



CA Governor's Office of
Land Use and
Climate Innovation



A New Tool for Housing and Infrastructure : California's Statewide VMT Mitigation Bank



Providing another option for California Environmental Quality Act (CEQA) projects to mitigate vehicle miles traveled (VMT) impacts by helping to fund location-efficient affordable housing and related infrastructure projects.

Overview

The statewide VMT Mitigation Bank, established by [AB 130](#), will provide applicants and lead agencies with an additional, streamlined option to mitigate VMT impacts under CEQA. This VMT mitigation bank will allow projects to mitigate impacts by contributing to the Transit-Oriented Development (TOD) Implementation Fund to be administered by the California Department of Housing and Community Development (HCD). HCD will then aggregate and allocate those funds to support the development of location-efficient affordable housing and related infrastructure projects.

Key Benefits of the Program:



Practical Mitigation Option: Gives CEQA projects an additional viable option to offset their VMT impacts.



Greater Certainty in CEQA: Creates a predictable pathway to reduce VMT impacts to less-than-significant levels, streamlining environmental review (e.g., Mitigated Negative Declaration instead of a full Environmental Impact Report).



Long-Term Investment in Housing and Climate Goals: Establishes a sustainable financing mechanism that unlocks long-term investment into affordable housing and related infrastructure in a manner that is consistent with California's climate goals.

Visit the CEQA
webpage to learn more

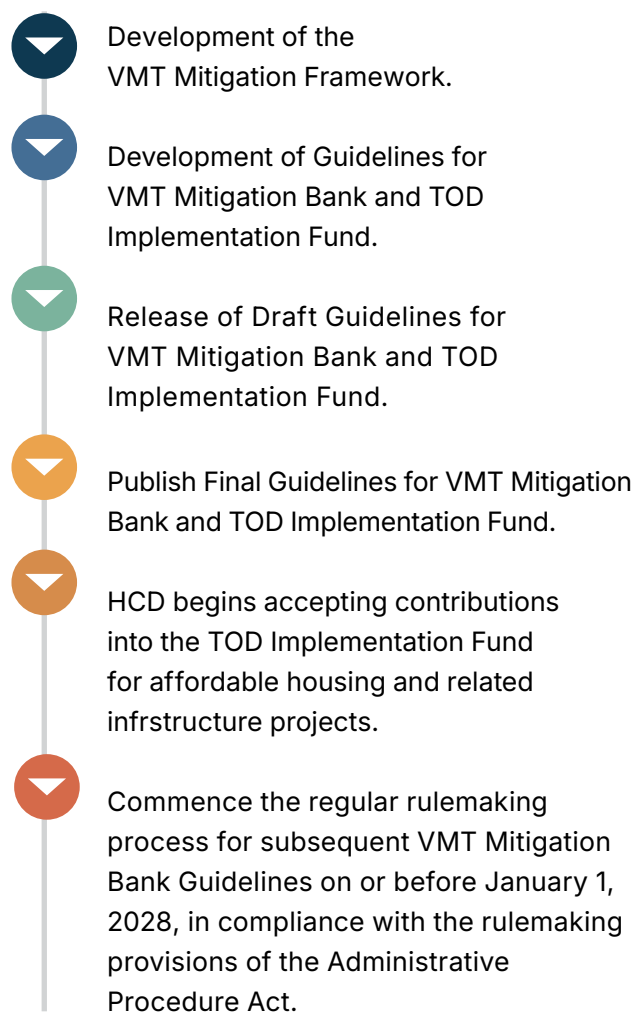


Key Features / Next Steps

- ▶ On or before July 1, 2026, the Governor's Office of Land Use and Climate Innovation (LCI), in consultation with multiple state agencies, will issue VMT Mitigation Bank Guidelines. The VMT Mitigation Bank Guidelines will include:
 - ▶ A method for estimating the anticipated reduction in VMT associated with affordable housing and related infrastructure projects.
 - ▶ A method for estimating the cost of VMT credits.
 - ▶ A definition of location-efficient areas.
 - ▶ A process for validating a project's contribution to the VMT mitigation bank.
- ▶ The TOD Implementation Fund Guidelines will be developed by HCD in parallel to the VMT Mitigation Bank Guidelines and will include:
 - ▶ Program eligibility.
 - ▶ Definitions of housing and infrastructure investments, and more.
- ▶ Subsequent to the publishing of the final guidelines for the VMT Mitigation Bank and TOD Implementation Fund, HCD will post the Notice of Funding Availability and application process.
- ▶ A task force composed of representatives from state departments and agencies in housing, transportation, environmental, and administrative sectors will provide guidance and support throughout development of the guidelines for the VMT Mitigation Bank and TOD Implementation Fund.
- ▶ In addition to the state agency task force, a stakeholder working group will be convened to provide input throughout program development. This group will include representatives from local governments, councils of governments, and a range of housing, transportation, and climate stakeholders. Together, these voices will

complement the work of the state agencies to help advance a program that is practical to implement and reflective of the state's housing, mobility, and sustainability efforts.

The Process



Contact



For any questions, email the LCI CEQA team at: CEQA@lci.ca.gov or email HCD at VMT-Mitigation@hcd.ca.gov



Visit the CEQA webpage to learn more: lci.ca.gov/ceqa