CA Governor's Office of Land Use and Climate Innovation

AB 130 Statewide Vehicle Miles Traveled (VMT) Mitigation Program Guidance: Frequently Asked Questions

Eligibility

Which projects will be eligible to use the program to mitigate transportation impacts?

The statute does not limit the types of projects that may use the program to mitigate significant transportation impacts. However, during the initial phase of implementation, the California Department of Housing and Community Development Department (HCD) will focus participation on projects receiving public funding in order to align program demand with available administrative capacity, support early coordination with public sector partners, and allow HCD and the Governor's Office of Land Use and Climate Innovation (LCI) to refine program implementation over time.

This phased implementation approach is primarily administrative and does not alter the voluntary nature of the program or limit a lead agency's authority to pursue other mitigation approaches. Lead agencies not participating during the initial phase may continue to employ other mitigation strategies, including local or regional approaches that support and facilitate affordable housing as a means of addressing transportation impacts.

How is the program defining "publicly funded" projects?

For purposes of the initial implementation phase, publicly funded projects include those receiving direct financial assistance, grants, subsidies, loans, tax credits, or other funding support from federal, state, regional, or local public sources.

Examples of public funding sources may include, but are not limited to:

Affordable Housing Funding Sources:

- Federal or State Low Income Housing Tax Credits (LIHTC)
- Tax-exempt bond financing
- Multifamily Housing Program (MHP)
- Affordable Housing and Sustainable Communities (AHSC) funding
- HOME Investment Partnerships Program funds
- Community Development Block Grant (CDBG) funds
- Project-Based Vouchers or other rental assistance programs
- Local housing trust funds
- Local affordable housing gap financing programs
- Regional housing measures or housing bond proceeds

Transportation and Infrastructure Funding Sources:

- Federal transportation grants
- State transportation improvement funding
- Regional transportation funding programs
- Active transportation funding sources
- Transit agency capital funding programs
- Local transportation sales tax measures
- Transportation development impact fee programs administered by public agencies
- State or local climate and sustainable communities funding programs

This list is illustrative and not exhaustive. HCD may consider the source, purpose, and structure of funding when evaluating whether a project is publicly funded.

Project financing mechanisms that primarily rely on project-generated revenues or assessments, such as Mello-Roos Community Facilities District financing, generally would not independently qualify a project as publicly funded for purposes of initial program participation. Unlike direct public subsidy programs, these financing tools are typically project-specific financing mechanisms used to fund infrastructure or services that are repaid through assessments or taxes associated with the benefiting development rather than representing direct public investment or subsidy.

Will every project with significant transportation impacts need to use this program as a mitigation measure?

No. This program is purely optional.

During the public comment period, concerns were raised that by creating a viable source of mitigation that could be used throughout the state, the program would require every project to use the Statewide Vehicle Miles Traveled Mitigation Program (Mitigation Program). It's important to understand the role of the Mitigation Program as part of an overall strategy for addressing transportation impacts of a project. It is also important to note that, following Senate Bill (SB) 743 (Steinberg, 2013), transportation impacts under the California Environmental Quality Act (CEQA) shifted focus to vehicle miles traveled (VMT), or how much and how far project users may need to drive.

First, the statute creating the Mitigation Program makes clear that it is one option among many and does not preclude a lead agency from using another mitigation measure.[1] Second, the program only establishes *potentially* feasible mitigation. The lead agency must still make determinations of ultimate feasibility in the context of each individual project.[2] A lead agency may decline to use the Mitigation Program for any number of reasons. For example, it may prefer to mitigate VMT impacts on-site. Or it may find that use of the Mitigation Program is too expensive.

If VMT impacts cannot be fully mitigated, the lead agency can still approve the project with a statement of overriding considerations when "specific overriding economic, legal, social,

[1] Pub. Resources Code §§ 21080.43(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"), 21080.44(b)(1)(A) ("If a lead agency determines that a project will have a significant transportation impact ..., the lead agency may mitigate the transportation impact ... by contributing an amount ... to the Transit-Oriented Development Implementation Fund for purposes of the Transit-Oriented Development Implementation Program"), id. at subd. (b)(1)(B) (the program "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] Pub. Resources Code §§ 21002.1(b) ("Each public agency shall mitigate or avoid the significant effects on the environment of projects that it carries out or approves whenever it is feasible to do so")(emphasis added), 21061.1 (feasible "means capable of being accomplished in a successful manner within a reasonable period of time, taking into account economic, environmental, social, and technological factors"), 21080.43(a) ("The Legislature reaffirms that the California Environmental Quality Act (CEQA) established longstanding legal requirements for the imposition of mitigation measures on projects")

technological, or other benefits of the project outweigh the significant effects on the environment." (Pub. Resources Code § 21081(b).)

Mitigation banks currently exist for many types of resources, such as conservation and wetlands, and to date, lead agencies have not relied on them exclusively for mitigation. A lead agency may also use a mitigation bank in combination with other on- or off-site mitigation. LCI staff expects a similar outcome with this Mitigation Program. It will be, as the statute intended, one mitigation option among many.

Can lead agencies use other mitigation options?

Yes. This program is not intended to replace, limit, or preclude existing mitigation approaches. Rather, it provides lead agencies with an additional mitigation tool that may be used where appropriate. As explained more fully below, nothing in the program alters CEQA's requirements for mitigation, nor does it preclude a lead agency from choosing a different type of mitigation, including on-site mitigation, for transportation impacts.

Consistent with longstanding CEQA practice, lead agencies retain discretion to determine which mitigation measures are most appropriate for a particular project and impact. In practice, the CEQA lead agency is the public agency with principal responsibility for approving or carrying out a project and has discretion in selecting which mitigation measures are most appropriate to reduce a project's impacts. This mitigation program is simply one additional option for lead agencies to use, as appropriate. As expressly stated in AB 130, the program "shall not preclude the lead agency's use of other mitigation strategies." (Pub. Resources Code § 21080.44(b)(1)(B).)

Each adopted mitigation measure must satisfy several substantive requirements: it must be feasible, enforceable, and monitorable; supported by substantial evidence; have a nexus to a legitimate governmental interest; be roughly proportional; and not be improperly deferred. (CEQA Guidelines, § 15126.4.) These requirements apply regardless of whether a lead agency selects this program, on-site mitigation, or another locally developed mitigation approach.

When multiple feasible mitigation options exist for the same impact, the lead agency has broad discretion to choose among them. It is not legally required to select options recommended by commenters or other parties. Rather, lead agencies may consider effectiveness, cost, technical feasibility, land use compatibility, local circumstances, and

broader policy objectives, provided the selected mitigation approach is supported by substantial evidence in the record.

Which projects will be eligible to receive funding from the program?

The program will fund affordable housing projects.

Affordable housing as a mitigation strategy for transportation impacts is not a new concept created by this program. As recognized by the Legislature, affordable housing mitigation has already been used through existing local and regional mitigation programs and approaches throughout California to address transportation impacts, particularly in transit-rich and lower-VMT areas. This program builds upon those existing practices by creating a standardized and accessible statewide framework that complements and expands upon mitigation approaches already being implemented at the local and regional level.

Ample research demonstrates the link between affordable housing and lower VMT. As described in the Guidance, the Institute for Transportation Engineers Trip Generation Manual and the CAPCOA GHG Handbook (both of which are highly credible sources used widely in transportation and environmental analyses) document substantially lower trip generation rates from affordable housing projects. LCI also relied on real world data to estimate reduced trip lengths associated with actual affordable housing projects. Together, these sources demonstrate reduced VMT associated with affordable housing projects in comparison to market-rate developments. The criteria defining "location-efficient" areas and other eligible "low VMT" areas, described in LCI's Guidance (see Section 4.0) and HCD's Guidelines (see Section 102), ensure that all program investments will meet minimum standards for reduced VMT, density, and/or transit proximity.

Additionally, it's worth noting that the Legislature itself has drawn on the connection between affordable housing and VMT reduction.[3]

[3] Pub. Resources Code §§ 21080.44(b)(1)(A) ("If a lead agency determines that a project will have a significant transportation impact … the lead agency may mitigate the transportation impact to a less than significant level by … contributing an amount… to the Transit-Oriented Development Implementation Fund for purposes of the Transit-Oriented Development Implementation Program"); *see also id*. at 21080.43(g) ("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."

Will "related infrastructure" be funded by the program?

Yes, if it is on-site infrastructure needed to serve the affordable housing projects.

Related off-site infrastructure investments require additional methodology development to estimate, attribute, and validate VMT reductions in a consistent manner statewide. While the initial phase of the program includes affordable housing projects and the on-site infrastructure necessary to support those projects, broader off-site infrastructure investments can vary significantly in scale, geography, users served, and the timeframe over which benefits accrue, creating additional complexity in developing standardized approaches that can be applied consistently across jurisdictions and project types. Additional work is needed to establish methodologies for estimating VMT reductions, assigning mitigation credit, avoiding double counting, and ensuring reductions can be consistently measured and verified.

As implementation progresses, future updates to the Guidance will expand upon this initial phase by establishing the methodology for determining TDIF contributions, providing recommendations on eligible related infrastructure project types, and identifying methods for estimating, validating, and monitoring VMT reductions associated with those investments.

Methodology

How does the program estimate VMT reductions associated with affordable housing investments?

The Guidance compares program-funded affordable housing developments to the most likely alternative use of the site – market-rate housing development at the same location.

This approach evaluates the impact of the investment decision itself rather than assuming existing household travel patterns remain static. Under a typical transportation analysis of residential development under CEQA, most projects are assumed to generate all new trips and projects are typically evaluated based on the trips and travel behavior associated with the project.

The methodology is grounded in the direction provided in statute. Public Resources Code Section 21080.44 subdivision (d)(4) directs LCI to develop a "methodology for estimating

the anticipated reduction in vehicle miles traveled associated with affordable housing ...." (Emphasis added.)

If affordable housing is not built in a location-efficient and/or low-VMT area on a site that is zoned for housing, the most likely outcome is market-rate housing being developed at that site. Ample evidence demonstrates that there is an insufficient supply of housing in California.[4] Further evidence shows that affordable housing is unlikely to be built without government assistance, and existing affordable housing risks conversion to market-rate without government subsidy.[5]

This matters because the largest VMT reduction benefit from affordable housing is likely to be seen in location-efficient areas. Residents of such housing are more likely to use transit and active transportation to access services. Conversely, occupants of market-rate housing are more likely to drive, even in location-efficient areas. Even though the statute allows investments in areas that do not meet the definition of "location-efficient," LCI designed the Guidance to ensure that investments would still be made in lower VMT areas. Therefore, because the Mitigation Program directs investments to projects that are most likely to maximize the VMT benefit of being in a location-efficient area, it is appropriate to credit the difference between market-rate and affordable housing.[6]

Would comparing affordable housing elsewhere in the region to affordable housing in location-efficient areas provide a more conservative approach?

Not necessarily.

Several public comments on the Guidance suggested that the VMT reductions should be measured as the difference between VMT of affordable housing in location-efficient areas and the VMT associated with the regional average of lower-income drivers. This theory is based primarily on the view that program investments mainly move lower-income households from elsewhere in the region into location-efficient areas, rather than reflecting

[4] California Department of Housing and Community Development. 2022 (March). *A Home for Every Californian: 2022 Statewide Housing Plan*. Sacramento, CA. Available:https://storymaps.arcgis.com/stories/94729ab1648d43b1811c1698a748c136.
[5] California Housing Partnership. 2026. *Unsubsidized Affordable Homes At-Risk Report*. https://calhousingpartnership.org/wp-content/uploads/2026/04/CHP_Subsidized-At-Risk-2026-FINAL.pdf
[6] Conceptually, the program is analogous to other CEQA mitigation that preserves threatened resources (e.g., agricultural easements) or creates new replacement resources (e.g., wetlands creation).

the VMT reduction benefits created by building new affordable housing at eligible project sites.

The alternative methodology suggested in public comments would introduce uncertainty in accounting. For example, the commenters' approach assumes program investments primarily redistribute households within a region and that regional housing markets remain otherwise unchanged. However, housing markets are dynamic; vacated units are generally reoccupied, populations change over time, and households move both within and between regions. Limiting analysis to relocation effects would therefore undercount the broader housing production and land use impacts associated with new affordable housing development. That approach would also result in wider variations in contribution amounts across the different regions throughout the state.

Further, the methodology must be tailored to the specific purposes and structure of the statute. A methodology that only measures changes associated with household relocation patterns would not fully capture the statutory focus on housing production and affordability outcomes. (See Pub. Resources Code § 21080.44(d)(4).) In addition, the statute expressly allows investments in areas that may not meet the definition of location-efficient but still generate lower VMT outcomes. (*Id.* at (c)(1)(B).)

Should lead agencies be concerned about these different potential approaches to methodology?

No, lead agencies considering use of the Mitigation Program should not be concerned that some commenters have advocated for a different methodology.

The CEQA Guidelines expressly acknowledge that experts will use different methods and draw different conclusions in the environmental review process. Ultimately, it is the lead agency that gets to decide what methodology is the most appropriate for their circumstances.[7]

LCI's Guidance provides substantial evidence that supports use of the Mitigation Program by a lead agency.

[7] CEQA Guidelines, § 15151 ("Disagreement among experts does not make an EIR inadequate, but the EIR should summarize the main points of disagreement among the experts. The courts have looked not for perfection but for adequacy, completeness, and a good faith effort at full disclosure.")

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Data

What data did LCI use to develop its methodology?

LCI carefully considered available datasets for creating a uniform statewide methodology to calculate VMT reduction from affordable housing, while also acknowledging the unique characteristics of each region. LCI decided to use Replica data for its methodology.

Replica is a "Big Data" resource that uses a sampling of anonymized 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. In addition to the aforementioned data that can be queried by location, Replica also provides consistent data sets across all regions throughout the state.

Replica is designed for real-time and short-term operational analysis, where Metropolitan Planning Organization (MPO) models are designed for long-range forecasting based on changes to the roadway network and demographic shifts. Both utilize a synthetic population. Replica allows users to isolate the traffic on building driveways, including that which is directly associated with existing affordable housing sites.

While some commenters suggested that LCI use MPO's travel demand models, LCI must use statewide data for this statewide program. MPO's travel demand models are calibrated and validated to reflect travel behavior in their regions. Moreover, LCI does not have access to every MPO's model and not every region of the state is covered by an MPO. Additionally, regional models across the state utilize different methodologies and approaches in how they estimate VMT. Therefore, using different data sets across different regions would indeed yield inconsistent results. Finally, modeling is imperfect and no method can provide site-specific data for a hypothetical mitigating project that has not yet been proposed.

How are differences in VMT among the affordable housing projects funded by the program accounted for in LCI's statewide data?

Because LCI needed to develop a methodology to determine the contribution amount for mitigation credits without knowing locations of the actual mitigating projects funded through the program, the method uses an average cost per VMT reduced. LCI's method allows for regional variation in contribution amount per VMT and is representative of real-world observations in each sub region/region/super region.

The approach is similar to determining the ecological function in a habitat mitigation bank, where each acre of habitat across a property has different ecological value, but in aggregate, achieves a mitigation credit. Likewise, affordable housing located in different subregions may generate different levels of VMT reduction based on location. Cost-averaging over a region smooths out variation from project to project but still allows LCI to account for regional variability in land and construction costs based on real projects in order to calculate the VMT credit value for purposes of operating a mitigation bank.

Will the methodology in the Guidance change as data evolve?

Yes. LCI will continue to work with experts and stakeholders as the Mitigation Program is implemented and as additional data becomes available. The Legislature recognized that data, research, and methodologies for analyzing impacts continues to evolve and directed LCI to consider new scientific evidence when program guidelines undergo regular updates, at least once every three years.[8] Consistent with that direction, LCI will continue to evaluate new information and update the Guidance as appropriate as improved methodologies and data become available.

Validation and Verification

How does the program ensure that the VMT reductions associated with affordable housing investments are occurring?

LCI has designed the program, together with HCD, to ensure that contributions actually result in VMT reductions. For example, according to HCD's funding guidelines, to receive funding from the program, a mitigating project must have demonstrated financial feasibility, and projects that have already undergone any necessary CEQA review will be prioritized for funding. Further, the mitigating project sponsor must have a track record of actually building similar projects and must have site control of the property where the project will be built. These requirements are designed to prioritize projects with demonstrated readiness and a high likelihood of delivery. Given these requirements,

[8] Pub. Resources Code § 21080.43 ("The Legislature ... finds that ... [i]mpact analysis under CEQA is a dynamic process, continually informed by advancements in research, data, and practice [and it] is the intent of the Legislature that these ongoing efforts be integrated into relevant guidance for addressing transportation impacts that promote more effective practices statewide").

funding from the program will be among the last pieces needed to get mitigating projects off the ground. As a result, funded projects are expected to move forward on an accelerated timeline following award.

In addition, affordable housing projects generally provide stronger long-term enforceability and monitoring than many other traditional mitigation approaches. Program-funded projects are subject to long-term affordability requirements, recorded legal covenants, regulatory agreements, funding agreements, and ongoing compliance and monitoring requirements. These mechanisms create durable obligations that are documented, monitored, and enforceable over time. Compared to mitigation approaches that may rely primarily on modeled assumptions, operational commitments, or one-time investments, affordable housing projects provide established compliance structures and long-term accountability mechanisms that support durable mitigation outcomes.

The VMT reduction from mitigating projects in a region will be tracked and monitored over time. The statute requires that beginning the year following the first distributions of funding for the program, LCI, in consultation with HCD and regions, shall evaluate the program. As detailed in Public Resources Code Section 21080.44 subdivision (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 program performance. LCI will continue to consult with the MPOs and RTPAs through the monitoring process to validate VMT credits generated by the Mitigation Program against observations, and the methodology and contribution amount per credit will be updated as appropriate.

How does the program ensure that the VMT reductions are additional (i.e., that the affordable housing would not have been built without contributions from the program)?

HCD's Guidelines require funding applicants to demonstrate that funded projects are infeasible without Program funds, and the Program funds will not supplant other available funds. Thus, applicants must demonstrate both financial need and that Program funds are necessary to close remaining financing gaps rather than replace existing committed funding sources.

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Contribution Calculation Examples

Some commenters requested an example of how the VMT credit amount would be applied in practice for housing and transportation projects, or Impacting Projects.

This program provides a standardized, transparent, and predictable framework for mitigating transportation impacts under CEQA by establishing consistent VMT-based contribution values, directing resources toward high-impact and durable mitigation strategies, and creating a clearer pathway for projects to address significant transportation impacts. Illustrative examples of how the VMT credit values of the program would be applied are provided below.

Note: These examples are intended to demonstrate how the methodology functions in practice and should not be interpreted as establishing required mitigation amounts. The amount and type of mitigation ultimately required for a particular project remains project-specific and is determined by the lead agency, in coordination with the project applicant, consistent with applicable CEQA requirements and the methodology in LCI's Guidance, including feasibility and proportionality considerations.

Illustrative Examples of Program Application

The examples below demonstrate how contribution amounts may be calculated for different project types using the Mitigation Program methodology. These examples are illustrative only and are intended to show how the methodology functions in practice rather than establish required mitigation amounts or default mitigation approaches.

The methodology differs somewhat depending on project type because transportation impacts are typically measured differently for land use and transportation projects. Housing and other land use projects generally evaluate transportation impacts based on daily VMT generated by future residents or users and compare those impacts against applicable VMT thresholds. Transportation projects, by contrast, often estimate induced travel effects directly and may evaluate impacts using annualized VMT estimates or other project-specific methodologies.

The examples also demonstrate an important feature of the program: mitigation contributions are generally one-time capital investments, while affordable housing

mitigation projects generate VMT benefits over long periods of time due to long-term affordability requirements, recorded covenants, and ongoing compliance monitoring.

How It Works for a Transportation Project

Transportation projects often use different VMT accounting approaches because project impacts are often measured directly through induced travel estimates rather than household-level travel behavior. As a result, transportation projects may rely on annualized VMT estimates rather than daily per-capita calculations.

Project Information

Hypothetical Impacting Project: Transportation Capacity Project (Milpitas)

Region: MTC/ABAG

Regional Pricing Area: Santa Clara

Derived VMT Credit Values:

- Daily: ~$4,891 per daily VMT reduced
- Annual: ~$13 per annual VMT reduced

Determine Annual VMT Requiring Mitigation

Relevant VMT Threshold: No net increase to VMT

VMT Induced by Project (provided by the applicant): 1,000,000 Annual VMT

Total VMT to Mitigate: 1,000,000 Annual VMT

Estimated Mitigation Contribution Amount

Total Mitigating Contribution: $13,000,000 (see calculation below)

1,000,000 (Annual VMT) X $13 (per Annual VMT reduced) = $13,000,000

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How It Works for a Housing Project

Project Information

Hypothetical Impacting Project: 100-Unit Housing Development (Milpitas)

Region: MTC/ABAG

Regional Pricing Area: Santa Clara

Derived VMT Credit Values:

- Daily: ~$4,891 per daily VMT reduced
- Annual: ~$13 per annual VMT reduced

Determine Daily VMT Requiring Mitigation

Local VMT Threshold: 11.33 Daily VMT per Capita (15% below the countywide average)

Project Generated VMT (provided by applicant): 13.74 Daily VMT per Capita

Above Threshold: 2.41 Daily VMT per Capita

Total VMT to Mitigate: 738 Daily VMT (see calculation below)

2.41 (Daily VMT per Capita) X 3.06 (Persons Per Household) X 100 (Units Needing Mitigation) = 738 Daily VMT

Estimated Mitigation Contribution Amount

Total Mitigation Contribution: $3,609,558 (see calculation below)

738 (Daily VMT) X $4,891 (per daily VMT reduced) = $3,609,558

For any project, hypothetical or otherwise, these examples should not be interpreted to imply that a lead agency must fully mitigate transportation impacts using the bank or rely exclusively on this program. The lead agency may choose to use the bank in combination with other on- or off-site mitigation as it has broad discretion on how to mitigate transportation impacts to the extent feasible.