

Housing Incentive Pool (HIP) Program

Why HIP?

As stated in *Plan Bay Area 2040*, the region’s long-range transportation plan and Sustainable Communities Strategy, “overburdened infrastructure, climate change, disruptive technological innovations and the changing regional and national economy are just some of the many issues that will call for coordinated and concerted regional action. One challenge above all, however, requires immediate attention: housing.”

Affordable housing production in the Bay Area has lagged even further behind market rate units. Since 1999, the region has built less than a third of the units needed for vulnerable populations such as low- and moderate-income households, seniors and the homeless. Figure 1 shows the progress made in the Bay Area in issuing permits for housing units compared to a prorated share for three years of the region’s eight-year Regional Housing Needs Allocation (RHNA).

Through HIP, the Metropolitan Transportation Commission (MTC) seeks to make progress on the region’s affordable housing targets by leveraging transportation funding and incentivizing local jurisdictions to build more affordable housing units.



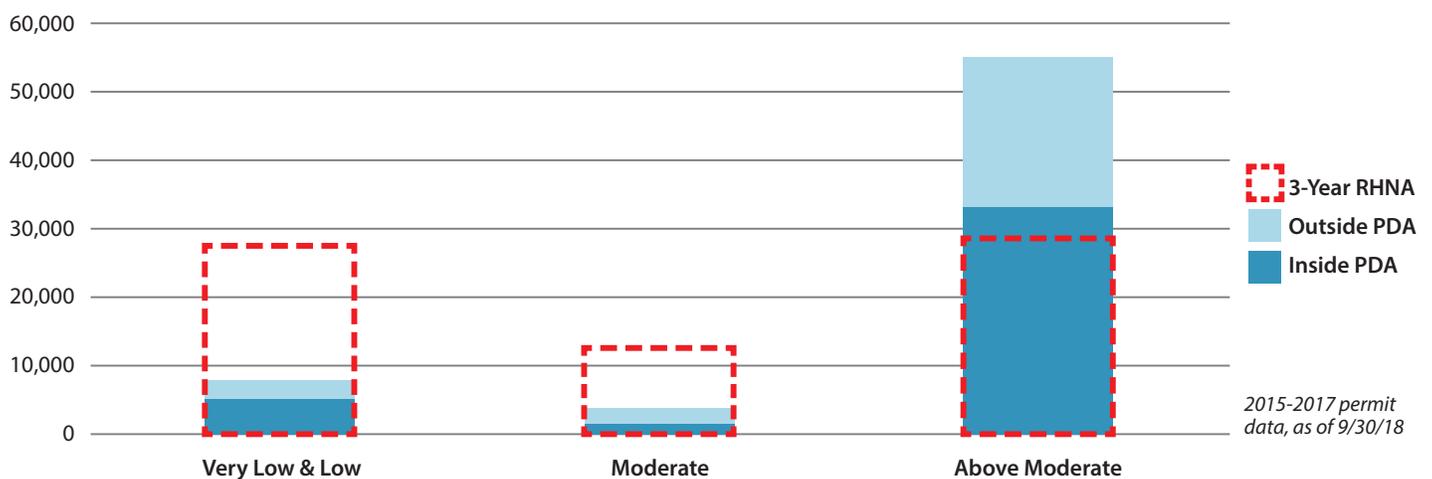
What is HIP?

The Housing Incentive Pool is a competitive “race to the top” incentive program that rewards local jurisdictions for producing or preserving housing units that are affordable to very low-, low-, and moderate-income households within designated Priority Development Areas (PDAs) and Transit Priority Areas (TPAs). **\$71 million** will be distributed to the top 15 jurisdictions based on their affordable housing production and preservation performance between **2018 and 2022**. Another \$5 million will be set aside for a competitive pilot program to finance infrastructure that will support affordable housing in PDAs/TPAs.

(Continued)

Figure 1

Number of Housing Units Permitted by Affordability Level, 2015-2017



HIP Program Eligibility

Recipients of HIP funding must be a local city or county within the nine-county Bay Area that is in compliance with state housing laws including:

1. State Housing Element Law: required rezoning of housing sites identified in local housing elements at appropriate minimum densities;
2. Surplus Lands Act: required local implementation ordinances;
3. State Density Bonus Law: required local density bonus implementation ordinances; and
4. Accessory Dwelling Unit (ADU) Streamlining: required local ADU streamlining ordinances.

HIP Qualifying Units

The eligible time period for the production or preservation of housing units that meet the qualifying criteria listed below is calendar years 2018 through 2022.

HIP units must be:

- Affordable to very low-, low- and moderate-income households
- Located in a PDA or TPA
- Deed restricted to ensure long-term affordability
- New or preserved units
- If a preserved unit, must be:
 - At risk of conversion to market rate – OR – newly placed affordability restrictions on currently unrestricted unit
 - HIP credits prorated based on length of deed restriction, 55-year deed restriction equates to 1 HIP credit

Units qualifying for HIP will be based on certificates of occupancy as reported by jurisdictions to the state.



HIP Funding

The \$76 million that comprise the HIP program funds are a mix of federal Surface Transportation Program (STP), Congestion Mitigation and Air Quality (CMAQ), and State Transportation Improvement Program (STIP) funds. All HIP funds must be used for transportation purposes and are subject to all other guidelines and eligibility requirements associated with the fund sources. Results will be tallied and funds awarded after 2022 housing data is available.

For Additional Detail on HIP
mtc.ca.gov/hip

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