



CA Governor's Office of
**Land Use and
Climate Innovation**



Tab 3

Housing as a Climate Solution

AB 185 Joint Meeting

April 9, 2026



Opening Remarks

Business, Consumer Services & Housing Agency



Dual Crises: Housing and Climate

- Decades of housing underproduction in California created a dire statewide housing shortage – **2.5 million homes**, including **1 million for lower-income households**.
 - Symptoms of the crisis include:
 - Housing cost burden (rising rents and high housing prices)
 - Declining homeownership rates
 - Homelessness and housing precarity
 - Inequities along income levels and protected classes such as race
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Dual Crises: Housing and Climate

- Historical development patterns have led to a sprawling, carbon-intensive, and car-dependent built environment.
 - Symptoms of the crisis include:
 - Longer and more destructive fire seasons
 - Uneven exposure to climate risk due to historical discriminatory practices and lack of investment
 - Increased pressure on housing costs
 - But, California is shifting course through **densification**, **electrification**, and **technological improvements**.
 - From 2000 to 2023, the carbon intensity of California's economy decreased by **56.6%**.
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Integrated Solutions

State laws and incentives are making it easier to build housing in a way that supports lower residential VMT and GHG emissions:

At higher densities

In proximity to key destinations

In infill, location-efficient areas

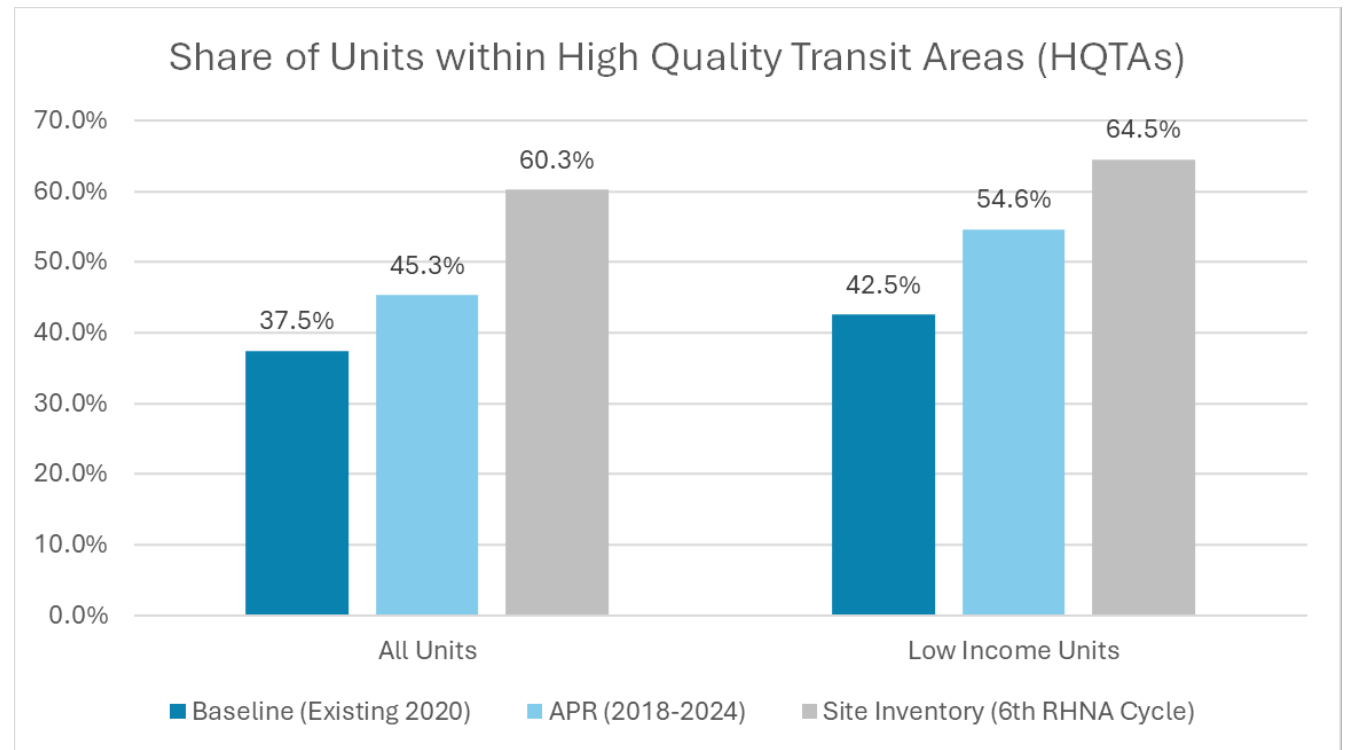
More Location Efficient Housing, Faster

Permitting

- Recently-permitted housing is more concentrated in high-quality transit areas (near major transit stops) than historic and existing patterns.

Planning

- Anticipated development on 6th RHNA cycle sites is even higher than present.



From Planning to Implementation

Continued Momentum

- Coordination of Housing, Transportation & Climate efforts
- RHNA and Housing Elements
- HCD Technical Assistance and Enforcement Functions
- Prohousing Designation and Strategies
- Green Building Codes, and Climate Positive Building Materials

Upcoming Opportunities

- California Housing & Homelessness Agency (CHHA)
- Aligning the housing finance system
- SB79
- VMT Mitigation Bank

VMT Mitigation Bank

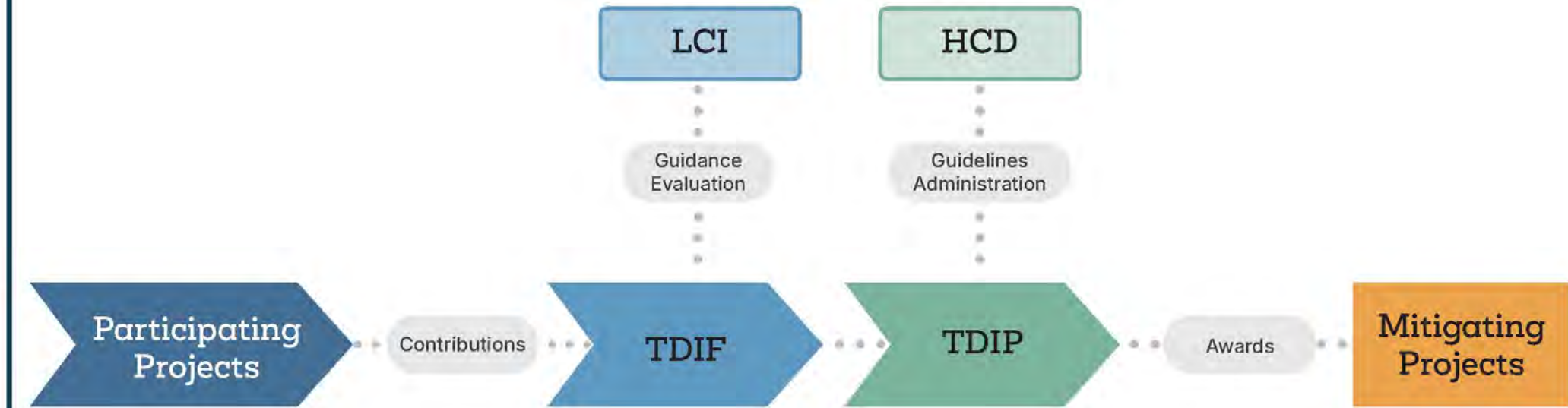
Office of Land Use and Climate Innovation



Overview

- The **2025 California Budget Act (AB 130, 2025)** authorizes LCI and HCD to establish the first-ever statewide VMT Mitigation Bank.
 - Will allow projects under CEQA to mitigate VMT impacts by funding affordable housing and related infrastructure
 - Online beginning on or before **July 1, 2026**.
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IMPLEMENTATION



Key Terms

VMT: Vehicle Miles Traveled

TDIF: Transit-Oriented Development Implementation Fund

TDIP: Transit-Oriented Development Implementation Program

HCD: California Department of Housing and Community Development

LCI: Governor's Office of Land Use and Climate Innovation

UC: UC Berkeley Law Center for Law, Energy, and the Environment

LCI Guidance Development

- LCI will be releasing draft guidance in **April** to support HCD's program guidelines.
 - There will be **30 days** for public comments.
 - The guidance includes:
 - 1) A methodology for determining the amounts that are required to be contributed to the TOD Implementation Fund.
 - 2) A definition of location-efficient areas.
 - 3) A process for validating a project's vehicle miles traveled funding contribution.
 - 4) A methodology for estimating the anticipated reduction in vehicle miles traveled associated with affordable housing or related infrastructure projects.
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Transit-Oriented Development Implementation Program

Department of Housing and Community
Development



Eligible Projects

Affordable Housing Development

- Be located in a Location-Efficient Area or meet location efficiency requirements
- At least 20% of the units must be affordable
- Meet minimum density requirements

Related Infrastructure Project

- Integral or necessary for the completion of the AHD
 - Directly enable or support the AHD
 - Located on or in the immediate vicinity of the AHD site
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Eligible Costs

Affordable Housing Development

- Rental – aligned with MHP
- Homeownership – aligned with CalHome

Related Infrastructure Project

- Required by the locality
 - Enhance walking and biking connections
 - Improvements to preserve affordability
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Threshold Requirements

- The Project must be eligible.
 - The Applicant must be eligible.
 - Proposed uses of Program funds must be eligible.
 - The application must be complete.
 - The Project must be financially feasible.
 - Environmental Site Assessment
 - Demonstrate Site Control
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Selection Criteria

Location Priorities

- Same Region, in Location-Efficient Area
- Same Region (not in a Location-Efficient Area)
- Adjacent Region, in Location-Efficient Area

Additional Priorities

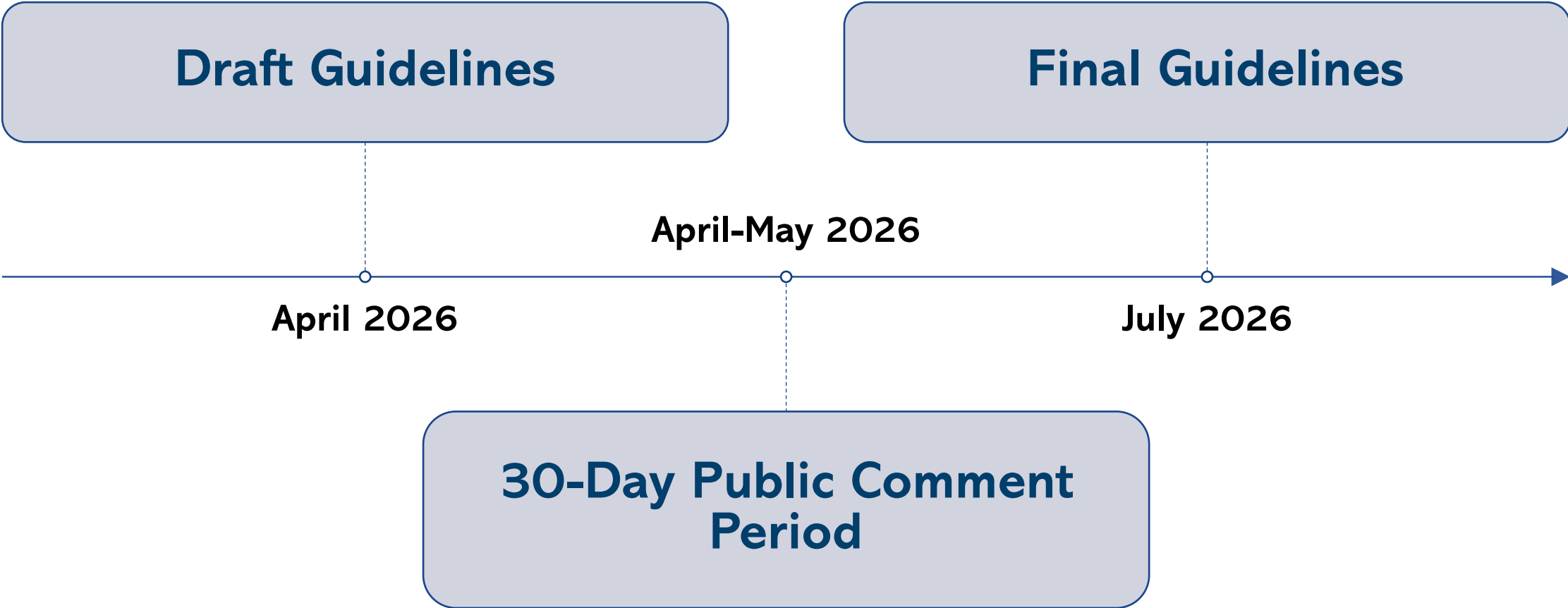
- Highest percentage of affordable units
- Result in improved VMT efficiency
- Applied/Awarded with remaining gap
- Readiness beyond Threshold Requirements

Competitive NOFA Scoring

- Rental – aligned with MHP
- Homeownership – aligned with CalHome



Timeline



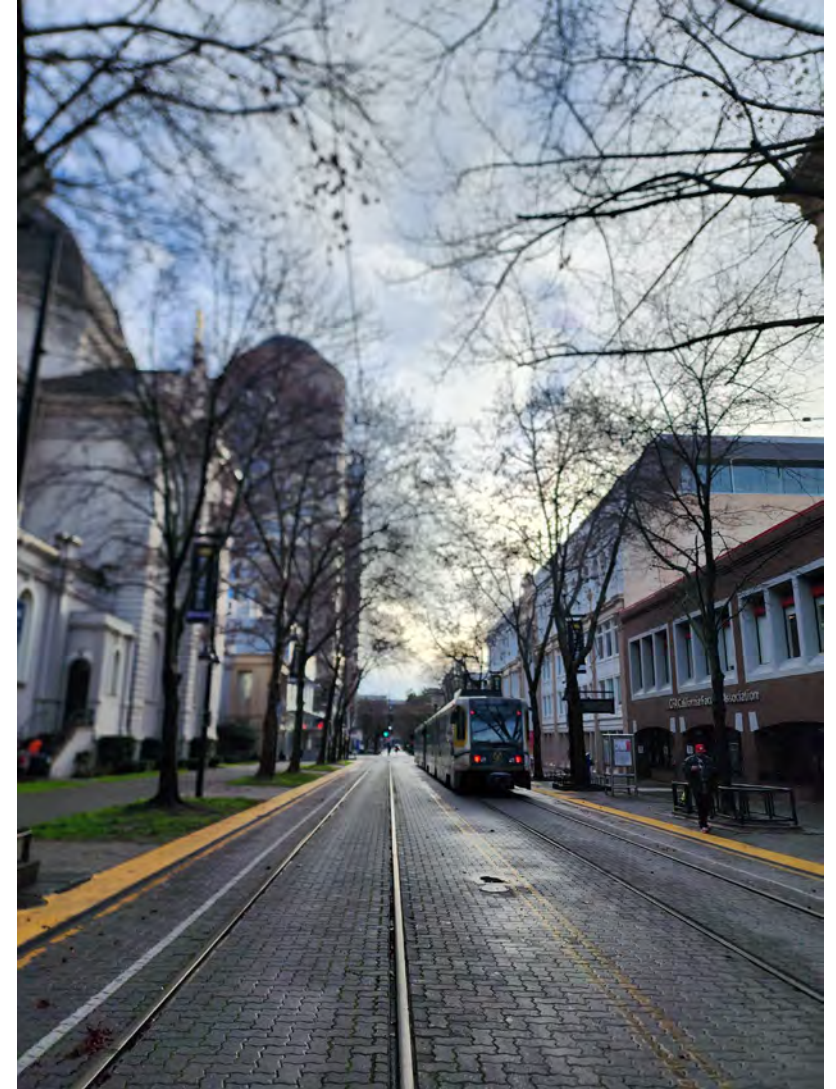
Assessing the Climate and Environmental Benefits of Infill Housing

California Air Resources Board



CARB is developing infill metrics to:

1. Help align State housing and climate goals with a tool to assess the environmental benefits of infill.
2. Support decision-makers in identifying locations and projects where the benefits are high.
3. Enable actions that support, incentivize, and accelerate climate-friendly housing.
4. Respond to Executive Order (EO) N-2-24.



Key Climate & Environmental Benefits

- **Clean mobility options** – *e.g., transit density, pedestrian access to amenities*
- **Compactness** – *e.g., intersection and building density*
- **Conservation of natural and working lands** – *e.g., not located on agricultural lands or conservation areas*



Points of Emphasis

1. Maximize synergies between housing, transportation, and climate strategies.
2. Align with affirmatively furthering fair housing and equity goals.
3. Be applicable and relevant across the State, with flexibility for rural areas.
4. Rely on non-modeled data that is public and easily accessible.



Two Complementary Types of Metrics

Locational

Goal: Identify areas where the benefits of infill are high



Project Attributes

Goal: Assess whether projects or sites take advantage of infill location benefits



Locational Metrics

Number of transit stops or stations within half a mile. Additional factors for consideration at the regional level: type and frequency of transit.

The number of amenities such as parks, schools, grocery stores, and medical facilities that are accessible to pedestrians within 15 minutes or two-thirds of a mile. Additional factors for consideration: infrastructure gaps and quality.

Street intersection density per square mile. Additional factors for consideration at the regional level: type and quality of intersection, or area size.

Employment density and accessibility: Retail jobs per unit area, sum of residents and workers divided by street length, and/or ease of reaching jobs within a defined travel time

Not located in areas designated as high quality agricultural land. Additional factors for consideration: restrictions for recently converted farmland, or proximity to farmlands.

Not located in areas designated as conservation areas (especially forested areas, shrublands, federally and State protected wetlands, habitat for State and federally listed endangered and sensitive species, areas of conservation emphasis, wildlife movement barrier priority areas).

Project Attributes

The project results in no net loss of existing affordable units.*

Percentage of units affordable to lower-income residents.

The project is located in an area surrounded by existing urban uses; **AND** is presently served by existing utilities and essential public services (power, streets, water, and sewer).

Project includes secure bicycle and/or scooter parking; **OR** is proximate to Class I, II, or IV bikeways; **OR** high-volume sidewalks (min. 8-ft width).

Project does not include parking; **OR** reduces parking compared to allowable zoning.**

Project density exceeds 30 dwelling units per acre; **OR** project exceeds net residential density of residential parcels in the area and Floor-to-Area Ratio of nearby parcels by at least 50%.***

* As defined by State law to not exceed the limits for moderate-income, lower income, very low income, or extremely low-income households, specified in Health and Safety Code sections 50079.5, 50093, 50105, and 50106 ; and by the Housing Crisis Act of 2019 for affected jurisdictions.

** With exceptions for spaces that are accessible for persons with disabilities

*** Exceptions to residential density requirement may be considered for projects with a significant number of higher-bedroom, family-supporting units.

Next Steps

- **Consult:** Iterate on metrics via collaboration with partner agencies and external parties, research, and feedback.
 - **Develop:** Continue vetting data sources and ground-truthing metrics.
 - **Hone:** Evaluate application potential across the state and analyze overlap with other programs.
 - **Vision:** Continue developing and examining long-term policy and program implications.
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