SUBJECT

SB743 Work Session on Level of Service (LOS) to Vehicle Miles Traveled (VMT) Analysis

RECOMMENDATION

That the Commission review the report and provide feedback on the proposed local land use thresholds for Vehicle Miles Traveled (VMT) related to CEQA impact analysis, which requires an amendment of the *Hayward 2040 General Plan*.

SUMMARY

SB 743 changes the focus of transportation impact analysis in CEQA from measuring impacts to drivers, to measuring the impact of driving. The change is being made by replacing LOS with vehicle miles of travel (VMT) and providing streamlined review of land use and transportation projects that will help reduce future VMT growth. This shift in transportation impact focus is expected to better align transportation impact analysis and mitigation outcomes with the State's goals to reduce greenhouse gas (GHG) emissions, encourage infill development, increase the mix of land uses, and improve public health with more multimodal transportation networks.

City staff and the transportation consultant, Nelson\Nygaard, will present information about the new SB743 regulations and present proposed changes to the CEQA guidelines to identify Vehicle Miles Traveled (i.e., vehicle usage) as the metric to evaluate a project's transportation impacts. The proposed changes will require the adoption of new local thresholds to identify traffic impacts and will require an amendment to *the Hayward 2040 General Plan*. Currently, the City has Level of Service (LOS) as the threshold used in CEQA evaluations and the proposed changes would replace the current LOS thresholds with new VMT thresholds.

BACKGROUND

In September 2013, Governor Brown signed Senate Bill (SB) 743, which creates a process to change the way that transportation impacts are analyzed under CEQA. Specifically, SB 743 requires OPR to amend the CEQA Guidelines to provide an alternative to Level of Service (LOS) for evaluating transportation impacts. Particularly within areas served by transit, those alternative criteria must "promote the reduction of greenhouse gas emissions, the development of multimodal transportation networks, and a diversity of land uses." (Public Resources Code Section 21099(b)(1).)

The purpose of SB743 was to better align transportation impacts analysis under CEQA with the State's goals of reducing greenhouse gas emissions and traffic-related air pollution as well as promoting multimodal transportation networks and a diversity of land uses. Under the

existing framework of congestion-based analysis using LOS, infill and transit-oriented development is often discouraged because such projects are in areas with high vehicle volumes and/or constrained right of way, which contributes to existing traffic congestion. As policymakers and legislators have recognized, congestion-based analysis does not necessarily improve the time spent commuting and is often at odds with state goals of reducing vehicle usage and promoting public transit. A frequent solution to reducing LOS at intersections is to increase overall roadway capacity (such as constructing new roadways or adding travel/turn lanes to existing roadways), which studies have found can lead to an increase in system-wide congestion and an increase in travel time. Additionally, LOS does not accurately reflect comprehensive vehicle travel as it only focuses on individual local intersections and roadway segments and does not evaluate the entire vehicle trip.

VMT is not a new tool for assessing environmental impacts under CEQA. It is used to assess a project's impact on greenhouse gas emissions, air quality, and energy. Using VMT per capita for analyzing transportation impacts emphasizes reducing the number of trips and distances vehicles are used to travel to, from, or within a development project. Projects located near transit and/or within infill areas have lower VMT per capita than projects in rural or undeveloped areas because there are more opportunities to walk, bike and take transit or to take short trips. The shift to VMT per capita analysis under CEQA is intended to encourage the development of jobs, housing, and commercial uses in closer proximity to each other and to transit and discourage development of projects in more rural parts of the City.

In December 2018, the Governor's Office of Planning and Research (OPR) published their latest Technical Advisory on Evaluating Transportation Impacts in CEQA (Technical Advisory) to assist lead agencies in implementing SB 743. This document includes methods for determining screening thresholds and significance thresholds. Prior to the release of the final OPR Technical Advisory, multiple cities adopted VMT-based analysis requirements, providing case studies of practical approaches to establishing VMT-based thresholds for environmental review.

In January 2019, the Natural Resources Agency finalized updates to the CEQA Guidelines including the incorporation of SB 743 modifications. The Guidelines changes were approved by the Office of Administrative Law and are now in effect. Specific to SB 743, Section 15064.3(c) states, "A lead agency may elect to be governed by the provisions of this section immediately. **Beginning on July 1, 2020, the provisions of this section shall apply statewide**."

As a result of SB 743, traditional measures for mitigating congestion (e.g., widening roads, adding turn lanes, and making similar investments that expand vehicle capacity) will now be replaced with measures that mitigate additional driving, such as increasing transit options, facilitating biking and walking, changing development patterns and managing parking.
To effectively implement transportation analysis required under SB 743, Nelson Nygaard evaluated the existing legal framework, reviewed applicable policies and programs that support a new approach to traffic impact analysis, analyzed the City's existing development and environmental review process, and considered the outreach and communication needs to build a coalition of support.

Stakeholder Interviews. In an effort to understand current and future transportation analysis needs in the City of Hayward, Nelson Nygaard completed a comprehensive review and analysis of the existing policies and practices contained within various policy documents (*Hayward 2040 General Plan*, Climate Action Plan, Bicycle Master Plan, etc.) and additionally conducted extensive interviews with various local stakeholders, including City staff, transit agencies, private developers, and community organizations. In the process of interviewing these stakeholders, several key themes emerged including:

- **Hayward's development review process can be improved:** Stakeholders identified the need to make the process more streamlined and predictable. Several stakeholders noted the increased costs of development due to a process that is vulnerable to delay and exposed to litigation risks late in the process.
- **Hayward's transportation system needs to become less car centric and more multimodal:** In the past, the development review process has focused on the mitigation of impacts to drivers rather than impacts to people who walk, bike, or use public transit.
- **Engineering and transportation staff use vehicle analysis to inform traffic operation needs, and want to maintain a measurement of automotive delay outside of CEQA:** Stakeholders identified the need to better communicate potential transportation impacts of a project to the public, and that using intersection Level of Service (LOS) does a poor job of communicating vehicular delay.
- **Transportation topics in which people are most interested:** At public meetings today, the most vocal and visible stakeholders are most concerned about pedestrian safety, overall vehicle volumes, travel times, and neighborhood traffic intrusion.
- **Transportation mitigations need updating:** The current process focuses on the mitigation of traffic impacts and doesn't require mitigations to support lower VMT.
- **Additional mechanisms, such as adoption of a transportation impact fee (TIF), could further support a transition from LOS to VMT per capita:** The City has initiated a Citywide Multi-Modal Study to study a how a transportation impact fee could be implemented. The study will be helpful in creating the tools needed to simplify the development review process and ensure the City receives contributions from developers even when LOS mitigations are no longer required under CEQA.

When drafting the local VMT thresholds, Nelson Nygaard considered stakeholder feedback and recognized the ongoing efforts by the City to expand the multimodal network.

DISCUSSION

As mentioned above, SB 743 requires OPR to revise the CEQA Guidelines to provide alternative criteria for evaluating transportation impacts to promote the reduction of greenhouse gas emissions, the development of multimodal transportation networks, and a diversity of land uses. Once the CEQA Guidelines are amended to include new thresholds, automobile delay, as described by LOS or similar measures of vehicular capacity or

congestion, will no longer be considered a significant impact under CEQA, and will be replaced by VMT per capita.

While the City has the discretion to set thresholds of significance for what constitutes a significant impact in CEQA, the criteria for determining the significance of transportation impacts must promote the reduction of greenhouse gas (GHG) emissions, develop multimodal transportation networks, and create a greater diversity of land uses. As such, OPR recommends cities adopt quantified thresholds for residential, office, and retail land use since these land uses have the greatest influence on VMT per capita. Figure 1 shows the thresholds of significance recommended by OPR and the thresholds recommended by staff. Maps that reflect the proposed VMT per capita thresholds are included as Attachment II.

Figure 1 Thresholds of Significance for Residential, Office, and Retail Projects

	OPR Recommendation	Hayward Recommendation
Residential	▪ 15% below existing average daily VMT per capita. Existing VMT per capita may be measured as regional VMT per capita or as city VMT per capita	▪ 15% below existing citywide average daily VMT per capita for the City of Hayward
Office	▪ 15% below existing regional average daily VMT per employee	▪ 15% below existing regional average daily VMT per employee
Retail	▪ Net increase in total VMT	▪ Net increase in total VMT

Residential and Office Land Use Projects. Meeting State targets for GHG emission reduction goals will require a statewide reduction in total VMT; however, this effort does not translate directly to VMT thresholds for individual projects on a local level. Therefore, OPR recommends cities use an efficiency metric (reduction per capita or employee) to determine the threshold of significance for residential and office land uses. Specifically, OPR suggests that reducing VMT per capita to 15% below average is achievable at the local, project level and is also consistent with achieving the State's climate goals.

Retail Projects. For retail projects, OPR recommends that any net increase in VMT indicates a significant impact since retail trips are typically diverted from another existing retail site. Local serving retail is assumed to have a less than significant impact because trips redirected to/from these sites tend to be shorter than existing trips to non-local retail. Cities can use existing definitions of local serving or regional serving retail, taking into consideration any project specific information, such as market studies or economic impacts analysis that might provide information about customers' travel behavior. Alternatively, OPR notes that cities can use 50,000 square feet as the size threshold; projects below this threshold would be considered local serving and projects above this threshold would be considered regional serving.

Mixed-Use Projects. The City can evaluate mixed-use projects based on each separate land use or by considering the dominant use. Since the thresholds are typically efficiency metrics (per capita or per employee), each land use can be analyzed separately. The VMT per capita of a residential mixed-use project is not increased by additional onsite land uses, it is only decreased due to internal trip capture. If a lead agency elects to consider only the dominant use, they can disregard all other uses. For instance, if the mixed-use project

contains mostly housing with some local serving retail, the lead agency may choose to only analyze the residential use.

Additional Land Use Categories. The City can determine thresholds of significance for additional land use categories that are not listed in Figure 1, by creating a significance threshold using more location-specific information. For example, San José created two separate "employment" land use thresholds, one for office (general employment) and one for industrial employment. For other uses, San José's policy states that the project should use a threshold in accordance with the most appropriate type(s), as determined by the Public Works Director.

SCREENING THRESHOLDS FOR LAND USE PROJECTS

Under SB 743, it is assumed that some types of development can be exempt from a transportation analysis under CEQA due to their inherent less than significant impact on VMT per capita. A less than significant impact on VMT per capita may result from a project's location, size, or the land use of the development. A project only needs to meet one of four screening criteria to "screen out" of the requirement to complete a transportation impact analysis. OPR's Technical Advisory provides guidance on screening the following four types of projects:

- Small Project Screen
- Development in low VMT zones
- Transit Based Screens
- Affordable Housing Screen

Cities are encouraged to develop screening thresholds to determine when detailed analysis is needed. Screening thresholds allow for a greater degree of certainty for both the lead agency and the public. Additional analysis, including a full environmental impact report, can be required for projects that do not meet the screening threshold.

Small Project Screen. Under CEQA before implementing SB 743, most cities used peak hour trip generation to determine the need for a TIA. Peak hour trip generation is determined based on the project size and land use type. Each city that has adopted VMT-based analysis requirements has reduced the project size threshold for residential and employment land use compared to Hayward's current one of 100 peak hour trips. The Alameda County Congestion Management Agency's (CMA) threshold is also 100 peak hour trips and projects with more than 100 peak hour trips are currently considered to have a regional impact.

Absent substantial evidence that a project would generate a significant level of VMT per capita, OPR recommends that projects that generate less than 110 total trips per day generally may be assumed to cause a less-than significant transportation impact.[1] In addition, the project must be consistent with the City's General Plan and regional Sustainable Communities Strategy (*Plan Bay Area*). Figure 2 (below) lists the small project screening criteria that are being recommended by staff, which are consistent with OPR recommendations.

[1] Governor's Office of Planning and Research, Technical Advisory on Evaluating Transportation Impacts in CEQA, December 2018, p 12.

Figure 2 Project Screening Criteria

Land Use	OPR Recommendation	Hayward Recommendation
Residential	▪ Detached housing: 12-13 units ▪ Attached housing: 20-23 units	▪ Detached housing: 15 units ▪ Attached housing: 25 units
Employment	▪ Office: 10,000 - 12,000 SF	▪ Office: 10,000 SF
Local Serving Retail	▪ Less than 50,000 SF	▪ Less than 50,000 SF

Development in Low VMT Areas. OPR guidance recommends streamlining the review process for office and residential development projects located in areas with low VMT per capita/per employee as an effective method of reducing total VMT and meeting GHG reduction goals. Projects that locate in areas with low VMT per capita/per employee, and incorporate similar features (i.e., density, mix of uses, transit accessibility) will exhibit similarly low VMT. Adopting a map-based screen clearly communicates where projects that meet minimum VMT requirements can be screened out from detailed VMT analysis under CEQA. Low VMT areas can be determined using a travel demand model.

Transit Screen. In addition to small project-based criteria, residential, retail, and employment projects within half a mile of an existing major transit stop or transit corridor will have a less-than-significant impact on VMT per capita. OPR's Technical Advisory recommends that residential, retail, office, and mixed-use projects located within a half-mile of an existing major transit stop should be assumed to have less than significant impact on VMT per capita. A major transit stop is defined as a rail station or the intersection of two or more bus routes with service every 15 minutes or less during morning and evening commute periods.

Affordable Housing Screen. In addition to the small project screening criteria, staff recommends the City adopt a map-based screen to streamline affordable housing located in Priority Development Areas (PDAs) and high-quality transit, defined as a bus or train at least every 15 minutes during peak hours. A project must be 100% deed-restricted affordable housing and meet minimum density, parking maximum, and active transportation requirements.

POLICY CONTEXT AND CODE COMPLIANCE

The City has several policies to support the transition from LOS to using VMT per capita, including policies contained in the *Hayward 2040 General Plan*, including the following goals:

- M-1.4 Multimodal System Extensions
- M-1.5 Flexible LOS Standards
- M-1.8 Transportation Choices
- M-2.2 Regional Plans
- M-2.5 Regional Traffic Impacts
- M-4.3 Level of Service
- H-3.2 Transit Oriented Development
- H-3.3 Sustainable Housing Development

Additionally, the City's Climate Action Plan contains several goals and policies related to the reduction of VMT, including:

- M-8.2 Citywide TDM Plan
- M-8.4 Automobile Commute Trip Reduction
- M-9.10 Unbundled Multifamily Parking
- NR-2.6 Greenhouse Gas Reduction in New Development

As previously noted, the adoption of new CEQA thresholds for the analysis of traffic impacts will require an amendment to the *Hayward 2040 General Plan* to replace references to LOS with VMT.

ENVIRONMENTAL REVIEW

The project will require an amendment of the *Hayward 2040 General Plan* to reflect updated policies and thresholds using VMT. Following study sessions with the Planning Commission and City Council, the draft documents will be finalized and prepared in accordance with the California Environmental Quality Act (CEQA), to determine if and to what extent the proposed regulations would have a significant effect on the environment.

NEXT STEPS

Following input and feedback from the Planning Commission, staff will present the proposed thresholds to the Council Infrastructure Committee (CIC) and the City Council for public review and feedback. Pending any additional revision, staff will return to the Planning Commission and City Council in May 2020 for adoption of the new thresholds and approval of the General Plan Amendment.

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