and establishes that it will utilize the VMT efficiencies associated with affordable housing and related infrastructure as mitigation:

(g) It is the intent of the Legislature that this program serve as one optional strategy that a project applicant may use to mitigate a significant transportation impact under CEQA. The program established pursuant Section 21080.44 is intended to facilitate an existing category of mitigation, specifically, the development of vehicle miles traveled-efficient affordable housing or related infrastructure, by providing a streamlined and accessible mechanism through which applicants can contribute to eligible mitigation projects. This approach is consistent with established practices already used at the local and regional level across the state and provides project applicants an additional tool to support their mitigation efforts.

PRC Section 21080.44(a) defines the term "region" which is relevant to how the bill establishes a geographic priority order for the funding of Mitigating Projects:

(3) "Region" means the territory of the metropolitan planning organization within which a project is located, or the territory of the regional transportation planning agency within which a project is located if the project is located outside of the boundaries of a metropolitan planning organization.

PRC Section 21080.44(b) establishes that the program is voluntary. It also establishes that contributions may be deposited into the TDIF on or before July 1, 2026:

(1) (A) If a lead agency determines that a project will have a significant transportation impact pursuant to the metrics adopted pursuant to paragraph (1) of subdivision (b) of Section 21099, the lead agency may mitigate the transportation impact to a less than significant level by helping to fund or otherwise facilitating vehicle miles traveled-efficient affordable housing or related infrastructure projects, provided the projects meet the requirements of mitigation measures contained within this division and Chapter 3 of Division 6 of Title 14 of the California Code of Regulations, including by contributing an amount, to be determined pursuant to the office's guidance issued pursuant to subdivision (d), to the Transit-Oriented Development Implementation Fund for purposes of the Transit-Oriented Development Implementation Program.

(B) This section shall not preclude the lead agency's use of other mitigation strategies, including, but not limited to, transportation demand management, transit improvements, active transportation infrastructure, road diets, or utilizing local or regional mitigation banks and exchanges.

(2) Moneys may be deposited into the Transit-Oriented Development Implementation Fund pursuant to paragraph (1) beginning on or before July 1, 2026, as determined by the department.

(3) Consistent with paragraph (1), a project applicant may use the Transit-Oriented Development Implementation Fund as one optional strategy to mitigate a significant transportation impact under this division. The ultimate use of this mitigation option is subject to the discretion of the lead agency that retains full authority to determine the sufficiency of any proposed mitigation consistent with this division.

PRC Section 21080.44(c) establishes how the allocation of TDIF contributions will be prioritized:

(1) Moneys deposited into the Transit-Oriented Development Implementation Fund pursuant to subdivision (b) shall be available to the department, upon appropriation by the Legislature, for the purpose of awarding funding for affordable housing or related infrastructure projects, including infrastructure necessary for higher density, under the Transit-Oriented Development Implementation Program in the following priority order:

(A) First priority to affordable housing or related infrastructure projects in location-efficient areas, as defined in the office's guidance issued pursuant to subdivision (d), within the same region as the project.

(B) Second priority to affordable housing or related infrastructure projects within the same region as the project.

(C) (i) Third priority to affordable housing or related infrastructure projects in location-efficient areas that are outside of the originating region but within an adjacent region, provided the project site is located within a defined proximity radius established by the office issued pursuant to clause (ii).

(ii) The proximity radius shall be specified in the office's guidance and may vary based on regional characteristics such as population density and travel patterns. The intent of this provision is to support projects in neighboring regions that offer similar vehicle miles traveled-reducing benefits due to the project's location efficiency, including access to high-quality transit, jobs, and essential services.

PRC Section 21080.44(d) identifies contents that are required to be established through this guidance:

(d) On or before July 1, 2026, and at least once every three years thereafter, the office, in consultation with other state agencies, as appropriate, shall issue guidance related to the implementation of this section. This guidance shall include all of the following:

(1) A methodology for determining the amounts that are required to be contributed to the Transit-Oriented Development Implementation Fund pursuant to subdivision (b) to mitigate the environmental impacts associated with vehicle miles traveled.

(2) A definition of location-efficient areas that reflects a reasonable nexus between the location of the transportation impact of the project and the location of the vehicle miles traveled-efficient affordable housing or related infrastructure project which shall consider the location efficient area's consistency with an adopted sustainable communities strategy pursuant to Section 65080 of the Government Code, alternative planning strategy pursuant to Section 65080 of the Government Code, or other adopted regional growth plan intended to foster efficient land use.

(3) A process for validating a project's vehicle miles traveled funding contribution, which shall be designed to provide certainty to the lead agency and project applicant that the contribution satisfies applicable mitigation requirements under this division for significant transportation impacts.

(4) A methodology for estimating the anticipated reduction in vehicle miles traveled associated with affordable housing or related infrastructure projects funded pursuant to subdivision (c). This methodology may consider existing methodologies, but shall be tailored to the specific purposes and structure of this section, including accounting for relevant factors influencing vehicle miles traveled reduction, including proximity to transit, job access, walkability, and the level of affordability, and the length of the affordability period, of the affordable housing or related infrastructure project.

Finally, HSC Section 53560(a) established the TDIP:

(a) There is hereby established the Transit-Oriented Development Implementation Program, to be administered by the Department of Housing and Community Development, to provide local assistance to cities, counties, cities and counties, transit agencies, eligible tribal applicants as defined in subdivision (b) of Section 50651, and developers for the purpose of supporting the development of higher density uses vehicle miles traveled-efficient affordable housing or related infrastructure, including projects within close proximity to transit stations or projects that could increase public transit ridership.

1.4. TDIP Guidelines

Pursuant to AB 130, HCD and LCI will share administrative responsibilities for the Mitigation Program. HCD is responsible for applying prioritization criteria and awarding Mitigation Program contributions to eligible Mitigating Projects, while LCI is tasked with defining key terms, developing methodologies for pricing and VMT reduction assessment, and evaluating program performance. LCI and HCD will work in partnership to confirm VMT reductions associated with the affordable housing and related infrastructure projects.

HCD will administer the Mitigation Program, based on its own TDIP Guidelines which are to be informed by LCI's methodological guidance. As such, LCI prepared this guidance in conjunction with HCD's TDIP Guidelines.

The TDIP Guidelines focus on the structure of the program, including the process for selecting and identifying Mitigating Projects, the funding aggregation and allocation for Mitigating Projects, and the process for verifying that the Mitigating Projects are constructed, as established in HSC Section 53560. LCI guidance provided within this document will be utilized to set the VMT Mitigation Credit contribution amounts for Impacting Projects to mitigate their transportation impacts.

2.0 Program Structure

The Mitigation Program includes two distinct but closely related components: the TDIF and the TDIP. Funds are collected in the TDIF and subsequently invested in affordable housing and related infrastructure projects through the TDIP.

The basic process by which the Mitigation Program will function is as follows:

Step 1: Project Impact Determination A lead agency determines that an Impacting Project will have a significant transportation impact under CEQA, measured using the VMT metric established under existing CEQA guidelines.

Step 2: Selection of Mitigation Strategy The Impacting Project elects to use the Mitigation Program as a mitigation strategy. The lead agency may also utilize other CEQA-compliant mitigation strategies such as TDM measures, transit improvements, active transportation infrastructure, road diets, or local and regional mitigation banks and exchanges. The lead agency contacts HCD and provides the relevant information about the location of the project and the amount of VMT the lead agency would like to mitigate using the Mitigation Program.

Step 3: Calculating the Contribution Using the methodology established here-in, HCD calculates the monetary contribution to the TDIF needed to mitigate the entirety or a portion of an Impacting Project's significant transportation impact.

Step 4: Contribution to the TDIF The Impacting Project deposits the contribution amount to the TDIF, administered by HCD.

Step 5: Fund Allocation to Mitigating Projects Upon appropriation by the Legislature, HCD awards the contributed funds to Mitigating Projects through the TDIP. Awards are prioritized based on the criteria established through the TDIP and informed by the guidance provided here-in.

2.1. Impacting Projects

An Impacting Project is a project that requires mitigation under CEQA because it is expected to have a significant transportation impact and is utilizing the Mitigation Program to reduce its impact. AB 130 does not restrict the Mitigation Program to any single type of Impacting Project. Therefore, any CEQA project (e.g., land use, transportation, utility) with a significant VMT impact is eligible to participate in the Mitigation Program.

PRC Section 21080.44 designates the Mitigation Program as one optional strategy that applicants may use to mitigate significant transportation impacts under CEQA. Lead

agencies retain full authority to determine the significance of VMT impacts and the sufficiency of any proposed mitigation and may require or accept other mitigation strategies instead of, or in addition to, a contribution to the TDIF. Such alternative strategies expressly preserved within PRC Section 21080.44 include transportation demand management (TDM), transit improvements, active transportation infrastructure, road diets, and local or regional mitigation banks and exchanges.

2.2. Mitigating Projects

Similar to mitigation for any other CEQA resource area and as defined in statute and clarified through case law, transportation mitigation must be supported by substantial evidence; be feasible, enforceable, and monitorable; have a nexus to a legitimate governmental interest; be roughly proportional; and not be improperly deferred. Such mitigation should also be additional, meaning it would not otherwise occur at that time ***but for*** the requirement to mitigate a project's significant impacts. Therefore, the Mitigation Program has been designed to ensure that VMT reductions are additional by providing funding only for Mitigating Projects that would not have been built "but for" contributions received through this Mitigation Program. For additional CEQA requirements and details related to CEQA mitigation programs, see Section 2.4, "CEQA Compliance,"

AB 130 requires that contributions to the Mitigation Program be invested in affordable housing and related infrastructure projects in the following order of priority locations: (1) location-efficient areas within the same region as the impacting project; (2) other areas within the same region as the impacting project; (3) location-efficient areas within an adjacent region (PRC Section 21080.44(c)(1)(A)-(C)).

If there are multiple eligible Mitigating Projects within a prioritization category, additional prioritization criteria would be implemented to inform investment decision-making that furthers Mitigation Program goals and CEQA compliance. In conjunction with this guidance

2.3. Mitigation Lifespan

The affordable housing component of all Mitigation Projects will be deed-restricted for 55 years, legally binding the units to income-eligible buyers over this time. This ensures that the VMT reductions provided through the Mitigation Program will remain in place for at least 55 years. The 55-year deed restriction and associated VMT reductions will exceed the typical CEQA standard 20- or 30-year expectations for mitigation lifespan, which is based on the standard 30-year economic life of a project (SCAQMD 2008) and is the standard horizon applied by air districts to amortize short-term construction emissions and to

calculate total operational GHG emissions over the life of a project. California courts have upheld lead agencies' discretion to use this 30-year horizon as a reasonable limit for environmental impact modeling, as affirmed in *Sierra Club et al., v. County of San Diego,* 50 Cal.App.5th 467 (2020). Therefore, the duration of preserving the affordability of Mitigating Projects (i.e., 55 years) would exceed the 30-year expectation for mitigation lifespan frequently applied for the purposes of CEQA mitigation. Additionally, the 55-year duration of affordability for Mitigating Projects would also align and likely often will exceed the anticipated lifetime of an Impacting Project (e.g., land use, transportation, or utility project).

2.4. CEQA Compliance

AB 130 instructs LCI to design a "process for validating a project's VMT funding contribution…to provide certainty to the lead agency and project applicant that the contribution satisfies applicable mitigation requirements" (PRC Section 21080.44(d)(3)). This provision relates specifically to certifying that an Impacting Project's contribution to the Mitigation Program is legally sufficient and that the project in question will not be subject to additional calls for mitigation of the same VMT impacts addressed via the contributions.

CEQA Guidelines Section 15370 defines mitigation to include actions that avoid impacts, minimize impacts, rectify impacts, reduce impacts over time, or compensate for impacts by providing substitute resources. Specifically, compensatory mitigation is recognized and described as "[c]ompensating for the impact by replacing or providing substitute resources or environments" (CEQA Guidelines Section 15370(e)). The CEQA Guidelines require that mitigation measures be "fully enforceable through permit conditions, agreements, or other legally-binding instruments" (CEQA Guidelines Section 15126.4(a)(2)).

CEQA allows mitigation measures implemented through off-site improvements or participation in mitigation programs when those measures reduce environmental impacts and are supported by substantial evidence. In *Save Our Peninsula Committee v. Monterey County Board of Supervisors* (2001) 87 Cal. App. 4th 99, the court upheld mitigation requiring payment of fees to fund regional transportation improvements that address cumulative traffic impacts. Likewise, in *Napa Citizens for Honest Government v. Napa County Board of Supervisors* (2001) 91 Cal. App. 4th 342, the court recognized that a project may mitigate its impacts by participating in a broader mitigation program that includes measures capable of reducing the relevant environmental effects. These principles have supported mitigation banking programs in other environmental contexts, including habitat conservation banking and wetland mitigation banking, in which mitigation

credits are generated through actions that provide environmental benefits that can mitigate project impacts.

To ensure consistency with CEQA and the legislative intent of AB 130, the Mitigation Program implements the following foundational standards:

- **Additionality and Substantive Duty**: To satisfy CEQA's substantive duty to mitigate, VMT reductions must be surplus to those already captured in the existing environmental baseline. In the context of VMT mitigation, the VMT reduction would not have occurred "but for" the VMT-reducing measure, in this case, the Mitigating Project. One standard used to assess additionality in protocol development for carbon markets is whether the carbon offset project type is "common practice" (Haya et al. 2020); see also *Our Children's Earth Foundation v. State Air Resources Board* (2015) 234 Cal.App.4th 870, 881. California is experiencing a major housing shortfall, and more acutely, the shortage of housing affordable to most Californians. The shortage of capital to fund affordable housing signifies that affordable housing construction in California does not meet the spirit of "common practice." Providing funds for additional VMT-efficient affordable housing that would not have otherwise occurred "but for" the Mitigation Program, as discussed in Section 6.0 "Mitigation Project Gap Funding," supports the idea that the Mitigating Project, and its associated VMT reductions, would be additional.
- **Essential Nexus and Rough Proportionality**: There must be a clear legal nexus between the project's impact and the mitigation provided. Credits must be scaled to achieve rough proportionality with the project's specific VMT impact (CEQA Guidelines § 15126.4, subd. (a)(4)(A); *Nollan v. California Coastal Commission (1987)* 483 U.S. 825.and CEQA Guidelines, § 15126.4, subd. (a)(4)(B); *Dolan v. City of Tigard (1994)* 512 U.S. 374.). See Sections 3 through 7 for a detailed description of the Mitigation Program's geography and the methodology used to identify the value of VMT Mitigation Credits, respectively, which together support the Mitigation Program's nexus and proportionality.
- **Enforceability and Certainty**: Mitigation must be specific and enforceable. This is achieved through legally binding agreements, permit conditions, and an active Mitigation Monitoring and Reporting Program (MMRP). The Mitigation Program will provide ongoing monitoring and reporting to ensure the Mitigation Program's continued compliance and implementation as detailed in Section 8.3, "Mitigation Monitoring."
- **Quantifiable Reductions and Substantial Evidence**: All VMT reductions must be real, measurable, and supported by substantial evidence (PRC Section 21080(e)).

Pricing and credit calculations are supported by an evidence-based methodology demonstrating that program funding will achieve the identified reductions. See Sections 3 through 7 for a detailed description of the Mitigation Program's geography, methodology, and supporting evidence used to quantify the efficacy of location-efficient affordable housing as a VMT mitigation strategy and the respective value of VMT Mitigation Credits by region.

- **Verification and Anti-Double Counting**: The Mitigation Program shall utilize a centralized, auditable registry. Credits must be retired upon use to prevent multiple projects from claiming the same reduction. The Mitigation Program will consistently provide monitoring and verification for CEQA compliance as detailed in Section 8.3, "Mitigation Monitoring."
- **Timeliness and Performance Standards**: To ensure mitigation is not improperly deferred (CEQA Guidelines, § 15126.4, sudbd. (a)(1)(B).), the Mitigation Program shall establish clear performance standards, ensuring mitigation is implemented in a timely manner relative to the Impacting project's impact. See Sections 3 through 8 for proposed performance standards regarding program geography, definition of location-efficient areas, Mitigating Project attributes, methodology for establishing cost, and program monitoring.

When these conditions are met, mitigation banks and similar credit-based systems are appropriately situated to provide an effective mechanism for implementing CEQA mitigation at a regional scale, particularly in situations where multiple funding sources are necessary to enable a Mitigating Project to move forward, while ensuring that project impacts are reduced in a manner consistent with CEQA's requirements.

Validation of VMT Mitigation Funding Contributions

PRC Section 21080.44(d)(3) instructs LCI to "design a process for validating a project's VMT funding contribution…to provide certainty to the lead agency and project applicant that the contribution satisfies applicable mitigation requirements." This Guidance, along with forthcoming HCD materials, will collectively provide lead agencies and project applicants with a basis for determining that program contributions satisfy CEQA mitigation requirements.

3.0 Program Geography

Geographic scope and catchment areas are design considerations that define physical boundaries of any mitigation bank program. AB 130 includes prioritization criteria directing how mitigation contributions are to be invested from a geographic perspective. As detailed in PRC Section 21080.44(c), Mitigation Program contributions are required to be invested in Mitigating Projects located within the same or an adjacent region as the participating project. For the purposes of this Mitigation Program, PRC Section 21080.44(a)(3) defines "regions" as the territory of MPOs within which a project is located, or the territory of the RTPA within which a project is located if the project is located outside of the boundaries of a MPO. In order to satisfy these statutory requirements, the Mitigation Program will collect and maintain TDIF contributions within each region separately (VMT Mitigation Credit values will vary by region to better reflect the characteristics of each region). Finally, the TDIP will identify and prioritize Mitigating Projects separately for each region.

The approach being employed will not only ensure that the Mitigation Program is designed in a manner consistent with the prioritization criteria provided in statute, it will also serve to help ensure that CEQA nexus requirements are met by maintaining regional proximity between the site of Impacting Projects and the Mitigating Projects eligible to receive contributions from said projects.

Finally, the TDIP will identify and prioritize Mitigating Projects separately for each region. **Figure 1** displays the Mitigation Program's regional boundaries, and a list of the 39 regions is provided in **Table 1**. As dictated by PRC Section 21080.44(c)(1), TDIP funds are first prioritized for allocation to Mitigating Projects in the same region as the Impacting Project. If there are no eligible Mitigation Projects within the same region, TDIP funds can then be allocated to Mitigating Projects in adjacent (i.e., bordering) regions, bounded by the proximity radius (defined below).

Table 1 Mitigation Program Regions

Region	Type	Region	Type
Alpine County Local Transportation Commission	RTPA	Modoc County Transportation Commission	RTPA
Amador County Transportation Commission	RTPA	Mono County Local Transportation Commission	RTPA
Association of Monterey Bay Area Governments	MPO	Nevada County Transportation Commission	RTPA

Region	Type	Region	Type
Butte County Association of Governments	MPO	Plumas County Transportation Commission	RTPA
Calaveras Council of Governments	RTPA	Sacramento Area Council of Governments	MPO
Colusa County Transportation Commission	RTPA	San Diego Association of Governments	MPO
Del Norte Local Transportation Commission	RTPA	San Joaquin Council of Governments	MPO
Fresno Council of Governments	MPO	San Luis Obispo Council of Governments	MPO
Glenn County Transportation Commission	RTPA	Santa Barbara County Association of Governments	MPO
Humboldt County Association of Governments	RTPA	Shasta Regional Transportation Agency	MPO
Inyo County Local Transportation Commission	RTPA	Sierra County Local Transportation Commission	RTPA
Kern Council of Governments	MPO	Siskiyou County Local Transportation Commission	RTPA
Kings County Association of Governments	MPO	Southern California Association of Governments	MPO
Lake County/City Area Planning Council	RTPA	Stanislaus Council of Governments	MPO
Lassen County Transportation Commission	RTPA	Tahoe Metropolitan Planning Organization	RTPA
Madera County Transportation Commission	RTPA	Tehama County Transportation Commission	RTPA
Mariposa County Local Transportation Commission	RTPA	Trinity County Transportation Commission	RTPA
Mendocino Council of Governments	RTPA	Tulare County Association of Governments	MPO
Merced County Association of Governments	MPO	Tuolumne County Transportation Council	RTPA
Metropolitan Transportation Commission	MPO		

State of California VMT Mitigation Bank Program

Figure 1

Mitigation Program Regional Boundaries

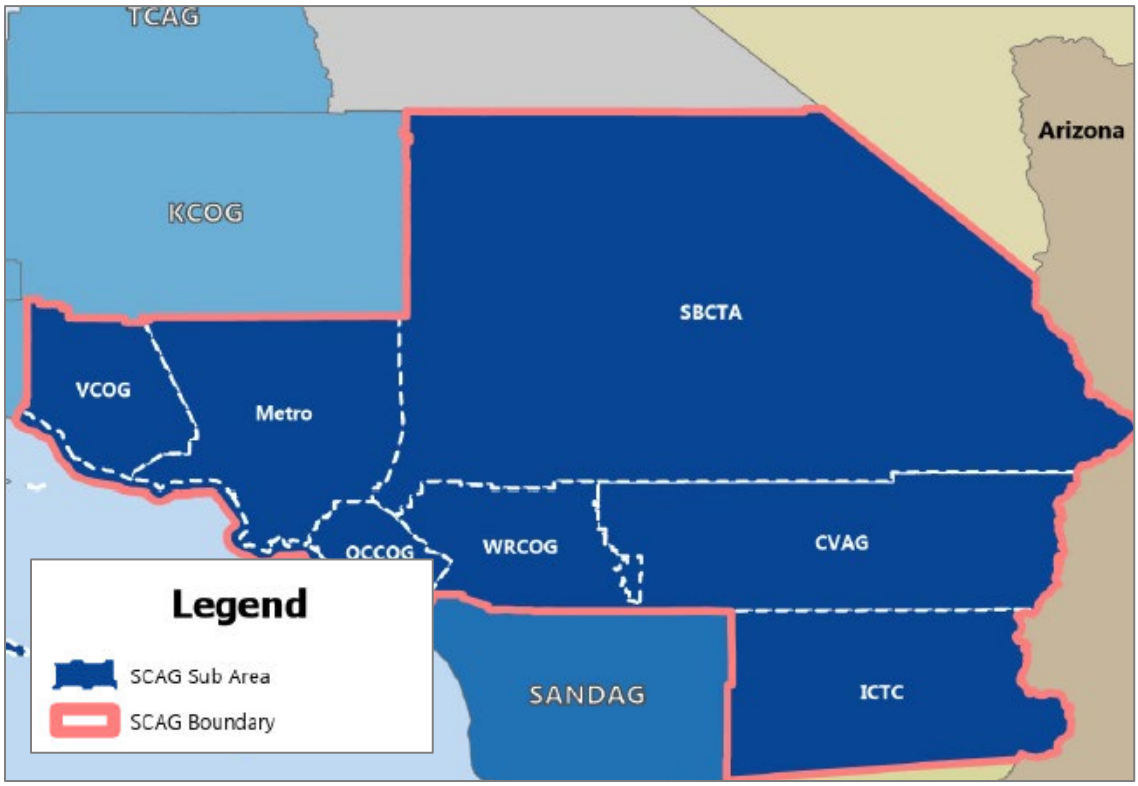
3.1. Regions

As noted previously in Section 3.0, "Program Geography," AB 130 defines "regions" as the territory of MPOs, and for areas located outside of MPOs, as the jurisdictions of RTPAs. However, the Southern California Association of Governments (SCAG) region is disproportionately large compared to other MPOs throughout the state and is very geographically diverse in terms of regional characteristics such as population density and travel patterns. Therefore, to satisfy local needs as well as legal nexus requirements, the area will be divided into sub-regions for the purpose of collecting and allocating contributions. This approach will better capture the diversity of the local metropolitan areas within the MPO and, due to its size and number of potential Mitigating Projects, will enable compliance with the requirements of AB 130 at a level of greater precision.

Sub-Regions

Thus, for the purposes of collecting and allocating contributions, the Mitigation Program will divide the SCAG region into sub-regions along the Council of Governments' (COG) boundaries. Although PRC Section 21080.44(c) calls first for allocation of funds within each region, further subdivision within a region does not deviate from statute. **Figure 2** displays the sub-area boundaries for the SCAG region.

Figure 2 Mitigation Program Sub Regions (SCAG)



3.2. Proximity Radius

PRC Section 21080.44(c)(1)(C) directs investments towards Mitigating Projects in location-efficient areas in "adjacent regions" to the Impacting Project, as long as those projects are located within a "Proximity Radius" defined by LCI. This Proximity Radius may vary based on regional characteristics such as population density and travel patterns and the intent is to support projects in neighboring regions that offer similar VMT-reducing benefits due to the project's location efficiency, including access to high-quality transit, jobs, and essential services (PRC Section 21080.44(c)(1)(C)(ii). However, this definition should still ensure investments comply with CEQA requirements by preventing Mitigation Program investments from being directed to an area that bears no reasonable nexus to an Impacting Project's location.

There is a wide range of transportation infrastructure and existing land use development patterns throughout the state, the costs associated with the development of affordable housing, and the variation in travel patterns of residents, even between adjacent regions. Therefore, to maintain the CEQA nexus between the TDIF contribution made by an Impacting Project and the VMT reductions associated with the Mitigating Project (potentially located in an adjacent region) the Proximity Radius is defined for the purposes of this Mitigation Program by the compatibility of affordable housing development costs and residential travel patterns between adjacent regions, instead of a specified linear distances, which may not account for these variances.

Defining the Proximity Radius based on the compatibility of development costs for affordable housing and the residential travel patterns between adjacent regions will maintain the rough proportionality between the TDIF contributions made by an Impacting Project receiving the anticipated VMT reductions it is credited for, as required under CEQA. Defining the Proximity Radius this way will also help ensure that CEQA nexus requirements are met by avoiding scenarios where an Impacting Project is over or under mitigated due to discrepancies in the development costs between adjacent regions.

Therefore, "proximity radius" is defined as a metric that identifies and groups jurisdictions and areas within adjacent regions that share compatible development costs and travel patterns. This definition ensures that if TDIF contributions are shared between regions, the same general magnitude of VMT reductions can be expected based on the TDIF contributions committed by an Impacting Project in an adjacent region. Once finalized, this Guidance will provide specific metrics used to determine compatibility of development costs for affordable housing and the residential travel patterns between adjacent regions.

Regional Pricing

For the purposes of establishing VMT Mitigation Credit values, it is recommended that the RTPAs located outside of MPOs be partnered with an adjacent, more populated MPO, to ensure that adequate data sample sizes are available when determining the unit value of VMT Mitigation Credits for these areas. Thus, the pricing methodology detailed in Section 7.3, "Regional Pricing," is established at the Mitigation Program region level, but for parts of the state a group of regions are assigned the same price. These larger areas were developed based on the geographic, historic, and financial compatibility characteristics of the areas that are being partnered.

4.0 Statutory Prioritization Criteria

The guidance provided in this section fulfils the requirements established in PRC Section 21080.44(d)(2)

> A definition of location-efficient areas that reflects a reasonable nexus between the location of the transportation impact of the project and the location of the vehicle miles traveled-efficient affordable housing or related infrastructure project which shall consider the location efficient area's consistency with an adopted sustainable communities strategy pursuant to Section 65080 of the Government Code, alternative planning strategy pursuant to Section 65080 of the Government Code, or other adopted regional growth plan intended to foster efficient land use.

PRC Section 21080.44(c)(1), specifically governs how contributions to the TDIF are to be prioritized and distributed via the TDIP for VMT mitigation purposes.

The prioritization criteria are as follows:

> *(A) First priority to affordable housing or related infrastructure projects in **location-efficient areas**, as defined in the office's guidance issued pursuant to subdivision (d), within the same region as the project. **(emphasis added)***
>
> *(B) Second priority to affordable housing or related infrastructure projects within the same region as the project.*
>
> *(C) (i) Third priority to affordable housing or related infrastructure projects in **location-efficient areas** that are outside of the originating region but within an adjacent region, provided the project site is located within a defined proximity radius established by the office issued pursuant to clause (ii). **(emphasis added)***

As detailed in the statutory prioritization criteria above, location-efficiency applies to the first (PRC Section 21080.44(c)(1)(A)) and the third (PRC Section 21080.44(c)(1)(C)) criteria. Location-efficiency does not apply to the second criteria (PRC Section 21080.44(c)(1)(B)). This section establishes the definition of "location-efficient areas" as the primary geographic prioritization criterion for allocating VMT mitigation contributions to Mitigating Projects through the TDIP. Additionally, it established Mitigation Program eligibility requirements for areas outside of "location-efficient areas."

4.1. Location-Efficient Areas

PRC Section 21080.44(d)(2) directs LCI to establish the definition of "location-efficient areas" such that it "reflects a reasonable nexus between the location of the transportation impact of the project and the location of the VMT-efficient affordable housing or related infrastructure project which shall consider the location efficient area's consistency with an adopted sustainable communities strategy pursuant to Section 65080 of the Government Code, alternative planning strategy pursuant to Section 65080 of the Government Code, or other adopted regional growth plan intended to foster efficient land use."

The definition of "location-efficient" will be integral to how VMT mitigation contributions to the TDIF can be aggregated and distributed to Mitigating Projects through the TDIP, and thus, must be developed in a manner that satisfies the statutory requirements of CEQA mitigation measures as defined within the CEQA Statute and clarified through relevant caselaw (see Section 2.4, "CEQA Compliance"). Additionally, because PRC Section 21080.44(c)(1) governs how contributions associated with this Mitigation Program are prioritized and distributed on a program-wide basis, "location-efficient" cannot describe the locational nexus between specific individual Impacting Projects and Mitigating Projects because those projects will not be identified until they independently elect to participate in the Mitigation Program. Therefore, the term "location-efficient" was developed in a manner such that it can applied program-wide.

The definition of "location-efficient" has been developed such that it includes only those areas where affordable housing and related infrastructure projects are likely to deliver meaningful VMT mitigation benefits, a necessity for Impacting Project contributions to the Mitigation Program to be effective as mitigation under Senate Bill 743 and CEQA in general. Additionally, the definition has been developed to enable HCD to ensure reasonable proximity or relationship between the participating project and the mitigation investment sufficient to satisfy CEQA requirements. It should be noted that the definition of "location-efficient" functions independently of but supports the pricing methodology. While VMT reductions for methodological purposes are based primarily on affordability, the definition ensures investments are targeted at low-VMT areas.

Table 2 provides the applicable criteria that must be met to qualify as a "location-efficient" area pursuant to PRC Section 21080.44(c)(1). If any one of the criteria listed below in **Table 2** are met, a location would qualify as being "location-efficient."

Table 2 Location-Efficient Areas

Criteria	General Metric	Specific Metric
1	Regional VMT per Capita	In a location that is 15% below regional average for per-capita VMT.
2	Transit Accessibility	Within one half-mile of an existing major transit stop or high-quality transit corridor.
3	Transit Accessibility & Infill	Served by at least two existing transit routes, each with at least one stop within one half-mile of the Mitigating Project. **AND** Mitigating Project is located on a site within an urban area that has been previously developed, or on a vacant site where at least 75 percent of the perimeter of the site adjoins, or is separated only by an improved public right-of-way from, parcels that are developed with qualified urban uses.

The 2018 *Technical Advisory on Evaluating Transportation Impact in CEQA* (Technical Advisory) is a resource provided by LCI that contains technical recommendations regarding assessment of VMT, thresholds of significance, and mitigation measures. The thresholds of significance recommended within this Technical Advisory have been widely adopted and implemented by lead agencies across the state. The Technical Advisory recommends that per capita VMT fifteen percent below that of existing development may be a reasonable threshold, based on substantial evidence. Thus, if a project did not exceed that significance threshold it may indicate a less-than-significant transportation impact. Further, the Technical Advisory notes that residential and office projects that locate in areas with low VMT, and that incorporate similar features (i.e., density, mix of uses, transit accessibility), will tend to exhibit similarly low VMT.

PRC Section 15064.3(b)(1) which describes criteria for analyzing transportation impacts under CEQA notes that, "[g]enerally, projects within one-half mile of either an existing major transit stop or a stop along an existing high quality transit corridor should be presumed to cause a less than significant transportation impact." Thus, Mitigating Projects built in these areas are presumed to have low VMT and would inherently be VMT-efficient.

Additionally, it is widely accepted and supported through extensive research that the provision of housing near transit encourages transit ridership and reduces the number of single-occupancy vehicle trips; thus, reducing VMT. In 2013, the Center for Neighborhood Technology analyzed data from over 36,000 surveys conducted through Caltrans' California Household Travel Survey (CHTS). The study found that lower-income households living

within half mile of transit drive 25–30 percent fewer miles than those in non-transit-oriented areas (California Housing Partnership 2014). These findings highlight that increasing affordable housing in transit-rich areas is an effective strategy for reducing per-capita VMT.

Furthermore, a key strategy for reducing VMT from residential developments, as outlined in CAPCOA's 2024 *Handbook for Analyzing Greenhouse Gas Emission Reductions, Assessing Climate Vulnerabilities, and Advancing Health and Equity* (GHG Handbook), is increasing residential density. This approach, detailed in *Strategy T-1: Increase Residential Density*, quantifies the VMT reduction achieved when a project features a higher housing density than the national average. Increased density influences travel behavior by shortening trip distances and expanding transportation options, ultimately leading to fewer single-occupancy vehicle trips and lower GHG emissions (CAPCOA 2024).

Further, the 2017 report, *Right Type, Right Place: Assessing the Environmental and Economic Impacts of Infill Residential Development through 2030*, published by UC Berkeley's Center for Law, Energy, and the Environment (CLEE) and Terner Center for Housing Innovation, provides additional insight on the VMT savings that can be produced by shifting residential development to infill locations across California. According to the study, infill households drive about 18 miles less per weekday than non-infill households (Decker et al. 2017). Given the current robust demand for homes in infill areas of California, the production of more infill residential development would likely lower VMT by decreasing travel distances and increasing the supply of homes for those who want to drive less (Decker et al. 2017).

4.2. Non-Location-Efficient Areas

Several investment decision-making considerations will help ensure Impacting Projects governed by PRC Section 21080.44(c)(1)(B), for which it is not required that they to be located in location-efficient areas, still have clear VMT mitigation benefits and are not located in high-VMT areas (in contravention of state climate and transportation policy goals in general and SB 743 specifically).

The criteria provided within **Table 3** would allow PRC Section 21080.44(c)(1)(B) to facilitate investment in low-VMT projects that do not meet the strict geographical limits of "location-efficient areas" when development opportunities in such areas are scarce (such as in some rural regions) while still ensuring consistency across categories and CEQA nexus compliance. If any two of the criteria listed below in **Table 3** are met, a location should qualify as being eligible under the Mitigation Program for the purposes of PRC Section 21080.44(c)(1)(B).

Table 3 Non-Location-Efficient Areas

Criteria #	General Metric	Specific Metric
1	Regional VMT per Capita	In a location that is below regional average for per-capita VMT.
2	Transit Accessibility	Within one mile of an existing major transit stop or high-quality transit corridor. **OR** Served by at least two existing transit routes, each with at least one stop within one mile of the Mitigating Project.
33	Infill	Mitigating Project is located on a site where at least 50 percent of the perimeter of the site adjoins, or is separated only by an improved public right-of-way from, parcels that are developed with qualified urban uses.

The definitions and criteria described in Section 4.1, "Location-Efficient Areas," and Section 4.2, "Non-Location-Efficient Areas," will help inform Mitigation Program determinations for awarding funding for affordable housing or related infrastructure projects for the Mitigation Program pursuant to PRC 21080.44(c)(1).

5.0 VMT Reductions

The guidance provided in this section fulfils the requirements established in PRC Section 21080.44(d)(4)

> A methodology for estimating the anticipated reduction in vehicle miles traveled associated with affordable housing or related infrastructure projects funded pursuant to subdivision (c). This methodology may consider existing methodologies, but shall be tailored to the specific purposes and structure of this section, including accounting for relevant factors influencing vehicle miles traveled reduction, including proximity to transit, job access, walkability, and the level of affordability, and the length of the affordability period, of the affordable housing or related infrastructure project.

This Mitigation Program is based on the principle that building affordable housing, instead of market-rate housing that would generate VMT consistent with regional averages, reduces daily VMT. It should be noted that PRC Section 21080.44(c)(1) includes both location-efficient and non-location-efficient affordable housing and related infrastructure as eligible investments for VMT mitigation; thus, the primary common thread is affordability. The criteria detailed in Section 4, "Statutory Prioritization Criteria," will ensure low-VMT investment locations across the Mitigation Program, but the VMT reduction assessment and pricing methodologies must focus on affordability for consistency and data certainty reasons.

The reductions as described above can then be applied to mitigate transportation impacts throughout the state. This chapter outlines the methods and assumptions used to calculate the daily VMT generated by both Mitigating Projects and comparable market-rate dwelling units, as well as how the difference in VMT generation between the two housing types is used to determine the daily VMT reductions that could be realized by the Mitigation Program. This section provides the methodology used to calculate VMT reductions associated with the provision of Mitigating Projects through the Mitigation Program.

5.1. Calculating VMT

VMT is a metric that represents the total number of miles driven by vehicles within a given area over a specific time period. For transportation-related CEQA analyses, VMT is typically

measured based on a daily (24-hour) timeframe. VMT is calculated using the following formula:

Formula 1 Calculating VMT

$$VMT = Number\ of\ Trips\ Generated\ X\ Trip\ Length$$

Trip lengths tend to vary with each trip made; thus, a typical or average trip length is generally used for the purposes of calculation. Typical or average trip lengths are generally calculated or aggregated based on the land use type from which the trip is generated, or the purpose of the trip.

As noted in Formula 1, VMT only has two components, trip generation and trip length. Thus, to determine the overall VMT reduction associated with an Impacting Project, reductions can be achieved for either or both components.

5.2. Trip Lengths

Vehicular trip lengths can be reduced by increasing the density and diversity of land uses within an area. A denser land-use pattern creates shorter travel distances between destinations, while providing a diversity of land uses increases the probability that the traveler's destination is within a closer proximity. Methodologies commonly used under CEQA to calculate the trip length reductions associated with land use density and diversity are included in Chapter 3 of the GHG Handbook. However, because the Mitigation Program exclusively develops affordable housing instead of market-rate housing that would generate VMT consistent with regional averages, it cannot receive full credit for the trip-length reductions typically associated with land use diversity. It should be noted that trip-length reductions associated with location of the Mitigating Project site are reflected in the definition of location-efficient and associated criteria to be applied for all projects eligible to receive funding through the Mitigation Program.

To determine whether affordable housing typically generates shorter trip lengths than market-rate housing, an analysis was conducted using "Big Data" resources (i.e., Replica). Replica uses a sampling of purchased cellphone geolocation data of travelers, and aggregates their travel information to provide trip length, trip purpose, origin and destination, and mode of travel data that can be queried by location. Replica data was used to track the average trip lengths associated with vehicles accessing a sampling of over 500 existing affordable housing development sites throughout the state.

Affordable Housing Trip Lengths

The baseline for affordable housing trip lengths was established based on a sampling of a of 10-50 existing affordable housing development sites (Sample Sites) within each region, or larger combined areas (see Section 7.3, Regional Pricing," for additional details). The Sample Sites were spread somewhat equally (depending on availability) throughout these areas to provide an accurate baseline of the average trip lengths that are representative of the affordable housing sites that have been developed over the last 30 years. The average affordable housing trip length for these areas was derived based on the average trip lengths made by private automobiles, on typical weekdays, from the Sample Sites, in which cell phone data was available for over a 3-month period.

Market Rate Housing Trip Lengths

The baseline for market rate housing trip lengths was established based on the average trip length of all home-based trips made within each region. The average trip length for market rate housing was derived based on the average of trip lengths made by private automobiles, on typical weekdays, for all homes within the region, in which cell phone data was available for over a 3-month period.

Accounting for the Potential Location Efficiency of Affordable Housing

Average trip lengths from the sampled affordable housing sites were compared to regional average home-based private vehicle trip lengths. Because this comparison uses regional averages as the baseline, it at least partially accounts for the tendency of affordable housing to be located in more travel-efficient areas, which contributes to its associated VMT reductions.

As noted above, to ensure that the sampling was not skewed towards only travel-efficient areas, the sampling of affordable housing sites was spread across the region as a whole and between 10 to 50 sites were sampled for each region.

The observed trip lengths for both affordable and market rate housing are provided in **Appendix B**.

5.3. Trip Generation

Typically, trip generation can be reduced by incorporating TDM measures and strategies. In the context of VMT reduction, TDM measures and strategies are designed to incentivize travelers to use modes of travel other than driving and reduce single-occupancy vehicle trips (e.g., increase carpooling) or eliminating trips altogether. For example, providing residents with transit pass subsidies and providing enhanced bicycle facilities, which

connect residential areas to other destinations, can encourage residents to make their trip(s) via transit or cycling instead of driving. TDM strategies can also include parking measures that limit the available supply or unbundle the cost of parking. An added potential co-benefit of limiting the number of parking spaces at a housing site is that it generally allows for an increase in housing density. This allows for a higher yield of housing units and potentially results in lower rent and sales costs. The exchange of fewer parking spaces for lower housing costs can also be attractive to residents with fewer or no automobiles. Additional TDM strategies are outlined in Chapter 3 of the GHG Handbook. However, as detailed in AB 130, the Mitigation Program is specific to the funding of affordable housing and related infrastructure projects. Thus, TDM measures were not considered for incorporation into the Mitigation Program, and they were not assumed when conducting the trip generation reduction calculations.

The GHG Handbook also includes evidence to support and methods to calculate the VMT reductions associated with land use patterns and the location of projects, such as infill development and access to transit. However, as detailed in Section 5.2, "Trip Lengths," these trip-length reductions associated with location of the Mitigating Project site are reflected in the definition of location-efficient and associated criteria to be applied for all projects eligible to receive funding through the Mitigation Program. Therefore, to ensure that double-counting of VMT reductions associated with location-based characteristics of Mitigating Projects does not occur, none of these reductions were assumed for the purposes of the trip generation estimates.

Both the GHG Handbook and the *Institute of Transportation Engineers (ITE) Trip Generation Manual, 12th Edition,* identify that affordable housing units generate approximately 26% to 28% fewer trips than market-rate housing units. Both sets of data were derived from empirical trip-generation data collected by ITE. The reduced trip-generation rates associated with affordable housing were further confirmed in the *County of San Diego Affordable Housing and SB 743 VMT – Screening Considerations Memo (Fehr & Peers 2021)*. Therefore, ITE trip generation rates for Affordable Housing (Land Use Code 223), and Multi-Modal Family (Low-Rise) (Land Use Code 220) were used to capture the trip generation reductions associated with affordable housing (as discussed further in Section 5.4, "Calculating VMT Reductions").

Limited Parking Supply

As discussed in Section 5.3, "Trip Generation," limiting the available parking supply for residential units can also reduce VMT. Although this Mitigation Program will not include any TDM measures as mitigation strategies, based on a review of historical data provided by

HCD, affordable housing development sites generally provide fewer parking spaces per unit than their market-rate counterparts. Therefore, VMT reductions associated with limiting the parking supply (Measure T-15 of the GHG Handbook) were accounted for when calculating VMT reductions.

Formula 2 Limited Supply Parking Reduction (Based on Measure T-15 of the GHG Handbook)

$$Parking\ Reduction\ (\%) = \frac{(1.3 - Parking\ Supply\ Per\ Unit)}{1.3}\ X\ .137$$

Formula Inputs:

- Parking Supply Per Unit = Average number of parking spaces provided per unit for affordable housing developments within the region (see **Appendix C**).
- Typical Parking demand (1.3 spaces per unit) was derived from the ITE Parking Generation Manual Calculating VMT Reductions.

Parking Reduction % Calculations, by region, are provided in Appendix C.

5.4. Calculating VMT Reductions

The VMT reductions used to establish VMT Mitigation Credit values were calculated based on the difference between the typical daily VMT generated by a market rate dwelling unit that would generate VMT consistent with regional averages and the typical daily VMT generated by an affordable dwelling unit, as shown in the formula below:

Formula 3 VMT Reduction Between Market Rate and Affordable Housing Units

$$VMT\ Reduction = VMT\ Generated\ by\ a\ Market\ Rate\ Housing\ Unit - VMT\ Generated\ by\ an\ Affordbale\ Housing\ Unit$$

The following identifies the formulas and data inputs used to calculate the VMT generated for both market-rate and affordable housing units. These calculations were performed for each region.

Market Rate Housing Unit VMT Calculation

The VMT generated by a typical market-rate housing unit was determined based on the following formula:

Formula 4 VMT Generation – Market Rate Housing

$$VMT\ Generated = Trip\ Generation\ Rate\ X\ Average\ Trip\ Length$$

Formula Inputs:

- Trip Generation Rate = ITE Trip Rate for Multi-Family Housing (Low-Rise): 6.74 daily trips per unit.
- Average Trip Length = Observed average home-based trip lengths for market-rate housing by region (see Appendix B).

Affordable Housing Unit VMT Calculation

The VMT generated by a typical affordable housing unit was determined based on the following formula:

Formula 5 VMT Generation – Affordable Housing

$$VMT\ Generated = (Trip\ Generation\ Rate\ X\ Average\ Trip\ Length)\ X\ Parking\ Reduction\ \%$$

Formula Inputs:

- Trip Generation Rate = ITE Trip Rate for Affordable Housing: 4.81 daily trips per unit.
- Average Trip Length = Observed trip lengths for a sampling of affordable housing units within the region (see Appendix B).
- Parking Reduction % = See Formula 2.

Market Rate Housing VMT Generation (by unit), Affordable Housing VMT Generation (by unit), and Mitigation Program VMT Reductions (by unit) are provided, by region in Appendix D.

6.0 Mitigating Project Gap Funding

This section provides the methodology used to estimate the cost of affordable housing units by region and determine the level of gap financing that makes an affordable housing project "additional".

PRC Section 21080.44(c)(2) states that "[a]ffordable housing or related infrastructure projects for which funding was applied from other state funding programs, but was not awarded due to limited program resources, or was awarded *but a financing gap still exists*, may be considered for funding pursuant to this subdivision..." (*emphasis added*). Therefore, contributions to the TDIF can be awarded to close the gap in funding for Mitigating Projects that have received other federal, state and local contributions, thus making the project financially viable. TDIF contributions can also be awarded to qualified Mitigating Projects that were not awarded State contributions due to insufficient resources and/or the competitive nature of funding opportunities.

Further, full VMT mitigation credit may be granted for partial gap funding for Mitigating Projects, provided that the mitigating project lead agency or applicant demonstrates that Mitigation Program funding is necessary to make the project financially viable; that VMT mitigation credits are uniquely assigned, tracked, and retired by the Mitigation Program and are not claimed by another Impacting Project within the Mitigation Program or by any other impact-generating project outside the Mitigation Program; and that the credits claimed correspond to the appropriate level of VMT impact requiring mitigation.

Consistent with PRC Section 21080.44(d)(3), which directs LCI to design a process for validating a project's VMT funding contribution, the Mitigation Program will provide documentation to mitigating project lead agencies or applicants that verifies the contribution made, the corresponding VMT mitigation value, and the scope of mitigation achieved. This Guidance, together with forthcoming HCD materials, will provide a clear and reliable basis for determining that such contributions satisfy applicable CEQA mitigation requirements.

6.1. Historical Funding Data

The average per-unit Affordable Housing and Sustainable Communities (AHSC) funding was used to identify the Gap Funding needs for Mitigating Projects. AHSC funding is typically awarded to affordable housing development projects that have maximized other funding resources to try to complete their project's funding stack. The AHSC program also prioritizes projects that are ready for construction but need one last piece of funding to

close the project's remaining funding gap. As such, the AHSC Grant program provides a valid analog for the TDIP; thus, it was used to identify the Gap Funding needs of Mitigating Projects seeking TDIF contributions.

To identify Gap Funding needs, the previous five years of AHSC grant application and award data, between 2019 and 2024, were analyzed to determine the average HCD State funding awarded to affordable housing development of different sizes throughout the state. To control for project size, the awarded grant funds were divided by the total number of affordable units, thus providing the grant funding awarded per unit. The grant funding awarded per unit provides a metric that could be objectively compared with other developments within the region or the state as a whole. The grant funding awarded per unit data was then categorized by region, and where data was lacking by combined regions (see Section 7.3, "Regional Pricing") and unit type to identify and help isolate funding variations. Finally, for consistency, the awarded grant funding amounts were escalated to 2026 dollars using the Engineering News Record (ENR) Building Cost Index (BCI). The resulting dollar amounts from the calculation are utilized for the purposes of estimating the Gap Funding amounts needed to ensure that Mitigating Projects would not have been viable but for the Mitigation Program.

6.2. Gap Funding Calculation

AHSC grant data are not available in all regions and may fluctuate over time due to changes in development costs in a region or the state as a whole. Therefore, to normalize the data, allow it to be applicable to more areas, and allow it to adjust over time with development costs, the grant funding award per unit amounts were divided by the total development cost per unit of the development that was awarded the grant funding, to identify the Percent Grant Funding Awarded. This analysis identified that the percentage of Grant Funding Awarded can range between 5% and 50%, with a median value of 15% for a sampling of 108 sites. Therefore, the Gap Funding will be derived based on the following formula:

Formula 6 Gap Funding Calculation

$$Gap\ Funding\ = Total\ Development\ Cost\ X\ 15\%$$

Gap Funding need calculations (by unit) for each region are provided in Appendix E.

6.3. Double Counting

To ensure that VMT reductions provided by Mitigating Projects are solely attributed to the Mitigation Program, every Mitigating Project applicant or lead agency applying for TDIF contributions will need to attest and verify that they are not receiving funding from regional or local VMT Mitigation Programs or any other financial or monetary credit based on the Mitigating Project's estimated VMT reductions. This will ensure that the VMT reductions associated with the Mitigation Project are not being counted by multiple programs.

7.0 VMT Mitigation Credits

Establishing the VMT Mitigation Credit Values for each region fulfils the requirements established in PRC Section 21080.44(d)(1) & (3):

(1) A methodology for determining the amounts that are required to be contributed to the Transit-Oriented Development Implementation Fund pursuant to subdivision (b) to mitigate the environmental impacts associated with vehicle miles traveled.

(3) A process for validating a project's vehicle miles traveled funding contribution, which shall be designed to provide certainty to the lead agency and project applicant that the contribution satisfies applicable mitigation requirements under this division for significant transportation impacts.

This section provides the methodology for calculating the cost of VMT Mitigation Credits for the Mitigation Program. The Mitigation Program will establish the cost to reduce one mile of vehicular travel through the implementation of Mitigating Projects (VMT Mitigation Credit). VMT Mitigation Credits will represent one mile of reduced travel; thus, the Impacting Project's contribution to the program will be calculated based on the amount of VMT elected to be mitigated multiplied by the VMT Mitigation Credit value for the region in which it is located. This will ensure that enough revenue is contributed to the TDIF to generate sufficient VMT Reduction Credits to mitigate transportation impacts.

7.1. Cost to Reduce One Mile of Travel

The cost to reduce one mile of travel, within each region, will be determined using the following formula:

Formula 7 Program Cost to Reduce One Mile of Vehicular Travel

$$Cost\ to\ Reduce\ One\ Mile\ of\ Travel = \frac{Gap\ Funding\ Needed\ (see\ Section\ 6.0)}{Total\ Daily\ VMT\ Reduced\ (See\ Section\ 5.0)}$$

The assumptions and methods that will be used to calculate both the numerator and denominator of Formula 7 were discussed in the previous sections. Section 5, "VMT Reductions," discusses how the VMT reductions associated with affordable housing will be calculated, while Section 6, "Mitigating Project Gap Funding," explains how the required gap funding to implement affordable housing was determined. To normalize the associated VMT reductions and funding amounts across developments of various sizes, all calculations will be conducted on a per-unit basis.

7.2. Administrative Cost

A 3% administrative cost could also be included in the VMT Mitigation Credit value to account for the costs of administering, tracking, reporting, and providing updates to the Mitigation Program. Administrative costs would be extracted from Mitigation Program contributions when they are deposited into the TDIF and will be maintained and tracked within one statewide administrative account. The administrative account would not be divided by regions, as the funds within the account would be used to administer and update the program as a whole. The 3% administrative cost, in conjunction with the administrative account balances and typical annual administrative expenses, would be evaluated and adjusted (if needed) every three years to account for program demand.

7.3. Regional Pricing

As part of the VMT Mitigation Credit methodology development, an analysis was conducted to identify compatibility of development costs and travel patterns between adjacent regions. During this analysis it was determined that due to the limited affordable housing data within the RTPAs outside of MPOs, deriving the VMT related benefits and development costs needed to determine the cost of a VMT Mitigation Credit values was infeasible at the regional level for certain low-density parts of the state. Therefore, a single VMT Mitigation Credit value was developed for these areas, combining multiple neighboring regions each with similar development and travel patterns but insufficient individual data. These specific areas are shown in **Table 4**. It should be noted that VMT Mitigation Credit contributions made to the TDIF within these larger combined regions will still be collected, monitored, and prioritized within each individual region. These combined areas are shown in **Table 4**. For additional details see Appendix A.

Table 4 Combined Areas for VMT Mitigation Credits

Combined Area	Region
East Sierra Combined Area	Inyo County Local Transportation Commission
	Mono County Local Transportation Commission
	Southern California Association of Governments
MCTC Combined Area	Madera County Transportation Commission
	Mariposa County Local Transportation Commission
	Tuolumne County Transportation Council

Combined Area	Region
North State Super Region	Butte County Association of Governments
	Colusa County Transportation Commission
	Del Norte Local Transportation Commission
	Glenn County Transportation Commission
	Humboldt County Association of Governments
	Lake County/City Area Planning Council
	Lassen County Transportation Commission
	Mendocino Council of Governments
	Modoc County Transportation Commission
	Nevada County Transportation Commission
	Plumas County Transportation Commission
	Shasta Regional Transportation Agency
	Sierra County Local Transportation Commission
	Siskiyou County Local Transportation Commission
	Tehama County Transportation Commission
	Trinity County Transportation Commission
SACOG Combined Area	Alpine County Local Transportation Commission
	Amador County Transportation Commission
	Calaveras Council of Governments
	Sacramento Area Council of Governments
	Tahoe Metropolitan Planning Organization

7.4. VMT Mitigation Credit Value

VMT Mitigation Credit value calculations are provided in **Appendix F**. Appendix F also provides the VMT Mitigation Credit values by region or larger combined region (see Section 7.3, "Regional Pricing"). As discussed in Section 8.1, "Fee Adjustment," these values will be increased annually to account for inflation. Therefore, the credit values identified in Appendix F may not reflect the current values.

Formula 8 VMT Mitigation Credit Value

$$VMT\ Mitigiation\ Credit\ Value = Cost\ to\ Reduce\ One\ Mile\ of\ Travel$$

7.5. Publishing Mitigation Credit Values

VMT Mitigation Credit values and the technical calculations used to derive the values will be posted on the Mitigation Program's website in accordance with Section 65940.1(a)(1)(A) of the Government Code.

> (i) A current schedule of fees, exactions, and affordability requirements imposed by that city, county, or special district, including any dependent special districts, as defined in Section 56032.5, of the city or county applicable to a proposed housing development project.
>
> (ii) The city, county, or special district shall present the information described in clause (i) in a manner that clearly identifies the fees, exactions, and affordability requirements that apply to each parcel and the fees that apply to each new water and sewer utility connection.
>
> (iii) The city, county, or special district shall post a written fee schedule or a link directly to the written fee schedule on its internet website.

A list of the VMT Mitigation Credit values will be posted publicly. Additionally, this guidance, including the VMT Mitigation Credit value calculations contained within the appendices, will be posted publicly.

8.0 Program Administration

8.1. Fee Adjustment

To maintain pace with construction costs, the VMT Mitigation Credit values will be updated based on the percentage change in the California Department of General Services' Construction Cost Index (CCCI). The adjustment will take effect on July 1st each year and shall be based on the change in index value between April of the previous year to April of the year the adjustment takes effect. CCCI increases do not need to be applied for years in which the VMT Mitigation Credit Values are updated based on the requirements outlined in PRC Section 21080.44(d) (see Section 8.4, "Program Updates").

8.2. Program Reporting

Because the Mitigation Program is voluntary and a mitigation banking program, not a fee program, the Mitigation Fee Act (California Government Code Section 66000) is not directly applicable. However, to avoid additionality concerns and to ensure transparency, the Mitigation Program could follow the reporting guidance outlined in Government Code Section 66006(b) to document the contributions made to the program, the fund balances within each region, the contributions made towards Mitigating Projects, and the status of the Mitigating Projects that received contributions from the TDIF.

Additionally, as per California Government Code Section 65940.1. (a)(1)(D), if the Mitigation Program were to follow the reporting guidance outlined in Government Code Section 66006(b), it would publicly post the current and five previous annual fee reports or the current and five previous annual financial reports, required pursuant to subdivision (b) of Section 66006 and subdivision (d) of Section 66013.

8.3. Mitigation Monitoring

AB 130 requires that beginning the year following the first distributions of funding for the Mitigation Program, LCI, in consultation with HCD, the Transportation Agency, and regions, shall evaluate the use of Mitigation Projects. As detailed in PRC Section 21080.44(f), the evaluation shall assess the distribution of funds across project types, the effectiveness of supported projects in reducing VMT, the affordability of the housing units produced, and other relevant metrics that reflect Mitigation Program performance. Based on this assessment, HCD, in consultation with the LCI and the California State Transportation

Agency (CalSTA), may revise program guidelines to enhance outcomes (PRC Section 21080.44(f)).

AB 130 also requires that LCI contract with the University of California to evaluate the mitigation measures used by projects participating in the Mitigation Program to reduce VMT. As detailed in HSC Section 53568(a), LCI shall, subject to appropriation, and, with the agreement of the Regents of the University of California, contract with the University of California to conduct an evaluation of the mitigation measures used by projects participating in the TDIP to reduce VMT. This evaluation shall summarize the different categories of mitigation measures utilized across regions, the types of projects implementing those measures, the estimated annual VMT reductions achieved, total costs to construct or implement the mitigation measures, project-level funding contributions, cost per VMT reduced, and per capita VMT reduction (HSC Section 53568(a)). Finally, this evaluation shall assess how the mitigation measures used under the TDIP complement other VMT mitigation options and strategies (HSC Section 53568(b)). AB 130 also requires LCI to complete this evaluation and submit a report to the Legislature on or before July 1, 2031 (HSC Section 53568(c)).

8.4. Program Updates

PRC Section 21080.44(d) requires that the Mitigation Program be updated as follows:

> *On or before July 1, 2026, and at least once every three years thereafter, the office, in consultation with other state agencies, as appropriate, shall issue guidance related to the implementation of this section. This guidance shall include all of the following:*
>
> > *(1) A methodology for determining the amounts that are required to be contributed to the Transit-Oriented Development Implementation Fund pursuant to subdivision (b) to mitigate the environmental impacts associated with vehicle miles traveled.*
> >
> > *(2) A definition of location-efficient areas that reflects a reasonable nexus between the location of the transportation impact of the project and the location of the vehicle miles traveled-efficient affordable housing or related infrastructure project which shall consider the location efficient area's consistency with an adopted sustainable communities strategy pursuant to Section 65080 of the Government Code, alternative planning strategy pursuant to Section 65080 of the Government Code, or other adopted regional growth plan intended to foster efficient land use.*

> *(3) A process for validating a project's vehicle miles traveled funding contribution, which shall be designed to provide certainty to the lead agency and project applicant that the contribution satisfies applicable mitigation requirements under this division for significant transportation impacts.*
>
> *(4) A methodology for estimating the anticipated reduction in vehicle miles traveled associated with affordable housing or related infrastructure projects funded pursuant to subdivision (c). This methodology may consider existing methodologies but shall be tailored to the specific purposes and structure of this section, including accounting for relevant factors influencing vehicle miles traveled reduction, including proximity to transit, job access, walkability, and the level of affordability, and the length of the affordability period, of the affordable housing or related infrastructure project.*

As such, LCI will review this guidance, as well as the technical data used to calculate the VMT Mitigation Credit values, every three years to determine whether the methodologies, processes, data sources, and data values remain accurate and relevant. LCI will also review the monitoring data and reports discussed in Section 8.3, "Mitigation Monitoring," to determine whether the Mitigation Program accurately projected the effectiveness of the VMT reductions associated with the implementation of affordable housing, and will make adjustments to the VMT Mitigation Credits values accordingly. LCI will also review whether the average total development costs (per unit) of Mitigating Projects have changed at similar rates to those projected by the CCCI and adjust accordingly. Based on the findings of this evaluation, LCI will either update this guidance to address the needed changes or produce a technical memo confirming that the VMT reductions assumed by the Mitigation Program align with those observed through the monitoring program.

9.0 References

California Air Pollution Control Officers Association. 2024 (October). *Handbook for Analyzing Greenhouse Gas, Emission Reductions, Assessing Climate Vulnerabilities, and Advancing Health and Equity.* Prepared by ICF and the Sacramento Metropolitan Air Quality Management District. Available: https://www.caleemod.com/handbook/index.html.

California Housing Partnership Corporation. 2014 (May). *Why Creating and Preserving Affordable Homes Near Transit is a Highly Effective Climate Protection Strategy*. Available: https://chpc.net/wp-content/uploads/2015/11/4-AffordableTODResearchUpdate070114.pdf.

Decker, N., Galante, C., Chapple, K., Martin, A., Elkind, E., Hanson, M. 2017 (March). *RIGHT TYPE, RIGHT PLACE: Assessing the Environmental and Economic Impacts of Infill Residential Development through 2030.* University of California Berkeley Terner Center for Housing Innovation & University of California Berkeley Center for Law, Energy and the Environment. Berkeley, CA. Available: https://ternercenter.berkeley.edu/wp-content/uploads/2020/08/right_type_right_place.pdf.

Fehr & Peers. 2021 (December). *County of San Diego Affordable Housing and SB 743 VMT – Screening Considerations Memo*. Available:https://www.sandiegocounty.gov/content/dam/sdc/pds/advance/SB743/County%20of%20San%20Diego%20Trip%20Generation%20at%20Affordable%20Housing%20Developments%20Final%2012032021.pdf

Governor's Office of Planning and Research. 2018 (December). *Technical Advisory to Evaluating Transportation Impacts in CEQA*. Sacramento, CA. Available: https://lci.ca.gov/docs/20190122-743_Technical_Advisory.pdf.

Haya B., Cullenward D., Strong AL., Grubert E., Heilmayr R., Sivas D., Wara M. 2020 (June). *Managing Uncertainty in Carbon Offsets: Insights from California's Standardized Approach*. Stanford Law School ENRLP Program Working Paper. Stanford, CA. Available: https://law.stanford.edu/wp-content/uploads/2019/08/Managing-Uncertainty-in-Carbon-Offsets-SLS-Working-Paper-2.pdf.

South Coast Air Quality Management District. 2008 (October). Minutes for the GHG CEQA Significance Threshold Stakeholder Working Group Meeting #6. Available: https://www.aqmd.gov/docs/default-source/ceqa/handbook/greenhouse-gases-(ghg)-

ceqa-significance-thresholds/year-2008-2009/ghg-meeting-6/ghg-meeting-6-minutes.pdf?sfvrsn=aa791d61_2.

US EPA. 2006 (October). Application of Useful Life Financing to State Revolving Funds. Available: https://nepis.epa.gov/Exe/ZyPDF.cgi/90060G00.PDF?Dockey=90060G00.PDF.

Appendix A Regional Pricing

For the purposes of establishing VMT Mitigation Credit values, it is recommended that the regional transportation planning agencies (RTPAs) located outside of metropolitan planning organizations (MPOs) be partnered with an adjacent, more populated region, to ensure that adequate data sample sizes are available when determining the unit value of vehicle miles traveled (VMT) Mitigation Credits for these areas. These areas were developed based on the geographic, historic, and financial characteristics of the areas that are being partnered.

Due to the limited affordable housing data within the RTPAs outside of MPOs, deriving the VMT related benefits and development costs needed to assess the value of a VMT Mitigation Credit can be challenging and inaccurate. Therefore, a single VMT Mitigation Credit value will be developed for these areas. Having a single unit cost within each of these areas will help to ensure the accuracy of the calculated VMT Mitigation Credits as well as provide a single value among regions that will most commonly share funds, thus, making it easier and more predictable to maintain the nexus between the regions in these areas.

Funds within these areas will still be collected, monitored, and prioritized within each individual region even though the value for VMT Mitigation Credits will be calculated for these combined areas as a whole. Creating the single VMT Mitigation Credit value will allow for the smaller regions within these areas to more easily pool and share funds with other regions, while still maintaining the Mitigation Program's nexus.

North State Super Region

The North State Super Region (NSSR) is an alliance of 16 counties in Northern California that came together to address common transportation issues and their relationship with land use, economic development, climate change, equity, and other North State priorities. The NSSR members work together to formulate unified strategies and advocate for implementation to the public and implementing agencies. The NSSR was formed on October 20, 2010, through a memorandum of agreement among RTPAs. The goals of the NSSR include:

- To collaborate on endorsement of projects, share resources and information, and bring political attention to the needs of the area, including regional roads, transit, and goods movement. To unite as a larger voice of influence state and federal policy and funding priorities. To coordinate compliance with state and federal requirements, including blueprint planning and air quality regulation. To share and generate innovative ideas for project delivery and funding, among others.

Most areas within the NSSR are outside an MPO. Because the Counties / RTPAs within the NSSR already work together on land use, transportation, and climate change issues it is natural to group them into a single larger area even though not all of the regions are directly adjacent. **Figure A1** displays the NSSR boundary and the RTPAs and MPOs that are located within it. **Table A1** summarizes the existing affordable housing data for each RTPA/MPO within the NSSR.

Table A1 North State Super Region Analysis

RTPA/MPO	Sites[1]	Average TDC[2] Per Unit ($2025)	Average HCD Funding Per Unit[3] ($2025)
BCAG	66	$471,969	$296,005
Colusa CTC	11	$469,201	N/A
Del Norte LTC	12	$582,208	N/A
Glenn CTC	9	$377,671	$401,873
Humboldt CAG	34	$619,500	$682,242
Lake CCAPC	21	$451,572	$87,294
Lassen CTC	7	$211,822	N/A
Mendocino COG	24	$472,898	N/A
Modoc CTC	1	N/A	N/A
Nevada CTC	28	$551,463	N/A
Plumas CLTC	2	N/A	N/A
Sierra CLTC	1	N/A	N/A
Siskiyou CLTC	12	$500,330	N/A
SRTA	34	$614,877	$411,595
Trinity CTC	0	N/A	N/A
Tehama CTC	14	$334,979	$377,045
	276	**$495,878**	**$330,199**
	Total	**Average**	

Notes

[1] Total number of affordable housing development sites that received tax credits since 1989.

[2] Total Development Cost – Source: California Tax Credit Allocation Committee (CTCAC), 2020 – 2024

[3] Average funding awarded between 2019 and 2025 through HCD programs.

$2025 – Monetary amount has been escalated to 2025 dollars.

N/A: No data available.

As shown in Table A1, combining the MPOs and RTPAs within the NSSR provides a stronger sampling of affordable housing units, which is more in line with the other regions throughout the state. Additionally, combining the RTPAs and MPOS within the NSSR area provides a more substantial sampling of development costs and HCD funding data to calculate the Gap Funding needs for Mitigating Projects across the combined area as a whole. While the cost data does vary between the RTPAs/MPOs within the combined area, the average cost data for the NSSR will be weighted based on the total number of affordable dwelling units that have been developed within the region; therefore, the data still provides an accurate representation of the common Gap Funding needs based on the frequency in which Mitigating Projects will be available within the NSSR.

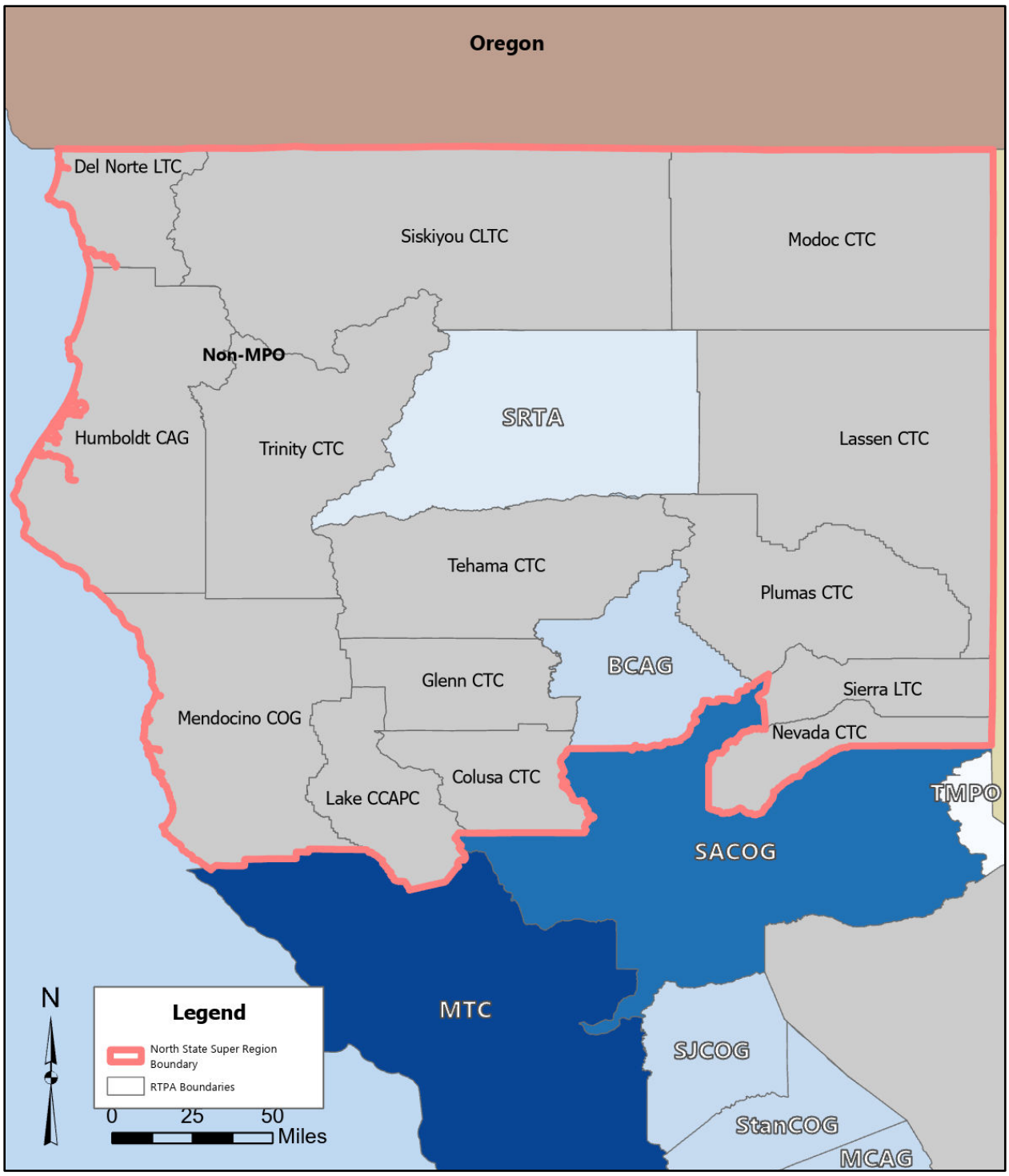


Figure A1 North State Super Region Boundaries

SACOG Combined Area

As shown in **Figure A2**, there are multiple RTPAs outside an MPO which are adjacent to the SACOG region. As shown in **Table A2**, the adjacent RTPAs have experienced limited affordable housing development over the last 35 years, and as a result, some have no sample data to calculate VMT reductions, development costs, or the Gap Funding needs of potential Mitigating Projects within their respective regions. In addition to the adjacent RTPAs, the Tahoe Metropolitan Planning Organization (TMPO) is recommended for inclusion within the SACOG Combined Area due to its small size and limited history of implementing affordable housing development sites. As shown in the table, the typical HCD funding awarded per unit within TMPO is consistent with the other regions that are being included within the SACOG Combined Area; thus, it can be assumed that the gap funding needed for Mitigating Projects would be similar between the TMPO and the other regions within the larger combined area and it would not put an additional financial burden on Participating Projects in the TMPO region if their funding is allocated towards Mitigating Projects located the SACOG Combined Area. Combining these areas with the SACOG MPO will provide greater certainty regarding the availability of Mitigating Projects and help ensure that there will be sufficient demand for VMT Mitigation Credits to provide the Gap Funding for the Mitigating Projects as they arise.

Table A2 SACOG MPO and the Adjacent RTPA Analysis

RTPA/MPO	Sites[1]	Average TDC[2] Per Unit ($2025)	Average HCD Funding Per Unit[3] ($2025)
Alpine LTC	1	N/A	N/A
Amador CTC	5	N/A	N/A
Calaveras COG	4	N/A	N/A
El Dorado CTC	16	$700,720	$296,129
Placer CTPA	61	$455,209	N/A
SACOG	339	$517,515	$351,665
TMPO	13	$790,026	$307,362
	439	**$520,413**	**$338,030**
	Total	**Average**	

Notes

[1] Total number of affordable housing development sites that received tax credits since 1989.

[2] Total Development Cost – Source: California Tax Credit Allocation Committee (CTCAC), 2020 – 2024

[3] Average funding awarded between 2019 and 2025 through HCD programs.

$2025 – Monetary amount has been escalated to 2025 dollars.

N/A: No data available.

MCTC Combined Area

As shown in Figure A2, there are multiple RTPAs outside an MPO jurisdiction, adjacent to the Madera County Transportation Commission (MCTC) MPO. As shown in **Table A3**, the adjacent RTPAs have experienced limited affordable housing development over the last 35 years, and as a result, have no HCD funding data to calculate potential VMT reductions or the Gap Funding needs for potential Mitigating Projects within their respective regions. However, as shown in the table, the development cost data for both the Mariposa County Local Transportation Commission (LTC) and the Tuolumne County Transportation Council (CTC) are similar to those for the MCTC. Therefore, it can be assumed that the Gap Funding needs for affordable housing development projects within these regions may be similar.

Table A3 MCTC MPO and the Adjacent RTPA Analysis

RTPA	Sites[1]	Average TDC[2] Per Unit ($2025)	Average HCD Funding Per Unit[3] ($2025)
Mariposa LTC	3	$544,632	N/A
MCTC	30	$590,330	$435,615
Tuolumne CTC	10	$545,739	N/A
	43	**$576,842**	**$435,615**
	Total	**Average**	

Notes

[1] Total number of affordable housing development sites that received tax credits since 1989.

[2] Total Development Cost – Source: California Tax Credit Allocation Committee (CTCAC), 2020 – 2024

[3] Average funding awarded between 2019 and 2025 through HCD programs.

$2025 – Monetary amount has been escalated to 2025 dollars.

N/A: No data available.

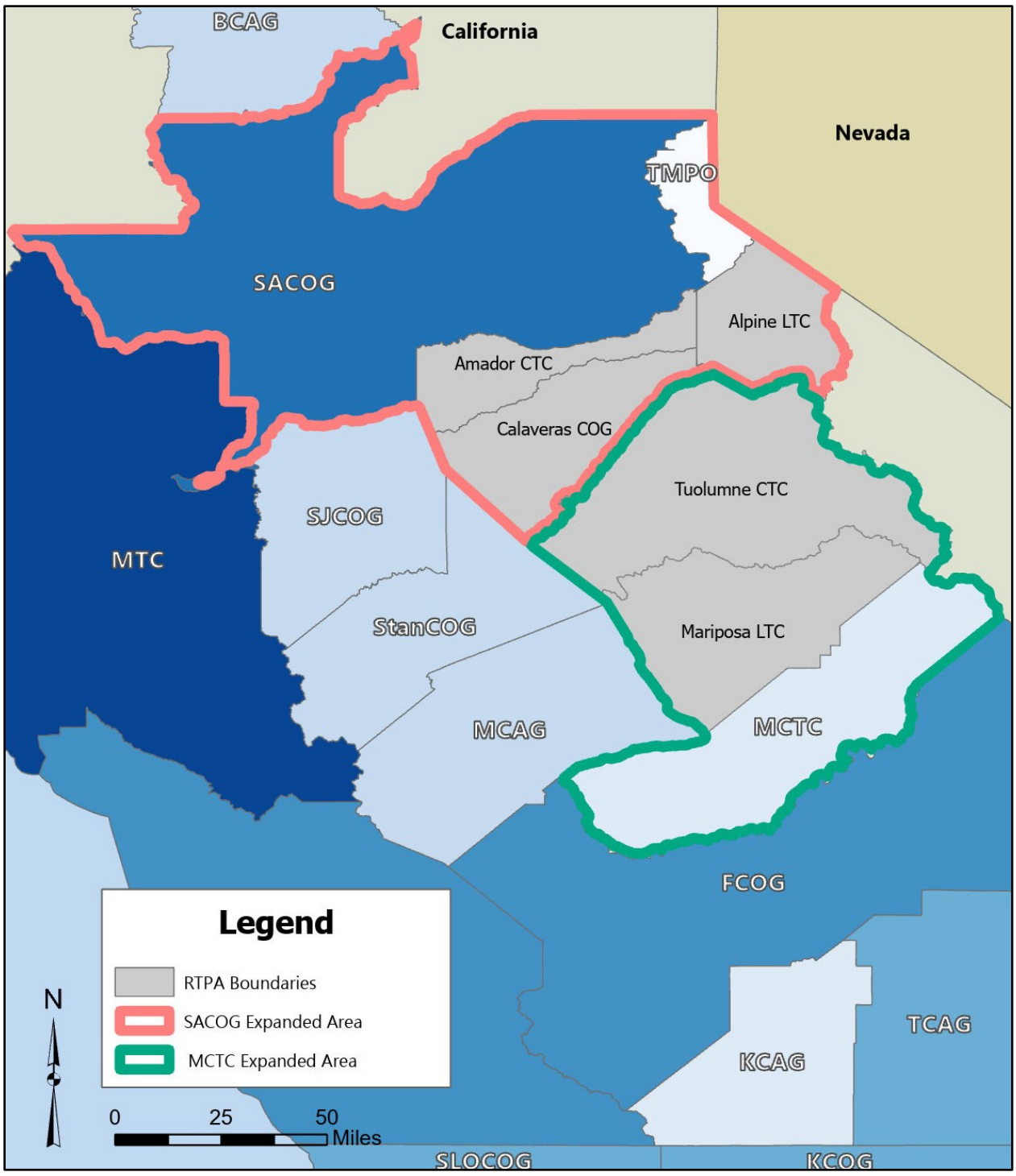


Figure A2 SACOG and MCTC Combined Area Boundaries

East Sierra Combined Area

As shown in **Table A4**, both Inyo County and Mono County have experienced limited affordable housing development over the last 35 years. Both regions are located on the east side of the Sierra Nevada Mountains, limiting their access to the Central Valley and the western part of the state. Therefore, including these regions within a combined area with MPOs or other RTPAs to the west would not make geographic sense. Additionally, due to the Nevada State Border to the north, there are no MPOs or higher populated RTPAs to the north with which these regions can be partnered with. Therefore, it is recommended that these regions be partnered with the San Bernardino County Transportation Authority (SBCTA), located directly to their south, and connected via SR-395, to create to create a combined area (East Sierra Combined Area), which is shown in **Figure A3**.

Table A4 East Sierra Combined Area Analysis

RTPA	Sites[1]	Average TDC[2] Per Unit ($2025)	Average HCD Funding Per Unit[3] ($2025)
Inyo LTC	1	N/A	N/A
Mono LTC	7	$676,119	N/A
SBCTA	137	$525,704	$200,322
	145	**$555,787**	**$235,571**
	Total	**Average**	

Notes

[1] Total number of affordable housing development sites that received tax credits since 1989.

[2] Total Development Cost – Source: California Tax Credit Allocation Committee (CTCAC), 2020 – 2024

[3] Average funding awarded between 2019 and 2025 through HCD programs.

$2025 – Monetary amount has been escalated to 2025 dollars.

N/A: No data available.

This combined area will provide a stronger sample of affordable housing data, which is more consistent with the other regions throughout the state. Additionally, partnering these regions will provide greater certainty regarding the availability of Mitigating Projects and help ensure that there will be sufficient demand from Participating Projects for VMT Mitigation Credits to provide adequate Gap Funding for potential Mitigating Projects as they arise.

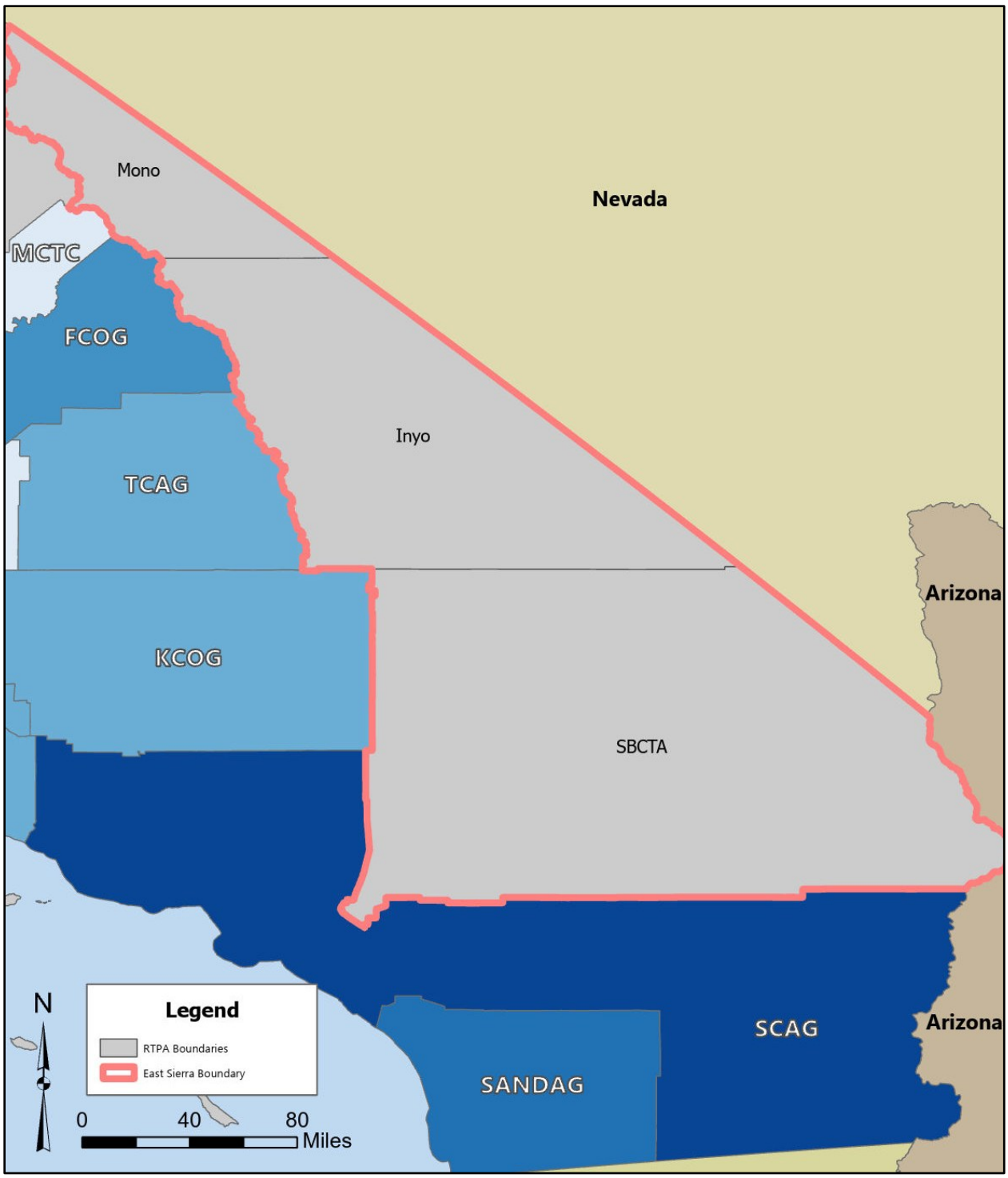


Figure A3 East Sierra Combined Area Boundaries

Appendix B: Average Trip Lengths (Miles) - By Proximity Area

Region	Average Affordable Housing Trip Length[1]	Average Market Rate Housing Trip Length[2]
ABAG	8.2	9.8
AMBAG	10.3	11.2
COFOG	7.9	9.4
CVAG	9.4	12.0
East Sierra	8.9	11.2
ICTC	8.0	11.8
KCAG	8.7	11.0
KCOG	8.7	9.0
MCAG	9.6	9.9
MCTC	8.5	15.1
Metro	8.3	9.0
NSSR	8.6	13.1
OCCOG	8.3	8.9
SACOG	8.7	9.8
SANDAG	9.1	10.1
SBCAG	10.4	9.7
SJCOG	7.9	10.8
SLOCOG	8.6	10.7
StanCOG	10.1	9.9
TCAG	8.9	9.9
VCOG	9.1	10.4
WRCOG	10.4	12.6

Notes:

[1] Based on private auto trips for a sampling of existing affordable housing developments within the region

[2] Based on all home-based trips made by private autos within the region

Appendix C: Average Number of Parking Spaces Per Affordable Unit – By Proximity Area

Region	Average Number of Parking Spaces Per Affordable Unit[1]	Parking Reduction %[2]
ABAG	0.8	5.3%
AMBAG	1.1	2.1%
COFOG	1.5	0.0%
CVAG	1.4	0.0%
East Sierra	1.2	1.1%
ICTC	1.6	0.0%
KCAG	1.4	0.0%
KCOG	1.5	0.0%
MCAG	1.2	1.1%
MCTC	1.8	0.0%
Metro	0.5	8.4%
NSSR	1.3	0.0%
OCCOG	1.1	2.1%
SACOG	1.4	0.0%
SANDAG	0.8	5.3%
SBCAG	1.4	0.0%
SJCOG	0.6	7.4%
SLOCOG	1.0	3.2%
StanCOG	0.5	8.4%
TCAG	1.6	0.0%
VCOG	1.3	0.0%
WRCOG	1.4	0.0%

Note:

[1] Source: Previous HCD Grant Application Data 2019-2024.

[2] See Section 5.3.

Appendix D: Daily VMT Reductions Per Unit – By Proximity Area

Region	Daily VMT Per Market Rate Unit	Daily VMT Per Affordable Unit	Daily VMT Reduction Per Unit
ABAG	66.1	37.3	28.8
AMBAG	75.5	48.5	27.0
COFOG	63.4	38.0	25.4
CVAG	80.9	45.2	35.7
East Sierra	75.5	42.3	33.2
ICTC	79.5	38.5	41.0
KCAG	74.1	41.8	32.3
KCOG	60.7	41.8	18.9
MCAG	66.7	45.7	21.0
MCTC	101.8	40.9	60.9
Metro	60.7	36.5	24.2
NSSR	88.3	41.4	46.9
OCCOG	60.0	39.1	20.9
SACOG	66.1	41.8	24.3
SANDAG	68.1	41.5	26.6
SBCAG	65.4	50.0	15.4
SJCOG	72.8	35.2	37.6
SLOCOG	72.1	40.1	32.0
StanCOG	66.7	44.5	22.2
TCAG	66.7	42.8	23.9
VCOG	70.1	43.8	26.3
WRCOG	84.9	50.0	34.9

Appendix E: Gap Funding Needed Per Unit – By Proximity Area

Region	Average Total Development Cost Per Unit	Gap Funding Needed
ABAG	$795,000	$119,300
AMBAG	$767,000	$115,100
COFOG	$503,000	$75,500
CVAG	$552,000	$82,800
East Sierra	$556,000	$83,400
ICTC	$439,000	$65,900
KCAG	$422,000	$63,300
KCOG	$400,000	$60,000
MCAG	$532,000	$79,800
MCTC	$597,000	$89,600
Metro	$682,000	$102,300
NSSR	$496,000	$74,400
OCCOG	$625,000	$93,800
SACOG	$541,000	$81,200
SANDAG	$587,000	$88,100
SBCAG	$666,000	$99,900
SJCOG	$568,000	$85,200
SLOCOG	$616,000	$92,400
StanCOG	$458,000	$68,700
TCAG	$398,000	$59,700
VCOG	$637,000	$95,600
WRCOG	$567,000	$85,100

Appendix F: VMT Mitigation Credit Value – By Proximity Area

Region	Daily VMT Reduction	Gap Funding Needed	VMT Credit Value (Daily VMT Reduced)[1]	VMT Credit Value (Annual VMT Reduced)[1]	VMT Credit Value (Over Mitigation Lifespan)[1,2]
ABAG	28.8	$119,300	$4,144	$11	$0.21
AMBAG	27.0	$115,100	$4,384	$12	$0.21
COFOG	25.4	$75,500	$3,062	$8	$0.15
CVAG	35.7	$82,800	$2,389	$7	$0.12
East Sierra	33.2	$83,400	$2,590	$7	$0.13
ICTC	41.0	$65,900	$1,656	$5	$0.08
KCAG	32.3	$63,300	$2,019	$6	$0.10
KCOG	18.9	$60,000	$3,270	$9	$0.16
MCAG	21.0	$79,800	$3,912	$11	$0.19
MCTC	60.9	$89,600	$1,515	$4	$0.07
Metro	24.2	$102,300	$4,363	$12	$0.21
NSSR	46.9	$74,400	$1,634	$4	$0.08
OCCOG	20.9	$93,800	$4,614	$13	$0.22
SACOG	24.3	$81,200	$3,442	$9	$0.17
SANDAG	26.6	$88,100	$3,409	$9	$0.16
SBCAG	15.4	$99,900	$6,682	$18	$0.32
SJCOG	37.6	$85,200	$2,333	$6	$0.11
SLOCOG	32.0	$92,400	$2,972	$8	$0.14
StanCOG	22.2	$68,700	$3,190	$9	$0.15
TCAG	23.9	$59,700	$2,573	$7	$0.12
VCOG	26.3	$95,600	$3,744	$10	$0.18
WRCOG	34.9	$85,100	$2,512	$7	$0.12

Notes:

[1] VMT Credit Values do not include the associated cost of administration.

[2] Lifespan of the mitigation is based on a 55 year deed restriction for Mitigating Projects.