Executive Summary

California is currently debating how to invest greenhouse gas (GHG) cap-and-trade auction proceeds so that they result in real, quantifiable and verifiable greenhouse gas reductions.

A new analysis of data from Caltrans’ California Household Travel Survey (CHTS) completed in February 2013 shows that a well-designed program to put more affordable homes near transit would not just meet the requirements set by the California Air Resources Board (ARB), but would be a powerful and durable GHG reduction strategy – directly reducing driving while creating a host of economic and social benefits.

Conducted by the nationally recognized Center for Neighborhood Technology (CNT), the analysis identified 36,000-plus surveyed households that had provided all relevant demographic and travel data and divided them into five income groups, living in three types of locations based on their proximity to public transportation:

- **Transit-Oriented Development (TOD) as defined by the California Department of Housing & Community Development (HCD)** requires homes be built within a 1/4 mile radius of a qualifying rail or ferry station or bus stop with frequent service.

- **TOD as defined by the Sustainable Communities and Climate Protection Act of 2008 (SB 375)** requires housing to be built within a 1/2 mile radius of a rail or ferry station, or a bus stop but with lesser frequencies than HCD’s definition.

- **Non-TOD** areas that do not meet either of these definitions.

Two key findings include:

- Lower Income households drive 25-30% fewer miles when living within 1/2 mile of transit than those living in non-TOD areas. When living within HCD’s 1/4 mile of frequent transit they drove nearly 50% less.

- Higher Income households drive more than twice as many miles and own more than twice as many vehicles as Extremely Low-Income households living within 1/4 mile of frequent transit. This underscores why it is critical to ensure that low-income families can afford to live in these areas.
In response to soaring demand from higher-income households for condos and luxury apartment developments near public transit, there has been a surge of new development. The CNT report shows the tremendous greenhouse gas reductions the state can achieve by ensuring that more low-income households can also live in these areas through investment of cap-and-trade auction proceeds.

**Designing a Cap-and-trade Investment Program that Maximizes GHG Reductions**

The CNT analysis provides robust evidence that an investment by the state in the creation and preservation of affordable housing located within 1/4 mile of frequent transit can dramatically reduce GHGs.

Using conservative assumptions, TransForm and the California Housing Partnership calculated that investing 10% of cap and trade proceeds in HCD’s TOD Housing program for the three years of FY 2015/16 through FY 2017/18 would result in 15,000 units that would remove 105,000,000 miles of vehicle travel per year from our roads.

Over the 55-year estimated life of these buildings, this equates to eliminating 5.7 billion miles of driving off of California roads. That equates to over 1.58 million metric tons of GHG reductions, even with cleaner cars and fuels anticipated.

**What’s more, the State can significantly increase these GHG reductions.** The savings in miles driven described above is based solely on location and income, but HCD has a variety of ways their program could further reduce GHGs such as giving priority to developers who provide free transit passes for residents, adjacent carsharing pods, bicycle amenities and who exceed energy and water efficiency requirements.

Finally, TransForm and CHPC offer a methodology for verifying and reporting the reductions.

**To read the full report please visit:**

- [www.chpc.net](http://www.chpc.net)
- [www.transformca.org](http://www.transformca.org)