

April 30, 2026

Governor's Office of Land Use and Climate Innovation (LCI)
Attn: VMT Program
1400 Tenth Street
Sacramento, CA 95814
Via email: CEOA@lci.ca.gov

Re: Comments on April 2026 Draft Guidance – AB 130 Statewide Vehicle Miles Traveled (VMT) Mitigation Program (PRC §21080.44)

Dear LCI Staff:

LandWatch submits the following comments on the April 2026 Draft Guidance (“Draft Guidance”) for the AB 130 Statewide VMT Mitigation Bank Program. LandWatch is a nonprofit organization working to promote sustainable, equitable, and environmentally sound development in the Central Coast region. We have followed this program closely and previously shared with HCD our recommendation that the TOD Implementation Fund operate as gap financing for affordable housing projects that would otherwise not be built—a recommendation that, as we note below, the guidance correctly adopts in principle.

We raise one fundamental methodological concern about how the Draft Guidance calculates VMT reduction benefits, as well as several related questions about trip length and trip generation data, the definition of Location-Efficient Areas, and the treatment of jobs/housing balance. We address these in turn.

I. Foundational Methodological Flaw: The Wrong Counterfactual

A. The Draft Guidance Uses a Market-Rate Comparison That Does Not Match the Program’s Design

The Draft Guidance states at the outset that “the mitigation benefits of location-efficient affordable housing are most accurately demonstrated through the VMT reduction that type of housing generates in comparison to the market-rate housing that would have been built in its stead” (Draft Guidance, Section 1.0). Section 5.4 formalizes this in Formula 3:

$$\text{VMT Reduction} = \text{VMT Generated (Market Rate Housing Unit)} - \text{VMT Generated (Affordable Housing Unit)}$$

This comparison is the wrong counterfactual. The Draft Guidance’s own Section 6.0 describes the

Mitigation Program as providing gap financing for affordable housing projects that “would not have been viable but for the Mitigation Program.” Section 2.2 further requires that Mitigating Projects be “additional,” meaning they “would not have been built ‘but for’ contributions received through this Mitigation Program.”

If an affordable housing project would not have been built absent the program, then the relevant counterfactual is not a market-rate unit on the same site—it is simply no unit at all. The market-rate comparison would only be valid if the program were displacing market-rate development. But that is not how gap financing works. The AB 130 program is designed to make otherwise-infeasible affordable projects pencil out; it is not a land use swap.

The correct comparison is therefore:

- The VMT of future affordable housing tenants in their current housing situation (before moving into the program-funded unit); against
- The VMT of those same tenants after moving into an affordable unit in a Location-Efficient Area funded by the Mitigation Program.

This is not a semantic distinction. It has direct consequences for how much VMT credit the program generates and, in turn, how the credit values are priced. The market-rate-vs-AH framework captures only the difference in typical travel behavior between two types of residents who happen to occupy different housing types in the same region. The correct framework captures the actual, realized reduction in travel by specific tenants who are enabled to live closer to their workplaces and transit.

B. The AMBAG Data Illustrates the Undercount

The problem is visible in the AMBAG data (Appendix B and D). The Draft Guidance calculates:

- Average trip length for AH units in AMBAG: 10.3 miles
- Average trip length for market-rate housing in AMBAG: 11.2 miles
- Resulting difference: 0.9 miles per trip

The bulk of the 27.0 VMT/day reduction in AMBAG (Appendix D) therefore does not come from trip length—it comes almost entirely from the ITE trip generation rate difference (6.74 trips/day for market-rate housing vs. 4.81 trips/day for affordable housing, a 28% reduction). Whether that reduction is attributable to location or to income-constrained auto ownership is left unexamined (see Section II below).

What the AMBAG data entirely misses is the program’s central use case in our region: a hotel, restaurant, or agricultural worker who currently lives in Salinas and commutes daily to Monterey—a round trip of approximately 60 miles—because no affordable housing is available near their workplace. That worker’s current VMT is not reflected in the AH sample sites in Appendix B, because those sites are distributed throughout the region, not limited to the coastal job centers where the imbalance is most severe. When an AB 130-funded affordable unit in a Monterey LEA

enables that worker to live near their job, the VMT reduction is not 0.9 miles per trip—it is the near-elimination of a long commute. The current formula credits the program with \$4,384 per daily VMT-mile reduced in AMBAG; the actual benefit per dollar of gap funding is substantially higher than that.

We urge LCI to reconsider the baseline comparison before finalizing the guidance. The appropriate methodology should compare:

- The VMT of likely tenants of program-funded LEA-based affordable units, modeled based on their pre-move housing locations and commute patterns; against
- Their projected VMT after occupying those units.

We recognize that operationalizing this comparison requires data on tenant origin points and commute patterns. However, reasonable estimates can be made using COGs' regional travel demand models and household travel survey data—including Caltrans' California Household Travel Survey (CHTS)—which contain this information at a level of regional resolution sufficient to construct a reasonable estimate. This data is available for AMBAG and most other MPO regions. Where region-specific travel models are insufficient or unavailable, U.S. Census' Longitudinal Employer-Household Dynamics and American Community Survey data can be used to identify the pre-program location of likely tenants and likely workplaces, down to the census block group level, using income and wage data. This data can then be used to identify low-wage jobs within a given radius of the proposed LEA site, estimate the weighted average commute to these low-income jobs based on the wage distribution in worker origin block groups, and then estimate the weighted average new commute from providing affordable housing in the proposed LEA site.

II. Trip Length and Trip Generation Data Are Not Specific to LEA-Located Housing

A. The AH Trip Length Sample Includes Non-LEA Sites

Section 5.2 of the Draft Guidance states that the AH trip length baseline was established using Replica cell phone data from 10–50 affordable housing sites per region, “spread somewhat equally (depending on availability) throughout these areas.” Because the sample is distributed across each region as a whole—not limited to LEA-located sites—the resulting trip lengths blend travel behavior from transit-accessible locations with behavior from more auto-dependent sites.

For the AMBAG region, the average AH trip length of 10.3 miles reflects this mixed sample. The trip lengths for AH units specifically in LEAs (half a mile or less from high-quality transit, or in areas already 15% below regional VMT) are likely meaningfully shorter. Using region-wide averages systematically understates the VMT reductions achievable when TDIF contributions are directed—as they are designed to be—to LEA locations.¹

¹ The prioritization of TDIF allocations in PRC Section 21080.44(c) identifies first priority as AH in LEA sites within the same region and third priority as AH in LEA sites outside the region. The Legislature should remove the second priority – to fund any AH in the same region regardless if in an LEA site – because AH

We ask LCI to: (1) clarify what share of the sampled AH sites meet the LEA criteria in Section 4.1; and (2) report the average trip lengths separately for AH sites in LEAs vs. non-LEA locations. If LEA-located AH generates shorter trips, the VMT reduction calculations in Appendix D should be revised upward to reflect the program's intended focus on LEA investment.

B. The ITE Trip Generation Reduction May Reflect Income Constraints, Not Location

The Draft Guidance uses ITE Land Use Code 223 (Affordable Housing: 4.81 daily vehicle trips per unit) vs. ITE LUC 220 (Multi-Family Low-Rise: 6.74 daily trips per unit), a 28% trip generation reduction attributed to affordability. Section 5.3 acknowledges that both the GHG Handbook and ITE data “identify that affordable housing units generate approximately 26% to 28% fewer trips than market-rate housing units,” citing the Fehr & Peers 2021 San Diego County memo.

The guidance does not, however, examine whether this trip reduction reflects: (a) location-based behavior change (proximity to transit and services reducing the need to drive); or (b) income-constrained auto ownership (lower auto availability reducing trips independent of location). This distinction matters for the program's validity as CEQA mitigation.

If the ITE reduction is primarily income-driven rather than location-driven, then:

- The program would be receiving VMT reduction credit for behavior that occurs regardless of whether the AH unit is in an LEA or not;
- The requirement in PRC §21080.44(d)(4) to account for “proximity to transit,” “job access,” and “walkability” would not be genuinely satisfied; and
- The additivity requirement of Section 2.4 would be undermined—VMT reductions already present in any AH unit regardless of location cannot be “added” by the program.

We note that the Draft Guidance itself excludes TDM-based trip reductions from the methodology on the grounds that they would be double-counted against location-based credits (Section 5.3). The same concern applies to income-based trip reductions: if lower trip generation among AH tenants is already occurring in non-LEA AH, then crediting it to LEA-based AH funded by the program overstates the mitigation effect of the program's geographic targeting.

We recommend LCI commission an analysis (potentially using the same Replica dataset already applied to trip lengths) to determine what portion of the AH trip generation reduction is attributable to location efficiency, controlling for income and auto ownership. This analysis should inform whether the current ITE rates are appropriate for the program or whether LEA-specific trip generation rates should be developed.

outside LEA sites will not attain any regional or global reduction in VMT. VMT reduction outside LEA's is determined by income effects (fewer trips by lower income households) that are not affected by AB 130 and would occur regardless of whether additional AH is built. While funding AH outside LEAs is a social benefit, the benefits are unrelated to VMT reduction; thus, this funding should not be treated as VMT mitigation. Unless and until the Legislature resolves this prioritization error, we recommend that agencies simply allocate all available funding to the first priority – in region AH in LEAs – to maximize VMT reduction.

III. The Definition of Location-Efficient Areas Omits the Jobs/Housing Imbalance Factor

Section 4.1 and Table 2 of the Draft Guidance establish three alternative criteria for “location-efficient areas”: (1) location 15% below regional per-capita VMT average; (2) within half a mile of a major transit stop or high-quality transit corridor; or (3) served by at least two transit routes plus infill characteristics. These are reasonable transit-access criteria. However, PRC §21080.44(d)(2) requires the LEA definition to reflect a “reasonable nexus” between the impact of the contributing project and the VMT-reducing potential of the mitigation, and PRC §21080.44(d)(4) expressly requires the methodology to account for “job access” as a factor influencing VMT reduction.

The current LEA definition does not incorporate job access in any operational sense. A site can qualify as location-efficient if it is near transit even if the transit does not connect workers to actual job centers. Conversely, a site near a major employment center with a severe shortage of affordable housing—but with limited transit service—could fail to qualify as an LEA even though locating AH there would generate substantial commute-trip VMT reductions.

The Monterey Peninsula illustrates this. Coastal Monterey County has a severe imbalance of low-wage service jobs—hotels, restaurants, agriculture, healthcare—and affordable housing. Transit service exists along Highway 1 and in the Monterey-Salinas corridor, but it is not the primary constraint on job access; housing cost and supply near job centers is. An AH unit in Monterey sited near an employer cluster but only marginally meeting transit criteria could generate far greater VMT reduction than an AH unit located near a transit hub but distant from low-wage employment—yet the current LEA definition would treat these locations equivalently or might exclude the more impactful one.

We recommend that the guidance be revised to add a fourth LEA criterion: areas identified as having a significant imbalance of low-wage employment and affordable housing supply, as reflected in COG-developed jobs/housing data or consistent with the applicable region’s SCS. We further recommend that LCI direct MPOs and RTPAs—beginning with those administering regions with known coastal jobs/housing mismatches like AMBAG—to develop and maintain job-stratified housing/employment databases that can support the LEA determination and the trip-pattern analyses we recommend in Sections I and II above.

IV. Comments on Gap Funding Methodology (Section 6.0)

LandWatch commends LCI for adopting a gap financing approach to establishing Mitigating Project costs, consistent with the recommendation we made to HCD in January. The use of AHSC historical award data to establish a 15% gap funding percentage (Formula 6) is a defensible and practical approach.

We offer the following comments:

A. The 15% Median May Not Reflect LEA-Located Projects in High-Cost Markets

The analysis underlying Formula 6 found that the percentage of grant funding awarded ranges from 5% to 50%, with a median value of 15% across 108 sites. For AMBAG, the resulting gap

funding amount is \$115,100 per unit on an average total development cost of \$767,000 (Appendix E).

AMBAG's coastal communities—particularly Monterey, Pacific Grove, Carmel, and Santa Cruz—have among the highest land and construction costs in the region, and affordable housing projects in these LEA locations may require gap funding well above the 15% median. Using the regional median risks under-funding the LEA-located projects the program most needs to incentivize. We ask LCI to: (1) report whether the 15% median was derived specifically from LEA-located projects or from AH projects region-wide; and (2) consider whether the gap funding percentage should be differentiated by project location (LEA vs. non-LEA) within each region.

B. The Guidance Correctly Allows Partial Gap Funding to Generate Full Mitigation Credit

Section 6.0 states that “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.” This “last dollar in” principle is sound and will enhance the program's viability for contributing projects across a range of market conditions. We strongly support this provision and ask that the final guidance include clear guidance to HCD on how to operationalize the demonstration of financial necessity, to ensure consistent application across regions,

V. AMBAG Regional Structure and Proximity Radius

LandWatch is encouraged that AMBAG is treated as a standalone region for the purposes of the Mitigation Program. This is critical given the distinctiveness of the Monterey Bay economy and its jobs/housing imbalance relative to adjacent regions.

We note that Section 3.2 defines the “Proximity Radius” for adjacent-region allocations based on compatibility of development costs and travel patterns, rather than a fixed linear distance. We support this approach. However, the Draft Guidance states that “specific metrics used to determine compatibility” will be provided when the guidance is finalized—they are not yet present in the draft. We ask LCI to publish those specific metrics as part of the final guidance, including the metrics applicable to AMBAG's adjacent regions (SACOG, SLOCOG, and the MCTC Combined Area), so that the proximity radius determination is transparent and subject to public review.

VI. The Guidance Does Not Address the Broader Utility of the Methodology

LandWatch is also interested in whether the VMT reduction methodology developed under this guidance can serve as a model for ad hoc AH-based VMT mitigation in contexts outside the TOD Implementation Program. PRC §21080.44(d)(4)'s methodology requirements are specific to the TDIP, but the analytical framework for quantifying VMT reductions from LEA-located affordable housing has broader value for CEQA practitioners, particularly in regions like AMBAG where practitioners are regularly engaged in project-level VMT analyses.

The Draft Guidance does not address this potential application. We ask LCI to clarify whether and

how the methodology in Section 5 may be used as a reference methodology outside of the formal TDIP program, and whether LCI intends to issue separate technical guidance on this point.

VII. Summary of Recommendations

In summary, LandWatch urges LCI to address the following before finalizing the guidance:

- Counterfactual correction (Section I):Revise Formula 3 to compare AH tenant VMT before and after occupying an LEA-based unit, rather than comparing AH to market-rate VMT. Use regional travel demand model and CHTS data to construct tenant origin/commute baselines by region.
- Trip length data disaggregation (Section II.A):Report AH trip lengths separately for LEA-located vs. non-LEA sites and revise Appendix B and D calculations to reflect LEA-specific trip lengths.
- ITE trip generation analysis (Section II.B):Commission or reference analysis decomposing the AH trip generation reduction into location-attributable vs. income/auto-ownership-attributable components before crediting the full 28% reduction to the program.
- LEA definition expansion (Section III):Add a fourth LEA criterion based on jobs/housing imbalance data, and direct COGs and MPOs to develop job-stratified housing/employment databases to support the determination.
- Gap funding methodology (Section IV.A):Clarify whether the 15% median gap funding figure reflects LEA-located projects and consider location-based differentiation within regions.
- Proximity radius specificity (Section V):Include specific metrics defining the Proximity Radius for all regions, including AMBAG's adjacent regions, in the final guidance.

VIII. Conclusion

The AB 130 Mitigation Program is an innovative and important tool, and the Draft Guidance represents significant work by LCI and HCD. We support the program's structure, its gap financing approach, and its regional organization. However, the core comparison—AH vs. market-rate—does not match the program's design as gap financing for projects that would not otherwise be built. The correct counterfactual is the travel behavior of future AH tenants before they move into LEA-based units. Correcting this would better capture the substantial VMT reductions achievable in regions like AMBAG, where the mismatch between low-wage jobs and affordable housing near those jobs is the primary driver of excess VMT.

We appreciate the opportunity to comment during the public review period and welcome the opportunity to discuss these comments with LCI and HCD staff.

Thank you for the opportunity to comment.

Regards,

A handwritten signature in black ink, appearing to read "Michael DeLapa". The signature is fluid and cursive, with the first name "Michael" written in a larger, more prominent script than the last name "DeLapa".

Michael DeLapa
Executive Director

cc: Maura Twomey, AMBAG
Heather Adamson, AMBAG