

Housing Incentive Pool and MTC Housing Element Policy

December 13, 2023

Programming and
Allocations Committee

Agenda Items 5a(i) and 5a(ii)



**METROPOLITAN
TRANSPORTATION
COMMISSION**



Housing and Transportation Funding Background

Transportation and Land Use Connection

- **Plan Bay Area 2050** aligns regional transportation planning with land use and housing, as required by SB 375
- **One Bay Area Grant (OBAG) Program** supports implementation of transportation and land use goals of *Plan Bay Area 2050*
 - Housing Element approval required for OBAG funds since 2013 (OBAG 1)
 - Commission directed staff to continue requirement under OBAG 3 in early 2020
- **Housing Incentive Pool (HIP)** rewards jurisdiction for producing and preserving affordable housing in Growth Geographies

Plan Bay Area 2050 Housing Strategies

H1	Further strengthen renter protections beyond state law
H2	Preserve existing affordable housing
H3	Allow a greater mix of housing densities and types in Growth Geographies
H4	Build adequate affordable housing to ensure homes for all
H5	Integrate affordable housing into all major housing projects
H6	Transform aging malls and office parks into neighborhoods
H7	Provide targeted mortgage, rental and small business assistance to Equity Priority Communities
H8	Accelerate reuse of public and community land for mixed-income housing and services

Housing Incentive Pool (HIP)

Overview

- \$71 million in federal transportation funds to top 15 jurisdictions
 - \$25 million-One Bay Area Grant (OBAG 2)
 - \$46 million-Regional Transportation Improvement Program (RTIP)
- Awarded on per-unit basis for affordable housing produced or preserved:
 - Between 2018 and 2022
 - In Priority Development Areas (PDAs) or Transit Priority Areas (TPAs)
- Compliance with state housing laws

Recommendation

- Fund source exchanges to remove RTIP
- Data review period (through January 2024)
- Rolling submissions and MTC project selection (through December 2024)
- Align compliance deadlines with OBAG 3

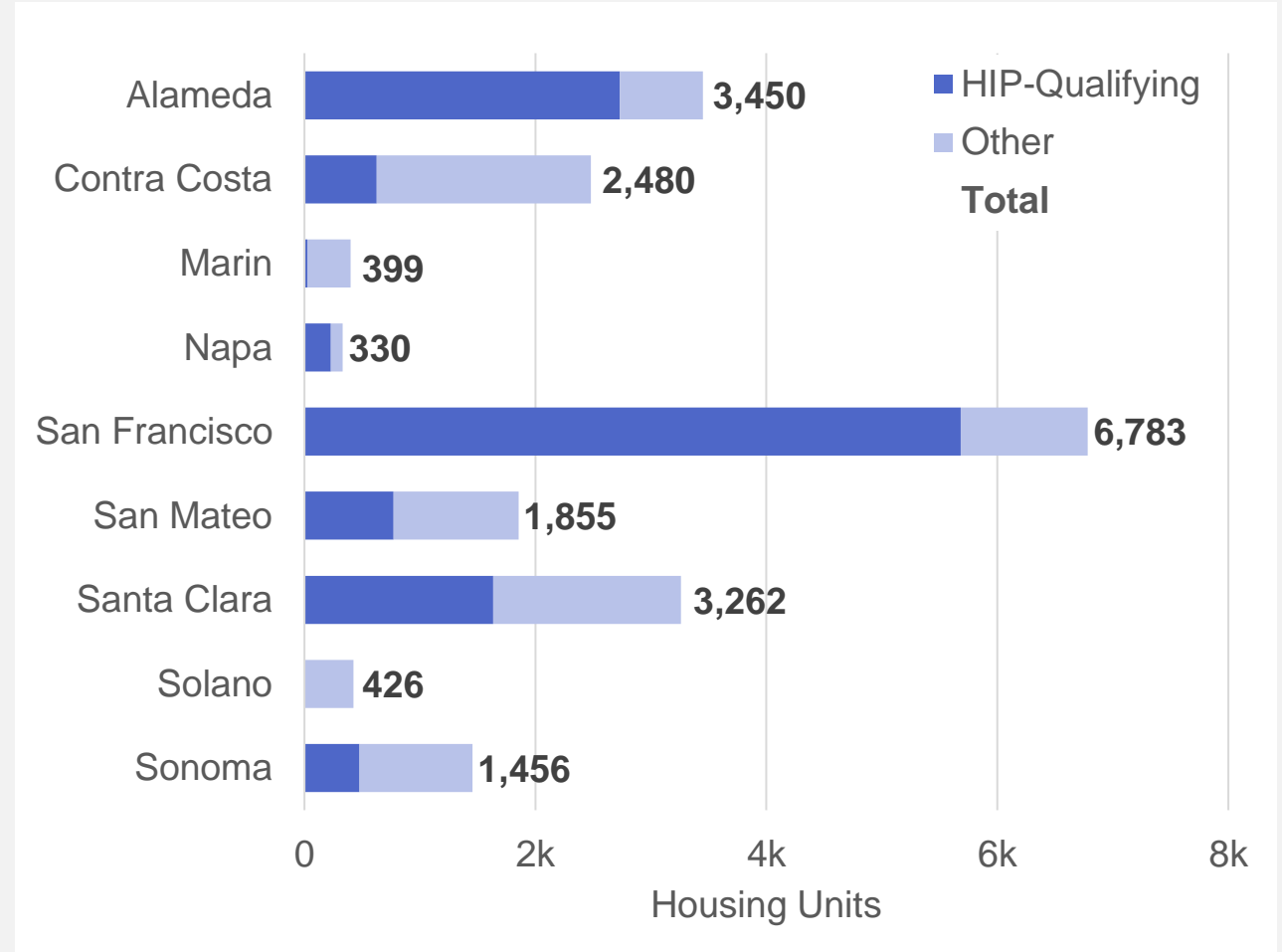


HIP Rankings and Preliminary Awards

Preliminary Awardees (Top 15)

Rank	Jurisdiction	Qualifying Units*	Preliminary Share*	Preliminary Award*
1	San Francisco	6,129	51.3%	36,442,000
2	Oakland	1,702	14.3%	10,120,000
3	Fremont	701	5.9%	4,168,000
4	San Jose	625	5.2%	3,716,000
5	Richmond	419	3.5%	2,491,000
6	Sunnyvale	314	2.6%	1,867,000
7	Mountain View	302	2.5%	1,796,000
8	Santa Clara	300	2.5%	1,784,000
9	Berkeley	271	2.3%	1,611,000
10	American Canyon	228	1.9%	1,356,000
11	Redwood City	226	1.9%	1,344,000
12	Daly City	223	1.9%	1,326,000
13	Santa Rosa	221	1.9%	1,314,000
14	San Mateo	164	1.4%	975,000
15	Pleasanton	116	1.0%	690,000

Affordable Housing Production 2018-2022



*Subject to change based on jurisdiction review

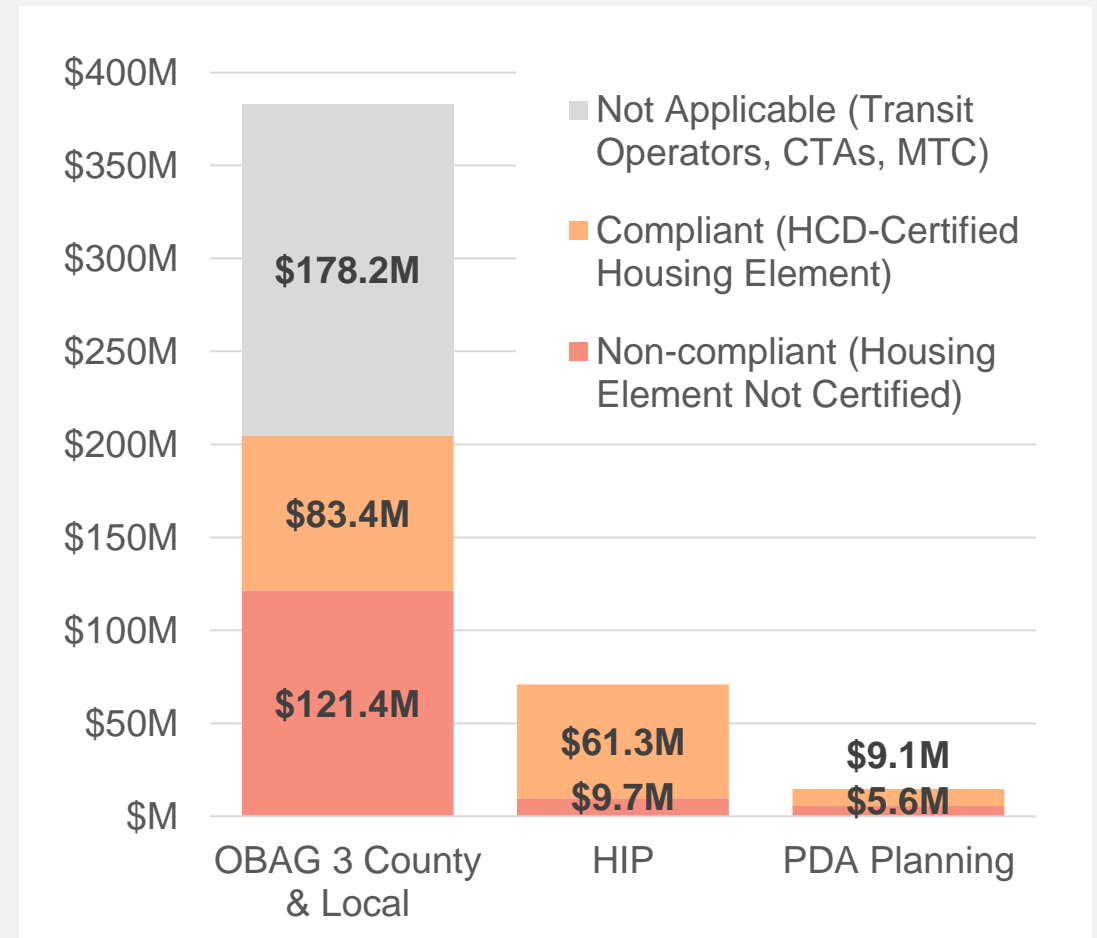


OBAG 3 Housing Element Policy and Compliance

Current State

- HCD Housing Element certification required by December 31, 2023
 - State submission deadline was January 31, 2023
- Most regional jurisdictions not certified
 - High time/effort required compared to prior cycles
 - 53/109 jurisdictions approved by HCD*
 - 55+ require rezoning by January to remain certified
- Substantial funding at risk
 - \$121 million OBAG 3 County & Local (32%)
 - \$10 million HIP (14%)
 - \$6 million PDA Planning Grants (38%)

Funding by Sponsor Compliance



*HCD Housing Element Certification as of November 13, 2023

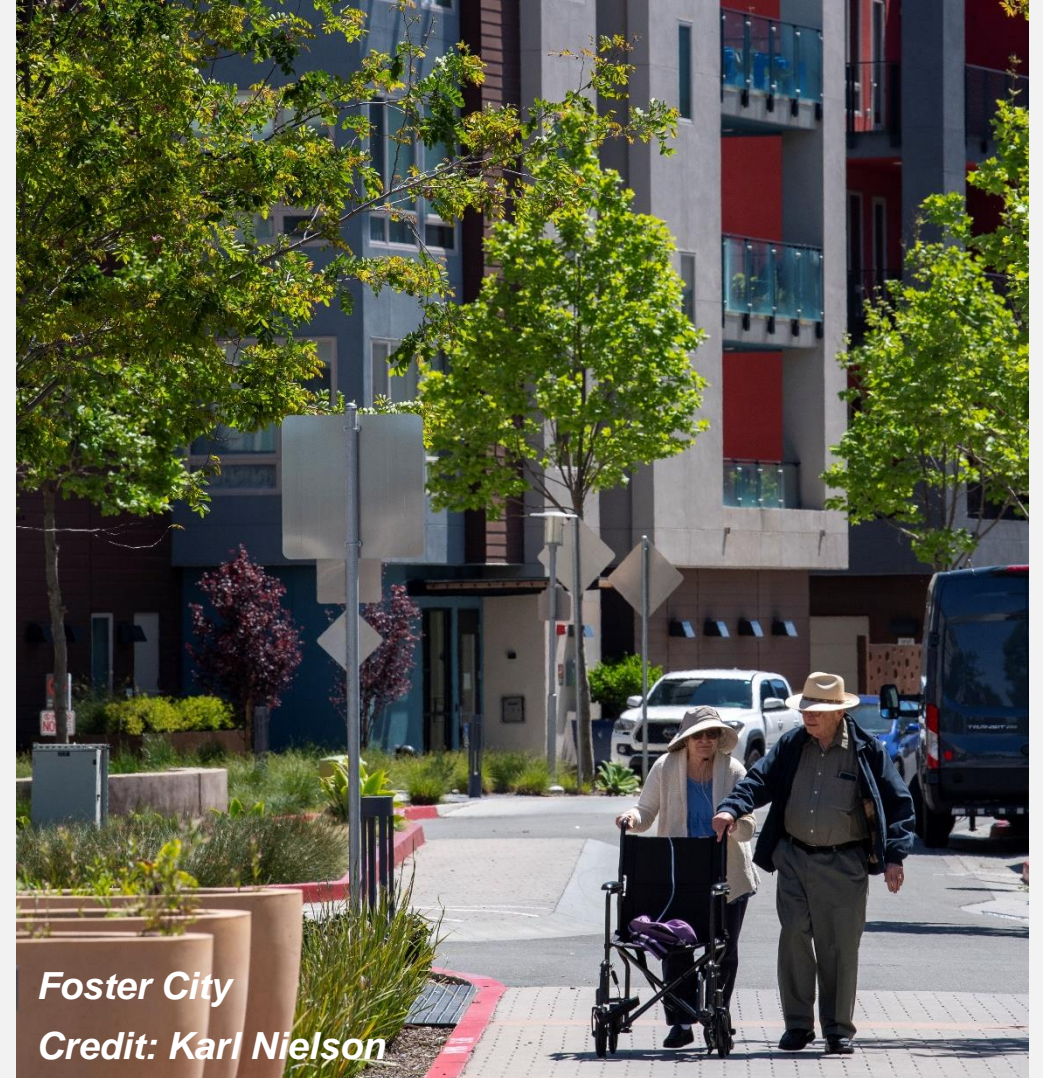
OBAG 3 Housing Element Grace Period

Recommendation

- Housing Element approval grace period
 - Extend deadline to December 31, 2024
 - Withhold OBAG funds until certification
- Strategic exceptions
 - PDA Planning Grants that advance Housing Elements
 - Projects with state/federal discretionary funds

Anticipated Impacts

- Incentivize Housing Element approval
 - Withhold funds from non-compliant jurisdictions
 - Support required rezoning with PDA Planning Grants
- Preserve at-risk funding to jurisdictions
 - OBAG regional discretionary funds
 - Complementary state/federal discretionary funds



Foster City

Credit: Karl Nielson

HIP and Housing Element Policy Recommendations

Recommendation Summary

- Adopt Housing Incentive Pool (HIP) Project Selection and Programming policy
- Program preliminary HIP awards
- Approve grace period for Housing Element approval for HIP and OBAG 3

Resolution Revisions

Refer the following resolution revisions to the Commission for approval:

- MTC Resolution No. 4348, Revised (HIP Program, Agenda Item 5aii)
- MTC Resolution No. 4202, Revised (OBAG 2 Program, Agenda Item 5ai)
- MTC Resolution No. 4505, Revised (OBAG 3 Program, Agenda Item 5ai)