

Programmatic Infill Development Incentives

Date: March 22, 2023

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Significant state, regional and local policies promote accelerated development in infill areas, to increase sustainability of land development in general and to reduce overall vehicle miles traveled (VMT), in particular. Lower VMT generated by residents and workers in infill areas is caused by the following:

- **Higher Accessibility:** Infill areas allow workers and residents options to take shorter trips relative to comparable greenfield areas, due to existing development nearby.
- **Alternative Travel Options:** Infill areas offer better proximity to existing transit services, bike lanes, pedestrian networks, etc., allowing trips to be made by modes other than driving.

Existing Programs & Policy

The most recent state policy promoting accelerated development in infill areas is the Regional Early Action Planning Grants (REAP) program. This state grant program was set up partly in response to regional and local agency reports of significant obstacles to infill development: lack of adequate infrastructure to support development, scale/size of developable parcels, NIMBY-ism, and other factors. REAP is intended to help regional and local agencies in their efforts to



overcome these obstacles and increase the rate at which new housing is developed in infill areas. Examples of regional programs aligned with the state's REAP program include the following:

- **SACOG Green Means Go:** This program is currently allocating up to \$34M in state grants to locally designated "Green Zones," which are, by definition, infill areas ([SACOG Green Zone map](#)). Green Zones have much lower-than-average VMT per capita than other areas within the region and by stimulating new development in those areas, an overall reduction of VMT in the region will result. The majority of this funding is targeted towards infrastructure improvements to support new housing development in Green Zones.
- **MTC Priority Development Areas (PDAs):** A PDA is an infill area with significant transportation assets, such as high transit service density ([MTC PDA map](#)). This program is currently allocating grants to finalize plans and begin implementation of development in these areas.

Proposed Mitigation Approaches

Recognizing the significant policies and programs in place, the next consideration is to use CEQA mitigations to stimulate new development, lower VMT, and support these existing programs. Two potential mitigation approaches are an *exchange* and a *bank*.

- **Exchange:** The exchange approach would require a project developer to support a low VMT infill development project, such as a proposed affordable housing project in an infill area like SACOG's Green Zones, or MTC's PDAs, that is short of funding. Funding from one or more CEQA projects with VMT impacts could be used to complete funding for the affordable housing project. VMT savings creditable to the CEQA project would be based on a pro-rata share of the project cost unless no other claims on the VMT reduction were made by others. Under this condition it may be possible to assign the full VMT reduction to the CEQA project if the mitigation action would not otherwise occur without the project's contribution. The lead agency for the CEQA project, or another involved agency would need to fulfill the administrative and technical requirements for the exchange.
- **Bank:** The bank approach relies on the agency sponsoring a regional, sub-regional, or local infill development program to establish a bank and set-up procedures for receiving contributions from CEQA projects. The bank could more easily calculate VMT savings from a pool of proposed development projects in infill areas and establish funding needed to complete projects in that same pool presuming that appropriate modeling and analysis has been performed to equate each dollar invested with a corresponding VMT reduction. This analysis would need to be updated regularly (e.g., on an annual basis) to maintain a current cost for each unit of VMT reduction. The VMT savings creditable to the CEQA project would be based on the cost of VMT savings established by the bank and the amount of the contribution from the CEQA project.



In both cases, the agency sponsoring the exchange or bank would need to perform the administrative, technical, and procedural work to establish and run the program. Providing substantial evidence of VMT savings and monitoring the programs would also fall to the sponsoring agency.

In both cases, it is also presumed that the CEQA project's contribution would not normally fully fund any one infill development in its entirety. The project contribution would be part of a pool of other funding needed to get an infill project in a low VMT area "across the finish line" to completion.

The concept combines infill development incentives with CEQA mitigation for VMT impacts of a project. The benefits of this approach include the following:

- **Scalable:** This concept expands the scale of mitigation from the project to jurisdiction, sub-regional, or regional scale.
- **Leverages Existing Investments:** This concept recognizes that no one source can fully fund most land use changes that result in long-term VMT savings. It leverages existing state, regional, and (in some cases) local policies and investments, pooling available funding and resources from multiple sources.
- **Long-Term Impact:** Because the concept would fund housing in low VMT areas, the duration of VMT savings is extended. A one-time investment of mitigation funds leads to a long-term savings of VMT, with very low ongoing operational or maintenance costs.

Application

While mitigation banks or exchanges are not new, they have not yet been applied to VMT savings. Exchanges or banks are normally established for more "static" mitigations, like habitat replacement. Using the mechanism for a more dynamic mitigation like VMT savings would require new technical approaches to calculate savings, and new monitoring approaches to ensure that savings endure over time.

Additionally, the concept requires the agencies establishing infill development incentive programs (like SACOG and MTC, mentioned above) to expand their programs to include CEQA mitigation, or for other agencies to start programs with that purpose in mind. Both of those are longer term propositions and would require dialogue and partnership with those agencies.