

REGIONAL REVENUE OPTIONS FOR HOUSING AND TRANSPORTATION

Joint MTC ABAG Legislation Committee

June 10, 2022



ASSOCIATION OF BAY AREA GOVERNMENTS
METROPOLITAN TRANSPORTATION COMMISSION

Key Questions Facing ABAG and MTC/BAHFA Policymakers

1. Should staff be directed to begin the work necessary to place a regional housing measure on the November 2024 General Election ballot, based on the existing enabling legislation, AB 1487 (Chiu, 2019)?
2. Should MTC and partners pursue state enabling legislation in 2023 to authorize a regional transportation measure for a to-be-determined future ballot and/or take other steps to address immediate needs?



What Do We Know About Bay Area Voter Sentiment Now?

- A March 2022 Bay Area Council poll of Bay Area registered voters found:
 - Voters are very concerned about the economy and inflation and almost 2/3 think Bay Area is **on the wrong track**;
 - A combined 45 percent think homelessness and housing costs/availability are the most important problem facing Bay Area, whereas only 5 percent identify traffic and congestion as the most important problem.
 - Only 57% said they would support a sales tax for transportation (9 percentage points below 2/3 req.)



Why the Urgency to Affirm Pursuit of a Regional Housing Measure in 2024 Now?

- The Bay Area Housing for All Coalition has requested a clear signal that BAHFA & ABAG intend to pursue an affordable housing bond to assist in their efforts to build the foundation for a winning campaign.
 - Such signal would demonstrate agency support for the preparatory work needed to place measure on November 2024 ballot, but ultimate decision requires polling closer to election.
 - Coalition building and fundraising for a November 2024 measure should begin soon.
- The Bay Area's first regional housing measure is a major endeavor that will require extensive planning, analysis and community engagement.
 - Staff need clear direction to ensure appropriate work plan and budgeting.



Near-Term Challenge: Looming Fiscal Cliff for Transit Operating Budgets

- Some Bay Area transit agencies forecast multi-million dollar operating deficits beginning in FY 2023-24 when cushion from federal COVID relief funds starts to run out.
- Balancing budgets will require looking at multiple options to reduce operating expenses and secure new revenue; a regional measure may be **one strategy**—but can't be the only one pursued.
- Next year's state budget may be an option to extend the “runway” to financial stability, but Legislature will want to see a long-term plan.



Near-Term Challenge: Major Capital Projects Face Headwinds

- While the RM 3 lawsuit is pending, the status of the funding plans for many regional priorities is unknown.
- Asking the voters to approve a new tax for specific projects before RM 3 is resolved will be challenging at best.
- Given the significant infusion of new capital funding from the federal Bipartisan Infrastructure Law and anticipated funding from the state, the value proposition of a regional measure could be more on the operational and programmatic side – funding those things that are hard to fund otherwise.



Transit Transformation Action Plan Items Require Additional Funding

In the medium-term, we estimate:

- one-time capital needs of approximately \$250 million for accelerated actions
- approximately \$100 million/year to offset lost fare revenue for most impactful fare integration policies.



What New Research About Transportation Would be Valuable?

- When it comes to elections and polling, timing is everything.
 - Results from polling conducted more than two years in advance of a potential election has limited value in informing the ultimate viability of a possible measure
- Polling to learn what Bay Area residents and voters' priorities are when it comes to transportation could help inform expenditure plan. For example, polling could indicate voter support/concern about:
 - Preserving existing transit service levels
 - Making transit more affordable and easier to navigate
 - Helping buses get out of traffic through dedicated bus lanes
 - Converting buses, ferries and trains to zero emission



Potential Features of a New Regional Transportation Revenue Measure Bill

- Flexible timing on when election would occur
- The spending plan should be programmatic versus project-specific
- Multiple revenue options



STAFF RECOMMENDATION

- **ABAG Executive Board and Bay Area Housing Finance Authority:** Direct the ABAG Housing Committee and BAHFA Oversight Committee, respectively, to collaborate on overseeing preparations for a regional housing bond on the November 2024 ballot.
- **MTC:** Direct the MTC Programming and Allocations Committee and, at key touchpoints, the MTC/ABAG Joint Legislation Committee to oversee next steps for addressing transportation needs, such as:
 - Research poll in Fall 2022 to inform spending plan and revenue mechanism options for a transportation measure authorizing bill
 - Stakeholder engagement regarding scope of a revenue measure
 - Identify funding opportunities to bridge time gap until more continuous, stable revenues are available.



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