



METROPOLITAN  
TRANSPORTATION  
COMMISSION

Agenda Item 7d

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## *Memorandum*

TO: Commission

DATE: July 20, 2016

FR: Executive Director

RE: MTC Resolution Nos. 4202, Revised, and 4035, Revised, Revisions to the Second Round of the One Bay Area Grant Program (OBAG 2)

The Programming and Allocations Committee referred to the Commission for approval MTC Resolution Nos. 4202, Revised, and 4035, Revised, the project selection criteria and programming policy for the second round of the One Bay Area Grant Program (OBAG 2), including a recommendation for the distribution of additional revenues and approach for affordable housing. The Committee recommended several revisions to the original staff proposal, discussed below.

### **Committee Direction**

***Refer MTC Resolution Nos. 4202, Revised, and 4035, Revised to the Commission for approval with the following revisions:***

- 1) Include a provision in the housing production incentive challenge grant program that units must be deed restricted in order to receive credit.***

The program, referred to as the “80K by 2020 Challenge,” provides grant funding to local jurisdictions that produce or permit housing units that are affordable at the very low, low and moderate income levels. The target number of units for the program, based on the Regional Housing Needs Assessment (RHNA) for 2014-22, is 80,000 units (specifically, 35,000 at very low, 22,000 at low, and 25,000 at moderate income levels).

Information on the production or permitting of deed restricted units is available through ABAG’s annual housing survey, and can be tracked for all income levels. While nearly all of the very low and low income housing units that are produced in the Bay Area are deed restricted, it is very uncommon to see deed restrictions on new moderate income units. This is the result of the subsidies that are often necessary to produce affordable units for very low and low income households; the subsidies themselves often include requirements that the units be deed restricted to remain affordable for a designated period of time. Similar subsidies for the production of moderate income housing are not readily available, and thus, moderate income housing that is produced is likely to occur in areas that are naturally affordable to moderate income households.

In addition to deed restriction being uncommon at the moderate income level, staff notes that requiring deed restrictions for moderate income for-sale housing may not be desirable as it reduces the long-term investment equity from which moderate income households could greatly benefit. Furthermore, since the Bay Area has produced the least housing in the moderate income category over the last two RHNA cycles, staff suggests the program reward production of all of these units, subject to the proposed requirement that the units be located in Priority Development Areas (PDAs) or Transit Priority Areas (TPAs).

***Staff Proposal: Resolution No. 4202, Revised has been revised to clarify that units at the very low and low income levels must be deed restricted in order to receive credit towards the “80K by 2020 Challenge (see Attachment A, page 15)” Staff recommends that we not require that moderate income units be deed-restricted.***

- 2) ***As a condition of funding in the OBAG 2 county program, local agencies must comply with existing state law governing the disposition of surplus lands.***

The state’s Surplus Land Act (AB 2135 – enacted 2014) requires local agencies disposing of surplus land to give first priority to developers of affordable housing. The Act applies to all public entities, including cities, counties, and any districts empowered to acquire real estate. Further information on the state requirements are included as **Attachment 1**. Staff recommends including a requirement in the OBAG 2 county program that cities and counties must adopt a resolution confirming compliance with the Act, by the time the county programs are due to MTC (July 2017).

Requiring local jurisdictions to demonstrate compliance with existing state law is not new for the OBAG program. Under OBAG 1, to be eligible for funding, cities and counties had to have certified housing elements and self-certify adherence to the Complete Streets Act of 2008. OBAG 2 went even further, requiring jurisdictions to comply with annual housing element progress reporting, and to demonstrate further commitment to Complete Streets. Additionally, focusing the requirement on those jurisdictions – cities and counties – with the most familiarity and authority over land-use decisions appears to be a reasonable step.

The Surplus Land Act already applies to all public agencies. However, staff recommends relying on MTC’s current Public Lands for Affordable Housing study (scheduled for completion in Spring 2017) to inform how and when to verify that transit agencies and other special districts that might receive OBAG funds are in compliance with the Act. This requirement could be considered as a condition related to OBAG 3 funding, pending the results of the study.

***Staff Proposal: Resolution No. 4202, Revised has been revised to include the requirement that all cities and counties must adopt a resolution entailing their compliance with the Surplus Lands Act, by the date the CMAs submit their OBAG 2 project recommendations to MTC (see Attachment A, pages 6, 19 and 20).***

**3) Provide detailed guidance to CMAs and local jurisdictions on effective anti-displacement policies.**

Appendix A-8 and A-10 of Resolution No. 4202, Revised already include requirements for the CMAs to develop and adopt Investment and Growth Strategies, including an assessment of local jurisdiction success in approving sufficient housing at all income levels. Through the Investment and Growth Strategy, and where appropriate, CMAs will also assist local jurisdictions in implementing locally crafted policy changes to facilitate achieving adopted housing goals.

MTC and ABAG staff will distribute a technical memo to guide this task by October 1, 2016, including data to identify jurisdictions' challenges (e.g. RHNA performance and current affordability) and a listing of the Bay Area's housing policy best practices that are intended to address a range of housing challenges.

***Staff Proposal: Resolution No. 4202, Revised has been revised to further clarify in Appendix A-8 and A-10 that staff will provide CMAs with additional guidance on assessing local housing issues as well as providing a set of best practices in local housing policies (see Attachment A, Appendix A-7 page 4).***

**Update to Committee Item**

There is one update of note since the Committee item was released related to the status of local jurisdictions in complying with the certified housing element requirement. Shortly after the item was released, Dixon received its certification letter from the California Department of Housing and Community Development (HCD), bringing all of the Bay Area's jurisdictions into compliance with this requirement.

  
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Steve Heminger

**Attachments:**

Attachment 1 – Surplus Lands Act Background Information

Attachment 2 – MTC Resolution No. 4202 (with highlighted revisions made since the July 13 Programming and Allocations Committee)


**DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT  
DIVISION OF HOUSING POLICY DEVELOPMENT**

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**MEMORANDUM**

**DATE:** March 27, 2015

**TO:** Planning Directors and Interested Parties

**FROM:**   
Glen A. Campora, Assistant Deputy Director  
Division of Housing Policy Development

**SUBJECT:** **Local Agency Surplus Land and Affordable Housing  
Chapter 677, Statutes of 2014 (Assembly Bill 2135)**

This memorandum is to inform of AB 2135 amendments to California law, effective January 1, 2015, prescribing procedures for the sale or disposition of surplus land by local agencies (Government Code Sections 54220 – 54223). The primary purpose of the amendments is to prioritize use of surplus property sites to increase the supply of housing affordable to lower income households.

AB 2135, among other changes, requires:

- The qualified entity proposing purchase or lease of the surplus land for affordable housing to agree to make available to lower income households a minimum of 25% of total units at an affordable housing cost for a period of at least 55 years, and
- Requires any surplus property developed with 10 or more residential units to include at least 15% of the units as housing affordable to lower income households.

For assistance, AB 2135 language is included as Attachment A. To facilitate implementation, local agencies may adopt policies, programs or procedures. Refer to Attachment B for a sample policy that can be included in the Housing Element. If you have any questions, please contact Greg Nickless, Housing Policy Analyst, at 916-274-6244.

# ATTACHMENT A

## ARTICLE 8

### AB-2135 Surplus Land (54000 – 54233)

(Heading of Article 8 amended by Statutes 1982, Chapter 1442, Section 1.)

Section 54220 of the Government Code is amended to read:

**54220.** (a) The Legislature reaffirms its declaration that housing is of vital statewide importance to the health, safety, and welfare of the residents of this state and that provision of a decent home and a suitable living environment for every Californian is a priority of the highest order. The Legislature further declares that there is a shortage of sites available for housing for persons and families of low and moderate income and that surplus government land, prior to disposition, should be made available for that purpose.

(b) The Legislature reaffirms its belief that there is an identifiable deficiency in the amount of land available for recreational purposes and that surplus land, prior to disposition, should be made available for park and recreation purposes or for open-space purposes. This article shall not apply to surplus residential property as defined in Section 54236.

(c) The Legislature reaffirms its declaration of the importance of appropriate planning and development near transit stations, to encourage the clustering of housing and commercial development around such stations. Studies of transit ridership in California indicate that a higher percentage of persons who live or work within walking distance of major transit stations utilize the transit system more than those living ~~elsewhere. The~~ elsewhere, and that lower income households are more likely to use transit when living near a major transit station than higher income households. The sale or lease of surplus land at less than fair market value to facilitate the creation of affordable housing near transit is consistent with goals and objectives to achieve optimal transportation use. The Legislature also notes that the Federal Transit Administration gives priority for funding of rail transit proposals to areas that are implementing higher-density, ~~mixed-use~~ mixed-use, and affordable development near major transit stations.

**54221.** (a) As used in this article, the term "local agency" means every city, whether organized under general law or by charter, county, city and county, and district, including school districts of any kind or class, empowered to acquire and hold real property.

(b) As used in this article, the term "surplus land" means land owned by any local agency, that is determined to be no longer necessary for the agency's use, except property being held by the agency for the purpose of exchange.

(c) As used in this article, the term "open-space purposes" means the use of land for public recreation, enjoyment of scenic beauty, or conservation or use of natural resources.

(d) As used in this article, the term "persons and families of low or moderate income" means the same as provided under Section 50093 of the Health and Safety Code.

(e) As used in this article, the term "exempt surplus land" means either of the following:

(1) Surplus land that is transferred pursuant to Section 25539.4.

(2) Surplus land that is (A) less than 5,000 square feet in area, (B) less than the minimum legal residential building lot size for the jurisdiction in which the parcel is located, or 5,000 square feet in area, whichever is less, or (C) has no record access and is less than 10,000 square feet in area; and is not contiguous to land owned by a state or local agency that is used for park, recreational, open-space, or low- and moderate-income housing purposes and is located neither within an enterprise zone pursuant to Section 7073 nor a designated program area as defined in Section 7082. If the surplus land is not sold to an owner of contiguous land, it is not considered exempt surplus land and is subject to this article.

(f) Notwithstanding subdivision (e), the following properties are not considered exempt surplus land and are subject to this article:

(1) Lands within the coastal zone.

(2) Lands within 1,000 yards of a historical unit of the State Parks System.

(3) Lands within 1,000 yards of any property that has been listed on, or determined by the State Office of Historic Preservation to be eligible for, the National Register of Historic Places.

(4) Lands within the Lake Tahoe region as defined in Section 66905.5.

*(Amended by Stats. 2008, Ch. 532, Sec. 9. Effective January 1, 2009.)*

Attachment A (AB-2135 - Surplus Land)

Page 2

**54222.** Any local agency disposing of surplus land shall send, prior to disposing of that property, a written offer to sell or lease the property as follows:

(a) A written offer to sell or lease for the purpose of developing low- and moderate-income housing shall be sent to any local public entity, as defined in Section 50079 of the Health and Safety Code, within whose jurisdiction the surplus land is located. Housing sponsors, as defined by Section 50074 of the Health and Safety Code, shall be sent, upon written request, a written offer to sell or lease surplus land for the purpose of developing low- and moderate-income housing. All notices shall be sent by first-class mail and shall include the location and a description of the property. With respect to any offer to purchase or lease pursuant to this subdivision, priority shall be given to development of the land to provide affordable housing for lower income elderly or disabled persons or households, and other lower income households.

(b) A written offer to sell or lease for park and recreational purposes or open-space purposes shall be sent:

(1) To any park or recreation department of any city within which the land may be situated.

(2) To any park or recreation department of the county within which the land is situated.

(3) To any regional park authority having jurisdiction within the area in which the land is situated.

(4) To the State Resources Agency or any agency that may succeed to its powers.

(c) A written offer to sell or lease land suitable for school facilities construction or use by a school district for open-space purposes shall be sent to any school district in whose jurisdiction the land is located.

(d) A written offer to sell or lease for enterprise zone purposes any surplus property in an area designated as an enterprise zone pursuant to Section 7073 shall be sent to the nonprofit neighborhood enterprise association corporation in that zone.

(e) A written offer to sell or lease for the purpose of developing property located within an infill opportunity zone designated pursuant to Section 65088.4 or within an area covered by a transit village plan adopted pursuant to the Transit Village Development Planning Act of 1994 (Article 8.5 (commencing with Section 65460) of Chapter 3 of Division 1 of Title 7) shall be sent to any county, city, city and county, community redevelopment agency, public transportation agency, or housing authority within whose jurisdiction the surplus land is located.

(f) The entity or association desiring to purchase or lease the surplus land for any of the purposes authorized by this section shall notify in writing the disposing agency of its intent to purchase or lease the land within 60 days after receipt of the agency's notification of intent to sell the land.

*(Amended by Stats. 2008, Ch. 532, Sec. 10. Effective January 1, 2009.)*

**54222.3.** Section 54222 shall not apply to the disposal of exempt surplus land as defined in Section 54221 by an agency of the state or any local agency.

*(Added by Stats. 1988, Ch. 964, Sec. 2.)*

Attachment A (AB-2135 - Surplus Land)  
Page 3

Section 54222.5 is added to the Government Code, to read:

54222.5. An entity proposing to use the surplus land for developing low- and moderate-income housing shall agree to make available not less than 25 percent of the total number of units developed on the parcels at affordable housing cost, as defined in Section 50052.5 of the Health and Safety Code, or affordable rent, as defined in Section 50053 of the Health and Safety Code, to lower income households, as defined in Section 50079.5 of the Health and Safety Code. Rental units shall remain affordable to, and occupied by, lower income households for a period of at least 55 years. The initial occupants of all ownership units shall be lower income households, and the units shall be subject to an equity sharing agreement consistent with paragraph (2) of subdivision (c) of Section 65915. These requirements shall be contained in a covenant or restriction recorded against the surplus land at the time of sale, which shall run with the land and shall be enforceable, against any owner who violates a covenant or restriction and each successor in interest who continues the violation, by any of the following:

(a) The local agency that disposed of the property.

(b) A resident of a unit subject to this section.

(c) A residents association with members who reside in units subject to this section.

(d) A former resident of a unit subject to this section who last resided in that unit.

(e) An applicant seeking to enforce the covenants or restrictions for a particular unit that is subject to this section, if the applicant conforms to all of the following:

(1) Is of low or moderate income, as defined in Section 50093 of the Health and Safety Code.

(2) Is able and willing to occupy that particular unit.

(3) Was denied occupancy of that particular unit due to an alleged breach of a covenant or restriction implementing this section.

(f) A person on an affordable housing waiting list who is of low or moderate income, as defined in Section 50093 of the Health and Safety Code, and who is able and willing to occupy a unit subject to this section.

Section 54223 of the Government Code is amended to read:

**54223.** After the disposing agency has received notice from the entity desiring to purchase or lease the land, the disposing agency and the entity shall enter into good faith negotiations to determine a mutually satisfactory sales price or lease terms. If the price or terms cannot be agreed upon after a good faith negotiation period of not less than ~~60~~ 90 days, the land may be disposed of without further regard to this ~~article;~~ article, except that Section 54233 shall apply.

**54224.** Nothing in this article shall preclude a local agency, housing authority, or redevelopment agency which purchases land from a disposing agency pursuant to this article from reconveying the land to a nonprofit or for-profit housing developer for development of low- and moderate-income housing as authorized under other provisions of law.  
(Repealed and added by Stats. 1982, Ch. 1442, Sec. 6.)

Section 54225 of the Government Code is amended to read:

**54225.** Any public agency selling surplus land to an entity described in Section 54222 for park or recreation purposes, for open-space purposes, for school purposes, or for low- and moderate- income housing purposes may provide for a payment period of up to 20 years in any contract of sale or sale by trust deed ~~of such land;~~ for the land. The payment period for surplus land sold for housing for persons and families of low and moderate income may exceed 20 years, but the payment period shall not exceed the term that the land is required to be used for low- or moderate-income housing.

## Attachment A (AB-2135 - Surplus Land)

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Section 54226 of the Government Code is amended to read:

**54226.** ~~Nothing in this~~ This article shall not be interpreted to limit the power of any local agency to sell or lease surplus land at fair market value or at less than fair market value, and ~~nothing in this article shall be interpreted to empower any local agency to sell or lease surplus land at any such sale or lease at or less than fair market value.~~ value consistent with this article shall not be construed as inconsistent with an agency's purpose. No provision of this article shall be applied when it conflicts with any other provision of statutory law.

Section 54227 of the Government Code is amended to read:

**54227. (a)** In the event that any local agency disposing of surplus land receives offers for the purchase or lease of that land from more than one of the entities to which notice and an opportunity to purchase or lease shall be given pursuant to this article, the local agency shall give first priority to the entity that agrees to use the site for housing ~~for persons and families of low or moderate income, except that first priority shall be given to an~~ that meets the requirements of Section 54222.5. If the local agency receives offers from more than one entity that agrees to ~~use the site for park or recreational purposes if the land being offered is already being used and will continue to be used for park or recreational purposes, or if the land is designated for park and recreational use in the local general plan and will be developed for that purpose.~~ meet the requirements of Section 54222.5, then the local agency shall give priority to the entity that proposes to provide the greatest number of units that meet the requirements of Section 54222.5 at the deepest level of affordability.

(b) Notwithstanding subdivision (a), first priority shall be given to an entity that agrees to use the site for park or recreational purposes if the land being offered is already being used and will continue to be used for park or recreational purposes, or if the land is designated for park and recreational use in the local general plan and will be developed for that purpose.

**54230.** The board of supervisors of any county may establish a central inventory of all surplus governmental property located in such county.

*(Added by Stats. 1974, Ch. 1339.)*

**54230.5.** The failure by a local agency to comply with this article shall not invalidate the transfer or conveyance of real property to a purchaser or encumbrancer for value.

*(Amended by Stats. 2008, Ch. 532, Sec. 13. Effective January 1, 2009.)*

**54231.** Land acquired by a local agency for highway purposes through the expenditure of funds allocated pursuant to Chapter 3 (commencing with Section 2100) of Division 3 of the Streets and Highways Code may be retained by the local agency, or transferred to another local agency, for public park and recreational purposes if the land is no longer necessary for highway purposes, and if the local agency having jurisdiction over such land determines that the use of such land for public park and recreational purposes is the highest and best use of the land.

*(Added by Stats. 1975, Ch. 852.)*

**54232.** Land retained or transferred for public park and recreational purposes pursuant to Section 54231 shall be developed within 10 years, and shall be used for at least 25 years, following such retention or transfer for such purposes in accordance with the general plan for the city or county in which the land is located. Otherwise, the land shall be sold by the local agency, and the funds received from the sale shall be used for highway purposes. If the land originally had been transferred for such purposes, it shall revert to the original acquiring local agency for such sale.

*(Added by Stats. 1975, Ch. 852.)*



Attachment A (AB-2135 - Surplus Land)

Page 5

Section 54233 is added to the Government Code, to read:

54233. If the local agency does not agree to price and terms with an entity to which notice and an opportunity to purchase or lease are given pursuant to this article and disposes of the surplus land to an entity that uses the property for the development of 10 or more residential units, the entity or a successor-in-interest shall provide not less than 15 percent of the total number of units developed on the parcels at affordable housing cost, as defined in Section 50052.5 of the Health and Safety Code, or affordable rent, as defined in Section 50053 of the Health and Safety Code, to lower income households, as defined in Section 50079.5 of the Health and Safety Code. Rental units shall remain affordable to, and occupied by, lower income households for a period of at least 55 years. The initial occupants of all ownership units shall be lower income households, and the units shall be subject to an equity sharing agreement consistent with the provisions of paragraph (2) of subdivision (c) of Section 65915. These requirements shall be contained in a covenant or restriction recorded against the surplus land prior to land use entitlement of the project, and the covenant or restriction shall run with the land and shall be enforceable, against any owner who violates a covenant or restriction and each successor in interest who continues the violation, by any of the entities described in subdivisions (a) to (f), inclusive, of Section 54222.5.

If the Commission on State Mandates determines that this act contains costs mandated by the state, reimbursement to local agencies and school districts for those costs shall be made pursuant to Part 7 (commencing with Section 17500) of Division 4 of Title 2 of the G

**ATTACHMENT B  
(AB-2135 Surplus Land)**

**Sample Policy for AB 2135**

**Policy XXXX – Sale of Surplus Land and Affordable Housing**

During the disposal of surplus land, the local agency shall negotiate in good faith with entities that respond to the local agency's offer to sell or rent surplus property, pursuant to Government Code Sections 54222. Land sold for affordable housing shall be required to provide 25 percent of the units at affordable housing cost to lower-income households and to maintain the affordable housing units within the development at a cost to lower-income households for a period of at least 55 years.

## CONCURRENCE IN SENATE AMENDMENTS

AB 2135 (Ting)

As Amended August 4, 2014

Majority vote

ASSEMBLY: 53-22 (May 19, 2014)SENATE: 22-10 (August 13, 2014)Original Committee Reference: H. & C.D.

SUMMARY: Amends the procedure for the disposal of surplus land by local agencies and expands the provisions relating to the prioritization of affordable housing development if the surplus land will be used for residential development. Specifically, this bill:

- 1) Increases the time a local agency has to conduct good faith negotiations with certain types of entities desiring to purchase or lease surplus land from 60 days to 90 days.
- 2) Provides that, in the event that any local agency disposing of surplus land receives offers for the purchase or lease of that land from more than one notified entity, the local agency must give first priority to the entity that agrees to make available at least 25% of the units in the development at an affordable housing cost to low-income households, subject to exceptions relating to land used or designated for park and recreational use. In addition, the following requirements must be recorded against the property and are enforceable by the local agency or eligible residents:
  - a) Affordable rental units must remain affordable and occupied by eligible households for 55 years.
  - b) Affordable ownership units must be subject to an equity sharing agreement.
- 3) Provides that, if more than one notified entity agrees to make available at least 25% of the units in the development at an affordable housing cost to low-income individuals, then the local agency must give priority to the entity that proposes to provide the greatest number of affordable units at the deepest level of affordability.
- 4) Provides that, if the local agency does not agree to price and terms with a notified entity and the surplus land is developed with 10 or more residential units, at least 15% of the units in the development must be at an affordable housing cost to low-income households. In addition, the following requirements must be recorded against the property and are enforceable by the local agency or eligible residents:
  - a) Affordable rental units must remain affordable and occupied by eligible households for 55 years.
  - b) Affordable ownership units must be subject to an equity sharing agreement.
- 5) Provides that the payment period for surplus land sold for housing for person and families of low- and moderate-income may exceed 20 years, but the payment period shall not exceed the term that the land is required to be used for low- or moderate-income housing.

- 6) Deletes the provision stating that existing law does not empower a local government to sell or lease surplus land at less than fair market value and instead adds any sale or lease at or less than fair market value consistent with this bill shall not be construed as inconsistent with a local agency's purpose.
- 7) Provides that, if the Commission on State Mandates determines that this bill contains costs mandated by the state, reimbursement to local agencies and school districts for those costs shall be made pursuant to Part 7 (commencing with Section 17500) of Division 4 of Title 2 of the Government Code.

The Senate amendments:

- 1) Provide that, in the event that any local agency disposing of surplus land receives offers for the purchase or lease of that land from more than one notified entity, the local agency must give first priority to the entity that agrees to make available at least 25% of the units in the development at an affordable housing cost to low-income households, subject to exceptions relating to land used or designated for park and recreational use. In addition, the following requirements must be recorded against the property and are enforceable by the local agency or eligible residents:
  - a) Affordable rental units must remain affordable and occupied by eligible households for 55 years.
  - b) Affordable ownership units must be subject to an equity sharing agreement.
- 2) Provide that, if more than one notified entity agrees to make available at least 25% of the units in the development at an affordable housing cost to low-income individuals, then the local agency must give priority to the entity that proposes to provide the greatest number of affordable units at the deepest level of affordability.
- 3) Provide that, if the local agency does not agree to price and terms with a notified entity and the surplus land is developed with 10 or more residential units, at least 15% of the units in the development must be at an affordable housing cost to low-income households. In addition, the following requirements must be recorded against the property and are enforceable by the local agency or eligible residents:
  - a) Affordable rental units must remain affordable and occupied by eligible households for 55 years.
  - b) Affordable ownership units must be subject to an equity sharing agreement.
- 4) Clarify that any sale or lease at or less than fair market value consistent with this bill shall not be construed as inconsistent with a local agency's purpose.
- 5) Make a declaration that lower income households are more likely to use transit when living near a major transit station than higher income households, and the sale or lease of surplus land at less than fair market value to facilitate the creation of affordable housing near transit is consistent with goals and objectives to achieve optimal transportation use.

FISCAL EFFECT: According to the Senate Appropriations Committee, likely minor, reimbursable mandate costs. Local agencies would likely incur minor one-time costs to revise administrative procedures related to the disposal of surplus property. These costs could be subject to state-reimbursement to the extent local agencies file a claim for reimbursement and the Commission on State Mandates determines specified activities are subject to reimbursement.

COMMENTS: Background on surplus land: Local agencies are required to inventory the land they own every year. If land is no longer needed, a local agency must follow certain procedures prior to disposal of this "surplus" land. The intent behind the disposal procedures is to promote the use of surplus land towards affordable housing, parks and recreation purposes, open-space purposes, and transit-oriented development. The disposal procedures provide a Right of First Refusal to entities agreeing to use the land for, amongst other things, affordable housing.

Prior to disposing of surplus land, local agencies must make a written offer to sell or lease surplus land for the purpose of developing low- or moderate-income housing to "housing sponsors" upon written request, as well as any local public entity within the jurisdiction where the surplus land is located. A local agency wishing to dispose of surplus land must also provide a written offer to additional entities, depending on the type of proposed development, for park and recreational purposes, school facilities construction or use by a school district for open space purposes, enterprise purposes, and infill opportunity zones, or transit village plans.

If one of these entities is interested in buying or leasing the land, it must notify the local agency within 60 days of receipt of the offer. If a notified entity is interested but cannot agree with the agency upon the price or terms, the local agency must enter into good faith negotiations with the entity for at least 60 days. If 60 days have passed without an agreement, then the local agency may sell or lease the land without further regard to the Right of First Refusal requirements under the disposal procedures.

If the land is going to be used for residential development and a local agency receives multiple offers from notified entities, the local agency is required to give first priority to the entity that agrees to use the site for affordable housing for low- or moderate-income individuals and families. In the event that a local agency enters into a contract to sell or lease the land to a notified entity for park or recreation purposes, open-space purposes, school purposes, or for low- and moderate-income housing purposes, that contract may provide for a payment period of up to 20 years. While nothing in the disposal procedure limits the power of a local agency to sell or lease surplus land at fair market value or at less than fair market value, it also provides that nothing in the procedure shall be interpreted to empower any local agency to sell or lease surplus land at less than fair market value.

Purpose of this bill: According to the author, this bill "would increase the supply of affordable housing in California by strengthening provisions of existing law that guarantees affordable housing projects first priority to obtain surplus land held by local governments." As the author explains, "this 'Right of First Refusal' is especially critical in light of state and local priorities for transit oriented development – as transportation districts and other local agencies expand public transit, surplus land acquired in the process will provide valuable opportunities to create new affordable housing options within sustainable communities."

This bill expands upon the provisions relating to the prioritization of affordable housing development, and the Senate amendments further refine this prioritization. While existing law

already requires local agencies to give first priority to an affordable housing developer in the case of multiple offers for residential land, this bill would specify that a notified developer agreeing to make available at least 25% of the units in the development at an affordable housing cost to low-income individuals would have the first priority. If more than one developer agrees to this limitation, then the local agency must give priority to the developer that proposes to provide the greatest number of affordable units at the deepest level of affordability. This bill clarifies that a local agency may sell or lease the land at less than fair market value, and doing so will not be construed as inconsistent with a local agency's purpose.

This bill extends the period of good faith negotiation between a local agency and a notified entity from 60 days to 90 days. If 90 days have passed without an agreement, the local agency may dispose of the land without further regard to the Right of First Refusal requirements. However, if the surplus land is developed with 10 or more residential units, at least 15% of the units in the development must be at an affordable housing cost to low-income households. Lastly, this bill extends the payment period for surplus land sold for housing for person and families of low- and moderate-income by permitting it to exceed the previous limit of 20 years, except that the payment period cannot exceed the term that the land is required to be used for low- or moderate-income housing.

Analysis Prepared by: Rebecca Rabovsky / H. & C.D. / (916) 319-2085

FN: 0004682

Date: November 18, 2015  
W.I.: 1512  
Referred by: Programming & Allocations  
Revised: 07/27/16-C

ABSTRACT

Resolution No. 4202

Adoption of the project selection policies and project programming for the second round of the One Bay Area Grant program (OBAG 2). The project selection criteria and programming policy contain the project categories that are to be funded with various fund sources including federal surface transportation act funding available to MTC for its programming discretion to be included in the federal Transportation Improvement Program (TIP) for the OBAG 2 funding period.

The resolution includes the following attachments:

- Attachment A – Project Selection Criteria and Programming Policy
- Attachment B-1 – Regional Program Project List
- Attachment B-2 – County Program Project List

On July 27, 2016, Attachment A, and Attachments B-1 and B-2 were revised to add additional funding and projects to the OBAG 2 framework, including \$72 million in additional Fixing America's Surface Transportation Act (FAST) funding, and to incorporate housing-related policies.

Further discussion of the project selection criteria and programming policy is contained in the memorandum to the Programming and Allocations Committee dated November 4, 2015 and July 13, 2016.

Date: November 18, 2015  
W.I.: 1512  
Referred By: Programming & Allocations

RE: One Bay Area Grant Program Second Round (OBAG 2) Project Selection Criteria and Programming Policy

METROPOLITAN TRANSPORTATION COMMISSION  
RESOLUTION NO. 4202

WHEREAS, the Metropolitan Transportation Commission (MTC) is the Regional Transportation Planning Agency (RTPA) for the San Francisco Bay Area pursuant to Government Code Section 66500 et seq.; and

WHEREAS, MTC is the designated Metropolitan Planning Organization (MPO) for the nine-county San Francisco Bay Area region and is required to prepare and endorse a Transportation Improvement Program (TIP) which includes federal funds; and

WHEREAS, MTC is the designated recipient for state and federal funding assigned to the RTPA/MPO of the San Francisco Bay Area for the programming of projects; and

WHEREAS, state and federal funds assigned for RTPA/MPO programming discretion are subject to availability and must be used within prescribed funding deadlines regardless of project readiness; and

WHEREAS, MTC, in cooperation with the Association of Bay Area Governments (ABAG), the Bay Area Air Quality Management District (BAAQMD), the Bay Conservation and Development Commission (BCDC), California Department of Transportation (Caltrans), Congestion Management Agencies (CMAs), county Transportation Authorities (TAs), transit operators, counties, cities, and interested stakeholders, has developed criteria, policies and procedures to be used in the selection of projects to be funded with various funding including regional federal funds as set forth in Attachments A, B-1 and B-2 of this Resolution, incorporated herein as though set forth at length; and

WHEREAS, using the policies set forth in Attachment A of this Resolution, MTC, in cooperation with the Bay Area Partnership and interested stakeholders, will develop a program of projects to be funded with these funds for inclusion in the federal TIP, as set forth in Attachments B-1 and B-2 of this Resolution, incorporated herein as though set forth at length; and

WHEREAS the federal TIP and subsequent TIP amendments and updates are subject to public review and comment; now therefore be it



RESOLVED that MTC approves the “Project Selection Criteria and Programming Policy” for projects to be funded in the OBAG 2 Program as set forth in Attachments A, B-1 and B-2 of this Resolution; and be it further

RESOLVED that the regional discretionary funding shall be pooled and distributed on a regional basis for implementation of project selection criteria, policies, procedures and programming, consistent with the Regional Transportation Plan (RTP); and be it further

RESOLVED that the projects will be included in the federal TIP subject to final federal approval and requirements; and be it further

RESOLVED that the Executive Director or designee may make technical adjustments and other non-substantial revisions, including updates to fund sources and distributions to reflect final funding criteria and availability; and be it further

RESOLVED that the Executive Director or designee is authorized to revise Attachments B-1 and B-2 as necessary to reflect the programming of projects as the projects are selected, revised and included in the federal TIP; and be it further

RESOLVED that the Executive Director or designee shall make available a copy of this resolution, and attachments as may be required and appropriate.

METROPOLITAN TRANSPORTATION COMMISSION

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Dave Cortese, Chair

The above resolution was entered into by the Metropolitan Transportation Commission at the regular meeting of the Commission held in Oakland, California, on November 18, 2015

Date: November 18, 2015  
W.I.: 1512  
Referred by: P&A  
Revised: 07/27/16-C

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Attachment A  
Resolution No. 4202

**OBAG 2**  
**One Bay Area Grant Program**  
**Project Selection Criteria and Programming Policy**

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**OBAG 2 – One Bay Area Grant Program  
Project Selection Criteria and Programming Policy**

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The One Bay Area Grant Program (OBAG 2) is the second round of the federal funding program designed to support the implementation of *Plan Bay Area*, the region's first Sustainable Communities Strategy (SCS). OBAG 2 covers the five-year period from FY 2017-18 to FY 2021-22. The proposed revenue estimates, funding approach, programming policies, project guidance, and timeline for OBAG 2 are outlined in this attachment.

## BACKGROUND

The inaugural One Bay Area Grant Program (OBAG 1) was approved by the Commission in May 2012 (MTC Resolution 4035). The OBAG 1 program incorporated the following program features:

- Targeting project investments to the region's Priority Development Areas (PDAs);
- Rewarding jurisdictions that accept housing allocations through the Regional Housing Need Allocation (RHNA) process and produce housing;
- Supporting open space preservation in Priority Conservation Areas (PCAs); and
- Providing a larger and more flexible funding pot to deliver transportation projects in categories such as Transportation for Livable Communities (TLC), bicycle and pedestrian improvements, local streets and roads preservation, and planning activities, while also providing dedicated funding opportunities for Safe Routes to School activities and PCAs.

The early outcomes of the OBAG 1 program are documented in the One Bay Area Grant Report Card located at: ([http://files.mtc.ca.gov/pdf/OBAG\\_Report\\_Card.pdf](http://files.mtc.ca.gov/pdf/OBAG_Report_Card.pdf)). The key findings of the report highlight a variety of improvements as compared to previous federal highway funding programs, including: increased grant and project size, complexity, and multi-modality; significant investments in active transportation and TLC projects; region wide achievement of PDA investment targets; and compliance with local performance and accountability requirements. Considering the positive results achieved in OBAG 1, and in order to further extend the timeframe for OBAG to meet its policy goals, OBAG 2 maintains largely the same framework and policies.

## REVENUE ESTIMATES AND PROGRAM ARCHITECTURE

OBAG 2 funding is based on anticipated future federal transportation program apportionments from the regional Surface Transportation Block Grant Program (STP) and Congestion Mitigation and Air Quality Improvement (CMAQ) Programs. Originally, the programming capacity estimated for OBAG 2 amounteds to \$790 million (down from \$827 million programmed with OBAG 1). The estimated decrease in revenues between program cycles reflects annual apportionment amounts in the federal surface transportation act (Moving Ahead for Progress in the 21<sup>st</sup> Century Act, or MAP-21) authorized after approval of OBAG 1 not keeping pace with estimated growth rates, as well as changes in state and federal programs that impacted estimated regional funding levels (such as the elimination of the Transportation Enhancements (TE) program). **Subsequent to the Commission's original adoption of OBAG 2, Congress approved the Fixing America's Surface Transportation (FAST) Act, providing an additional**

**estimated \$72 million during the OBAG 2 period. The revised total STP/CMAQ funding for OBAG 2 is now \$862 million.**

The OBAG 2 program continues to integrate the region's federal transportation program with California's climate statutes and the Sustainable Communities Strategy (SCS), and contributes to the implementation of the goals and objectives of the Regional Transportation Plan. Funding distribution formulas to the counties will continue to encourage land-use, housing and complete streets policies that support the production of housing with supportive transportation investments. This is accomplished through the following principles:

**1. Realistic Revenue Assumptions:**

OBAG 2 funding is based on anticipated future federal transportation program apportionments. In ~~past recent~~ years, the Surface Transportation Block Grant Program/Congestion Mitigation and Air Quality Improvement programs (STP/CMAQ) have not grown, and changes in the federal and state programs (such as elimination of the Transportation Enhancement (TE) program) have resulted in decreases that were not anticipated when OBAG 1 was developed. For ~~the initial OBAG 2 estimates~~ **OBAG 2**, a 2% annual escalation rate above current federal revenues ~~was~~ is assumed, consistent with the mark-up of the Developing a Reliable and Innovative Vision for the Economy (DRIVE) Act by the Senate Environment and Public Works Committee. Even with the 2% escalation, revenues for OBAG 2 ~~were expected to be~~ are 4% less than OBAG 1 revenues. **Following the Commission's original adoption of OBAG 2, an additional \$72 million in FAST Act revenue was made available, for a total of \$862 million for OBAG 2 - an increase of 4% over the OBAG 1 funding level.**

If there are significant changes in federal apportionments over the OBAG 2 time period, MTC will return to the Commission to recommend adjustments to the program. These adjustments could include increasing or decreasing funding amounts for one or more programs, postponement of projects, expansion of existing programs, development of new programs, or adjustments to subsequent programming cycles.

Upon enactment and extension of the federal surface transportation authorizations expected during the OBAG funding period, MTC will need to closely monitor any new federal programs, their eligibility rules, and how funding is distributed to the states and regions. It is anticipated that any changes to the current federal programs would likely overlap to a large extent with projects that are currently eligible for funding under 23 U.S.C., although the actual fund sources may no longer mirror the current STP and CMAQ programs. Therefore, any reference to a specific fund source in the OBAG 2 programming serves as a proxy for replacement fund sources for which MTC has discretionary project selection and programming authority.

OBAG 2 programming capacity is based on apportionment rather than obligation authority. Because obligation authority (the amount actually received) is less than the apportionment level, there is typically a carryover balance from year to year of unfunded

commitments. MTC's current negative obligation authority imbalance is \$51 million, and has held steady the past few years as a result of the region's excellent delivery record. Successful project delivery has allowed MTC to capture additional, unused obligation authority (OA) from other states, enabling the region to deliver additional projects each year. Because this negative balance has held steady, there does not appear to be a need to true-up the difference at this time. MTC staff will continue to monitor this OA shortfall throughout the OBAG 2 period and make adjustments as necessary in the next round of programming.

## 2. Support Existing Programs:

Originally, the OBAG program as a whole is was expected to face declining revenues from \$827 million in OBAG 1 to \$790 million in OBAG 2. Therefore, no new programs were introduced with OBAG 2 and the anticipated funding reduction was spread among the various transportation needs supported in OBAG 1. **With the \$72 million in additional revenues from the FAST Act, funding for OBAG 2 increased to \$862 million.**

- ~~• The regional pot of funding decreases by 4%. With the exception of regional planning activities (which grows to account for escalation) and the Priority Conservation Area (PCA) program (which receives additional funds redirected from an OBAG 1 project), all other funding programs are either maintained at, or decreased from, their OBAG 1 funding levels.~~
- ~~• The base OBAG 2 county program decreases by 4%, primarily due to the elimination of the federal Transportation Enhancement (TE) program which contributed to the OBAG 1 funding pot. As compared to the county program under OBAG 1, largely the same planning and project type activities are proposed to be eligible under OBAG 2.~~

The OBAG 2 program categories and commitments for the regional and county programs are outlined in Appendix A-1.

## 3. Support Plan Bay Area's Sustainable Communities Strategy by Linking OBAG Funding to Housing:

### County Program Distribution Formula

OBAG 1's county distribution formula leveraged transportation dollars to reward jurisdictions that produce housing and accept housing allocations through the Regional Housing Need Allocation (RHNA) process. The formula also considered the share of affordable housing within housing production and RHNA allocations.

In OBAG 2, the county distribution formula is updated to use the latest housing data from the Association of Bay Area Government (ABAG). The formula is also based on housing over a longer time frame, considering housing production between 1999 and

2006 (weighted 30%) and between 2007 and 2014 (weighted 70%) in order to mitigate the effect of the recent recession and major swings in housing permit approvals.

The OBAG 2 formula places additional emphasis on housing production and the share of affordable housing within both production and RHNA. The formula also expands the definition of affordable housing to include housing for moderate-income households in addition to low- and very low-income households. Furthermore, housing production is capped at the total RHNA allocation.

The distribution formula factors for OBAG 2 are detailed in the table below.

#### **OBAG 2 County Distribution Formula Factors**

	<b>Population</b>	<b>Housing RHNA</b>	<b>Housing Production</b>	<b>Housing Affordability *</b>
<b>OBAG 2</b>	<b>50%</b>	<b>20%</b>	<b>30%</b>	<b>60%</b>

\*OBAG 2 housing affordability factor includes housing at the very low, low and moderate income levels which are weighted within both housing production and RHNA allocation.

The distribution formula is further adjusted to ensure that CMA base planning funds are no more than 50% of the total distribution for that county. The resulting proposed county program formula distributions are presented in Appendix A-2.

#### Priority Development Areas (PDAs)

OBAG 2 continues to support the SCS for the Bay Area by promoting transportation investments in Priority Development Areas (PDAs).

- PDA Investment targets remain at OBAG 1 levels: 50% for the four North Bay counties and 70% for the remaining counties.
- PDA Investment and Growth Strategies should play a strong role in guiding the County CMA project selection and be aligned with the Plan Bay Area update cycle.

#### Priority Conservation Areas (PCAs)

OBAG 2 maintains the two separate Priority Conservation Area (PCA) programs as introduced in OBAG 1, with one program dedicating funding to the four North Bay counties and one competitive program for the remaining counties.

#### **4. Continue Flexibility and Local Transportation Investment Decision Making:**

OBAG 2 continues to provide the same base share of the funding pot (40%) to the county CMAs for local decision-making. The program allows CMAs the flexibility to invest in various transportation categories, such as Transportation for Livable Communities (TLC), bicycle and pedestrian improvements, local streets and roads preservation, and planning and outreach activities.

In addition to the base county program, two previously regional programs, Safe Routes to School and the Federal-Aid Secondary (rural roads), have been consolidated into the



county program with guaranteed minimum funding amounts to ensure the programs continue to be funded at specified levels.

#### **5. Cultivate Linkages with Local Land-Use Planning:**

As a condition to access funds, local jurisdictions need to continue to align their general plans' housing and complete streets policies as a part of OBAG 2 and as separately required by state law.

##### Complete Streets Requirement

Jurisdictions must adopt a complete streets resolution by the date the CMAs submit their OBAG 2 project recommendations to MTC, incorporating MTC's required complete streets elements as outlined in MTC's Complete Streets Guidance.

Alternatively, to recognize local jurisdictions' efforts to update their general plan circulation element to incorporate the provisions of the 2008 Complete Streets Act in response to the provisions stated in OBAG 1, a jurisdiction may adopt a significant revision to the circulation element of the general plan that complies with the Act after January 1, 2010 and before the date the CMAs submit their OBAG 2 project recommendations to MTC.

The approach above focuses on the adoption of local complete streets resolutions, while acknowledging the jurisdictions that took efforts to update their circulation element in anticipation of future OBAG requirements.

##### Housing Element Requirement

Jurisdictions (cities and counties) must have a general plan housing element adopted and certified by the California Department of Housing and Community Development (HCD) for 2014-2022 RHNA by May 31, 2015. Jurisdictions that have failed to meet this deadline must have their housing elements certified by HCD by June 30, 2016 in order to be eligible to receive OBAG 2 funding.

Furthermore, under state statute, jurisdictions are required to submit Housing Element Annual Reports by April 1 every year. All cities and counties receiving OBAG 2 funding must comply with this requirement during the entire OBAG 2 funding period or risk deprogramming of OBAG 2 funding.

The complete streets and housing requirements are not required for jurisdictions with no general plan or land use authority such as Caltrans, CMAs or transit agencies under a JPA or district (not under the governance of a local jurisdiction). However, in such instances the jurisdiction in which the project is physically located must meet these requirements, except for transit/rail agency property such as, track, rolling stock or a maintenance facility.

### Surplus Land Requirement

All cities and counties must adopt a surplus land resolution by the date the CMAs submit their OBAG 2 project recommendations to MTC. The resolution must verify that any disposition of surplus land undertaken by the jurisdiction complies with the State Surplus Land Act, as amended by AB 2135, 2014. MTC will issue guidance to assist cities and counties in drafting a resolution to meet this requirement. This guidance will be posted on the OBAG 2 website: <http://mtc.ca.gov/our-work/fund-invest/federal-funding/obag-2>.

The resolution is not required for public agencies with no general plan or land use authority.

### Anti-Displacement Policies Requirement

~~Anti-Displacement Policies. The Commission will consider recommendations related to anti-displacement policies for possible consideration in early 2016.~~

## **6. Continue Transparency and Outreach to the Public Throughout the Process:**

CMAs will continue to report on their outreach process as part of their solicitation and selection of projects for OBAG. Each CMA will develop a memorandum addressing outreach efforts, agency coordination, distribution methodology and Title VI compliance. CMA reporting requirements are provided in Appendix A-10, the Checklist for CMA and Local Jurisdiction Compliance with MTC Resolution 4202.

## **PROGRAM CATEGORIES AND PROJECT LIST**

Appendix A-1 outlines the OBAG 2 program categories and commitments.

Attachment B of Resolution 4202 contains the list of projects to be programmed under the OBAG 2 program. Attachments B-1 and B-2 list the projects receiving OBAG 2 funding through the regional programs and county programs respectively. The project lists are subject to project selection actions (conducted by MTC for most of the regional programs and by the CMAs for the county programs and other funds distributed to them). MTC staff will update Attachments B-1 and B-2 as projects are selected or revised by the Commission and CMAs and are included in the federal Transportation Improvement Program (TIP).

## **GENERAL PROGRAMMING POLICIES**

The following programming policies apply to all projects funded in OBAG 2:

- 1. Public Involvement.** MTC is committed to a public involvement process that is proactive and provides comprehensive information, timely public notice, public access to key decisions, and opportunities for continuing involvement. MTC provides many methods to fulfill this commitment, as outlined in the *MTC Public Participation Plan*, Resolution No. 4174. The Commission's adoption of the OBAG 2 program, including policy and procedures, meets the provisions of the *MTC Public Participation Plan*. MTC's advisory committees and the Bay

Area Partnership have been consulted in the development of funding commitments and policies for this program; and opportunities to comment have been provided to other stakeholders and members of the public.

Furthermore, investments made in the OBAG 2 program must be consistent with federal Title VI requirements. Title VI prohibits discrimination on the basis of race, color, income, and national origin in programs and activities receiving federal financial assistance. Public outreach to and involvement of individuals in low income and minority communities covered under Title VI of the Civil Rights Act and the Executive Order pertaining to Environmental Justice is critical to both local and regional decisions. Additionally, when CMAs select projects for funding at the county level, they must consider equitable solicitation and selection of project candidates in accordance with federal Title VI requirements (as set forth in Appendix A-7).

- 2. Commission Approval of Programs and Projects and the Transportation Improvement Program (TIP).** Projects approved as part of the OBAG 2 program must be amended into the TIP. The federally-required TIP is a comprehensive listing of all San Francisco Bay Area surface transportation projects that receive federal funds, and/or are subject to a federally required action, such as federal environmental clearance, and/or are regionally significant for air quality conformity or modeling purposes. It is the project sponsor's responsibility to ensure their project is properly programmed in the TIP in a timely manner. Where CMAs are responsible for project selection, the Commission will revise the TIP to include the resulting projects and Attachment B to this Resolution may be updated by MTC staff to reflect these revisions. Where responsibility for project selection is assigned to MTC, TIP amendments and a revision to Attachment B to add or delete a project will be reviewed and approved by the Commission. Changes to existing projects in Attachment B may be made by MTC staff following approval of a related TIP revision.
- 3. Minimum Grant Size.** Funding grants per project must be a minimum of \$500,000 for counties with a population over 1 million (Alameda, Contra Costa, and Santa Clara counties) and \$250,000 for counties with a population under one million (Marin, Napa, San Francisco, San Mateo, Solano, and Sonoma counties). The objective of a grant minimum requirement is to maximize the efficient use of federal funds and minimize the number of federal-aid projects which place administrative burdens on project sponsors, CMAs, MTC, Caltrans, and Federal Highway Administration (FHWA) staff.

To provide flexibility, an alternative averaging approach may be used. For this approach, a CMA may program grant amounts no less than \$100,000 for any project, provided that the overall average of all grant amounts within their County CMA Program meets the county minimum grant amount threshold. This lower threshold of \$100,000 also applies to Safe Routes to School projects, which are typically of smaller scale.

Furthermore, all OBAG 2 programming amounts must be rounded to thousands.

- 4. Air Quality Conformity.** In the Bay Area, it is the responsibility of MTC to make a regional air quality conformity determination for the TIP in accordance with federal Clean Air Act

requirements and Environmental Protection Agency (EPA) conformity regulations. MTC evaluates the impact of the TIP on regional air quality during the update of the TIP. Non-exempt projects that are not incorporated in the current finding for the TIP will not be considered for funding in the OBAG 2 program until the development of a subsequent air quality finding for the TIP. Additionally, the U.S. Environmental Protection Agency has designated the Bay Area as a non-attainment area for fine particulate matter (PM<sub>2.5</sub>). Therefore, based on consultation with the MTC Air Quality Conformity Task Force, projects deemed Projects of Air Quality Concern (POAQC) must complete a hot-spot analysis as required by the Transportation Conformity Rule. Generally, POAQC are those projects that result in significant increases in, or concentrations of, emissions from diesel vehicles.

- 5. Environmental Clearance.** Project sponsors are responsible for compliance with the requirements of the California Environmental Quality Act (Public Resources Code § 21000 et seq.), the State Environmental Impact Report Guidelines (14 California Code of Regulations Section § 15000 et seq.), and the National Environmental Protection Act (42 U.S.C. § 4321 et seq.) standards and procedures for all projects with federal funds.
- 6. Application and Resolution of Local Support.** Once a project has been selected for funding, project sponsors must submit a completed project application for each project through MTC's Funding Management System (FMS). The project application consists of two parts: 1) a project submittal and/or TIP revision request to MTC staff through FMS, and 2) a Resolution of Local Support approved by the project sponsor's governing board or council and submitted in FMS. A template for the Resolution of Local Support can be downloaded from the MTC website using the following link: <http://mtc.ca.gov/our-work/fund-invest/federal-funding/obag-2>.
- 7. Project Screening and Compliance with Regional and Federal Requirements.** MTC staff will perform a review of projects proposed for OBAG 2 to ensure 1) eligibility; 2) consistency with the region's long-range plan; and 3) project readiness. In addition, project sponsors must adhere to directives such as the Complete Streets Requirements, Housing Element Requirements, and the Regional Project Funding Delivery Policy (MTC Resolution No. 3606), as outlined below, and provide the required matching funds. Project sponsors should note that fund source programs, eligibility criteria, and regulations may change as a result of the passage of new surface transportation authorization legislation. In this situation, MTC staff will work to realign new fund sources with the funding commitments approved by the Commission.
  - ▶ **Federal Project Eligibility:** STP is the most flexible source of federal funding, with a wide range of projects that may be considered eligible. Eligible projects include roadway and bridge improvements (construction, reconstruction, rehabilitation, resurfacing, restoration), public transit capital improvements, pedestrian and bicycle facilities, transportation system management, transportation demand management, transportation control measures, mitigation related to an STP project, surface transportation planning activities, and safety. More detailed eligibility requirements

can be found in 23 U.S.C § 133 and at: <http://www.fhwa.dot.gov/map21/factsheets/stp.cfm>.

CMAQ is a more targeted funding source. In general, CMAQ funds may be used for new or expanded transportation projects, programs, and operations that help reduce emissions. Eligible project categories that meet this basic criteria include:

Transportation activities in an approved State Implementation Plan (SIP), Transportation Control Measures (TCMs), alternative fuels, traffic flow improvements, transit expansion projects, new bicycle and pedestrian facilities and programs, travel demand management, outreach and rideshare activities, telecommuting programs, intermodal freight, planning and project development activities, and experimental pilot projects. For more detailed information, refer to FHWA's revised guidance provided at: [http://www.fhwa.dot.gov/environment/air\\_quality/cmaq/policy\\_and\\_guidance/](http://www.fhwa.dot.gov/environment/air_quality/cmaq/policy_and_guidance/).

MTC reserves the right to assign specific fund sources to projects based on availability and eligibility requirements. In the event that a new surface transportation authorization is enacted during implementation of OBAG 2 that materially alters these programs, MTC staff will work with the CMAs and project sponsors to match projects with appropriate federal fund programs.

- ▶ **RTP Consistency**: Projects funded through OBAG 2 must be consistent with the adopted Regional Transportation Plan (currently *Plan Bay Area*). Project sponsors must identify each project's relationship with meeting the goals and objectives of the RTP, including the specific RTP ID number or reference. RTP consistency will be verified by MTC staff for all OBAG 2 projects. Projects in the County program will also be reviewed by CMA staff prior to submitting selected projects to MTC.
- ▶ **Complete Streets Policy**: Federal, state and regional policies and directives emphasize the accommodation of bicyclists, pedestrians, and persons with disabilities when designing transportation facilities. MTC's Complete Streets Policy (MTC Resolution No. 3765) created a checklist that is intended for use on projects to ensure the accommodation of non-motorized travelers is considered at the earliest conception or design phase. The county CMAs ensure that project sponsors complete the checklist before projects are considered by the county for OBAG 2 funding and submitted to MTC. The CMAs are required to make completed checklists available to their Bicycle and Pedestrian Advisory Committee (BPAC) for review prior to CMAs' project selection actions.

Related state policies include: Caltrans Complete Streets Policy Deputy Directive 64 R1, which stipulates pedestrians, bicyclists and persons with disabilities must be considered in all programming, planning, maintenance, construction, operations, and project development activities and products; and the California Complete Streets Act of 2008, which requires local agency general plan circulation elements to address all travel modes.

► **Project Delivery and Monitoring:** OBAG 2 funding is available in the following five federal fiscal years: 2017-18, 2018-19, 2019-20, 2020-21, and 2021-22. Funds may be programmed in any of these years, conditioned upon the availability of federal apportionment and obligation authority (OA), and subject to TIP financial constraint requirements. In addition, in order to provide uninterrupted funding to ongoing efforts and to provide more time to prepare for the effective delivery of capital projects, priority of funding for the first year of programming apportionment (FY 2017-18) will be provided to ongoing programs, such as regional and CMA planning, non-infrastructure projects, and the preliminary engineering phase of capital projects.

Specific programming timelines will be determined through the development of the Annual Obligation Plan, which is developed by MTC staff in collaboration with the Bay Area Partnership technical working groups and project sponsors. Once programmed in the TIP, the funds must be obligated by FHWA or transferred to the Federal Transit Administration (FTA) within the federal fiscal year the funds are programmed in the TIP. Additionally, all OBAG 2 funds must be obligated no later than January 31, 2023.

Obligation deadlines, project substitutions and redirection of project savings will continue to be governed by the MTC Regional Project Funding Delivery Policy (MTC Resolution No. 3606 and any subsequent revisions). All funds are subject to obligation, award, invoicing, reimbursement and project close-out requirements. The failure to meet these deadlines may result in the de-programming and redirection of funds to other projects.

To further facilitate project delivery and ensure all federal funds in the region are meeting federal and state regulations and deadlines, every recipient of OBAG 2 funding is required to identify and maintain a staff position that serves as the single point of contact (SPOC) for the implementation of all FHWA-administered funds within that agency. The person in this position must have sufficient knowledge and expertise in the federal-aid delivery process to coordinate issues and questions that may arise from project inception to project close-out. The agency is required to identify the contact information for this position at the time of programming of funds in the TIP, and to notify MTC immediately when the position contact has changed. This person will be expected to work closely with FHWA, Caltrans, MTC and the respective CMA on all issues related to federal funding for all FHWA-funded projects implemented by the recipient.

Project sponsors that continue to miss delivery milestones and funding deadlines for any federal funds are required to prepare and update a delivery status report on all projects with FHWA-administered funds they manage, and participate, if requested, in a consultation meeting with the county CMA, MTC and Caltrans prior to MTC approving future programming or including any funding revisions for the agency in the TIP. The purpose of the status report and consultation is to ensure the local public

agency has the resources and technical capacity to deliver FHWA federal-aid projects, is fully aware of the required delivery deadlines, and has developed a delivery timeline that takes into consideration the requirements and lead-time of the federal-aid process within available resources.

By applying for and accepting OBAG 2 funding, the project sponsor is acknowledging that it has and will maintain the expertise and staff resources necessary to deliver the federal-aid project within the project-funding timeframe.

- ▶ **Funding Exchange:** Sometimes federal funds may not be the best fit for projects being implemented to meet plan and program goals and objectives. In such cases, federal OBAG funding may be exchanged with non-federal funds. MTC staff will work with the CMAs when such opportunities arise. Such exchanges must be consistent with MTC's fund exchange policy (MTC Resolution No. 3331) and the locally-funded project must be included in the federal TIP.
- ▶ **Local Match:** Projects funded with STP or CMAQ funding require a non-federal local match. Although local match requirements are subject to change, the current local match requirement for STP and CMAQ funded projects in California is 11.47% of the total project cost, with FHWA providing up to 88.53% of the total project cost through reimbursements. For capital projects, sponsors that fully fund the project development or Preliminary Engineering (PE) phase with non-federal funds may use toll credits in lieu of a match for the construction phase. For these projects, sponsors must still meet all federal requirements for the PE phase.
- ▶ **Fixed Program and Specific Project Selection:** Projects are chosen for the program based on eligibility, project merit, and deliverability within established deadlines. The OBAG 2 program is project-specific and the funds programmed to projects are for those projects alone.

The OBAG 2 program funding is fixed at the programmed amount; therefore, any project cost increases may not be covered by additional OBAG 2 funds. Project sponsors are responsible for securing the necessary match, and for cost increases or additional funding needed to complete the project, including contingencies.

## **REGIONAL PROGRAMS**

The programs below comprise the OBAG 2 Regional Programs, managed by MTC. Funding amounts for each program are included in Appendix A-1. Individual projects will be added to Attachment B-1 and B-2 as they are selected and included in the federal TIP.

### **1. Regional Planning Activities**

This program provides funding to support regional planning and outreach activities.

Appendix A-3 details the funding amounts and distribution for planning and outreach activities.

## **2. Pavement Management Program**

This continues the region's acclaimed Pavement Management Program (PMP) and related activities including the Pavement Technical Assistance Program (PTAP), training, and regional and statewide local streets and roads needs assessment. MTC provides grants to local jurisdictions to perform regular inspections of their local streets and roads networks and to update their pavement management systems which is a requirement to receive certain funding. MTC also assists local jurisdictions in conducting associated data collection and analysis efforts including local roads needs assessments and inventory surveys and asset management analysis that feed into regional planning efforts. MTC provides, training, research and development of pavement and non-pavement preservation management techniques, and participates in the statewide local streets and roads needs assessment effort.

To support the collection and analysis of local roads asset conditions for regional planning efforts and statewide funding advocacy, and to be eligible for OBAG 2 funding for local streets and roads, a jurisdiction must:

- Have a certified Pavement Management Program (StreetSaver® or equivalent) updated at least once every three years (with a one-year extension allowed); and
- Fully participate in the statewide local streets and road needs assessment survey (including any assigned funding contribution); and
- Provide updated information to the Highway Performance Monitoring System (HPMS) at least once every 3 years (with a one-year grace period allowed).

## **3. Regional Priority Development Area (PDA) Planning & Implementation**

Funding in this program implements the following:

Regional PDA Planning and Implementation: The PDA Planning Program places an emphasis on intensifying land uses at and near transit stations and along transit corridors in PDAs. The key goals of the program are to: increase supply of affordable and market rate housing, jobs and services within the PDA planning area; boost transit ridership and thereby reduce vehicle miles traveled by PDA residents, employees and visitors; increase walking and bicycling by improving multi-modal access and effectively managing parking; and locate key services and retail within the PDA planning area. Funding is available for regional planning and implementation efforts and grants to jurisdictions to provide PDA planning support, and typically fund specific plans and programmatic Environmental Impact Reports. PDA plans funded through the program focus on a range of transit-supportive elements including market demand analysis, affordable housing strategies, multi-modal connectivity including pedestrian-friendly design standards, parking demand analysis, infrastructure development, implementation planning and financing strategies and strategies to advance implementation of the best practices identified in the Air District's Planning Healthy Places guidelines<sup>1</sup>.

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<sup>1</sup> Guidance will be developed in partnership with BAAQMD, CMAs, ABAG, and city staff pending the release of these guidelines in early 2016.



The PDA Planning Program will give priority to cities with high risk of displacement in order to support the development of local policies and programs to meaningfully address identified housing issues.

Community-Based Transportation Planning: A portion of this program will be dedicated to the Community-Based Transportation Planning (CBTP) grant program. These locally-led plans address the mobility needs of low-income households in the region's 35 Communities of Concern. Grant funds will be used to update CBTPs that are in many cases more than 10 years old.

Naturally Occurring Affordable Housing (NOAH): Consistent with the OBAG 2 framework and PDA Planning Program, a NOAH revolving loan fund will be established as a complement to the existing TOAH loan products for new construction. NOAH loans would be used to buy apartment buildings to create long-term affordability where displacement risk is high and to secure long-term affordability in currently subsidized units that are set to expire. NOAH investments will be made in PDAs or Transit Priority Areas.

#### **4. Climate Initiatives Program**

The purpose of the OBAG 2 Climate Initiatives Program is to support the implementation of strategies identified in Plan Bay Area to achieve the required CO<sub>2</sub> emissions reductions per SB375 and federal criteria pollutant reductions. Investments focus on projects and programs with effective greenhouse gas emission reduction results.

Spare the Air Youth: A portion of the Climate Initiatives program would be directed to the implementation of Spare the Air Youth program.

#### **5. Regional Active Operational Management**

This program is administered at the regional level by MTC to actively manage congestion through cost-effective operational strategies that improve mobility and system efficiency across freeways, arterials and transit modes. Funding continues to be directed to evolving MTC operational programs such as next generation 511, Freeway Service Patrol (FSP), incident management program, managed lanes and regional rideshare program. Funding will also be directed to new initiatives such as the Columbus Day Initiative that deploys advanced technologies and Transportation Management Systems that ensures the existing and new technology infrastructure is operational and well-maintained.

##### Columbus Day Initiative

The Columbus Day Initiative (CDI) builds on the proven success of its predecessor program (the Freeway Performance Initiative), which implemented traditional fixed time-of-day freeway ramp metering and arterial signal timing projects that achieved significant delay reduction and safety on Bay Area freeways and arterials at a fraction of the cost of traditional highway widening projects. The CDI aims to deliver cost-effective, technology-driven operational improvement projects such as, adaptive ramp metering, hard shoulder running lanes, queue warning signs, connected vehicle technologies, shared mobility technologies, and regional arterial operations strategies. Projects would target priority freeway and arterial corridors with significant

congestion. Funding for performance monitoring activities and corridor studies is included to monitor the state of the system and to identify and assess the feasibility of operational strategies to be deployed.

#### Transportation Management Systems

This program includes the operations and management of highway operations field equipment; critical freeway and incident management functions; and Transportation Management Center (TMC) staff resources needed to actively operate and maintain the highway system.

#### Bay Bridge Forward Project

As part of the overall OBAG 2 framework, this project encompasses the implementation of several of near-term, cost-effective operational improvements that offer travel time savings, reliability and lower costs for carpooling and bus/ferry transit use to increase person throughput and reduce congestion, incidents, and emissions in the San Francisco-Oakland Bay Bridge corridor.

### **6. Transit Priorities Program**

The objective of the Transit Priorities Program is to assist transit operators to fund major fleet replacements, including the BART Car Replacement Phase 1 project, fixed guideway rehabilitation and other high-scoring capital needs, including replacement of Clipper equipment and development of Clipper 2.0, that are consistent with MTC's Transit Capital Priorities policy for programming federal transit funds (MTC Resolution 4140 or successor resolution).

The program also implements elements of the Transit Sustainability Project by making transit-supportive investments in major transit corridors that can be carried out within two years through the Transit Performance Initiative (TPI). The focus of TPI is on making cost-effective operational improvements on significant trunk lines which carry the largest number of passengers in the Bay Area including transit signal prioritization, passenger circulation improvements at major hubs, boarding/stop improvements and other improvements to improve the passenger experience.

### **7. Priority Conservation Area (PCA) Program**

The Priority Conservation Area (PCA) Program provides funding for the development of plans and projects to assist in the preservation and enhancement of rural lands. Specifically, projects must support Plan Bay Area by preserving and enhancing the natural, economic and social value of rural lands and open space amidst a growing population across the Bay Area, for residents and businesses. The PCA program includes one approach for the North Bay counties (Marin, Napa, Solano, and Sonoma) and a second approach for the remaining five counties.

In the North Bay, each of the four CMAs will take the lead to develop a county-wide program, building on PCA planning conducted to date to select projects for funding.

For the remaining counties, MTC will partner with the Coastal Conservancy, a California State agency, to program the PCA funds. MTC will provide federal funding which will be combined with the Coastal Conservancy's own program funds in order to support a broader range of

projects (i.e. land acquisition and easement projects) than can be accommodated with federal transportation dollars alone. The Coastal Conservancy, MTC, and ABAG staff will cooperatively manage the call for proposals.

The minimum non-federal match required for PCA-program funding is 2:1.

As a part of the update to *Plan Bay Area*, MTC is exploring implementing a Regional Advance Mitigation Planning (RAMP) Program. RAMP would mitigate certain environmental impacts from multiple planned transportation projects, rather than mitigating on a less-efficient per-project level. Partnering arrangements can be established to leverage multiple fund sources in order to maximize benefits of the RAMP and PCA programs. As such, PCA funds may be used to deliver net environmental benefits to a RAMP program project.

In instances where federal funds may not be used for this purpose, sponsors may exchange OBAG 2 funds with eligible non-federal funds. Such exchanges must be consistent with MTC's fund exchange policy (MTC Resolution No. 3331).

Appendix A-9 outlines the framework for this program including goals, project screening, eligibility, eligible sponsors, and project selection.

### **8. Housing Production Incentive**

As part of the OBAG 2 framework, MTC will develop a challenge grant program for the production of affordable housing. The purpose of the program is to reward local jurisdictions that produce the most housing units at the very low, low, and moderate income levels.

The proposed concept for this program is to set a six year target for production of low and moderate income housing units (2015 through 2020), based on the housing unit needs identified through the Regional Housing Needs Allocation (RHNA) for 2014-22. The target for the proposed challenge grant period is 80,000 low and moderate income units (35,000 very low, 22,000 low and 25,000 moderate units). The units would need to be located in PDA's or in Transit Priority Areas (TPA's). Additionally, to be credited towards reaching the production targets, very low and low income units need to be deed restricted; moderate income units do not require deed restriction to be credited in the program.

At the end of the production challenge cycle, MTC will distribute grant funds to the jurisdictions that contribute the most toward reaching the regional production target. To keep the grant size large enough to serve as an incentive for housing production, the grant program would be limited to no more than the top ten producers of affordable housing units, or fewer, if the 80,000 unit target is reached by less than ten cities. Staff will provide annual progress reports on production of affordable housing units.

The funds provided would be STP/CMAQ, and would need to be used only for federally eligible transportation purposes.

## COUNTY PROGRAMMING POLICIES

The policies below apply to the programs managed by the county Congestion Management Agencies (CMAs) or substitute agency:

- ▶ Program Eligibility: The CMA, or substitute agency, may program funds from its OBAG 2 county fund distribution to projects that meet the eligibility requirements for any of the following transportation improvement types:
  - Planning and Outreach Activities
  - Local Streets and Roads Preservation
  - Bicycle and Pedestrian Improvements
  - Transportation for Livable Communities
  - Safe Routes To School
  - Priority Conservation Areas
  - Federal Aid Secondary (FAS) Improvements

- ▶ Fund Sources & Formula Distribution: OBAG 2 is funded primarily from two federal fund sources: STP and CMAQ. The CMAs will be provided a breakdown of specific OBAG 2 fund sources, with the understanding that actual fund sources are subject to change. Should there be significant changes to federal fund sources, MTC staff will work with the CMAs to identify and realign new fund sources with the funding commitments approved by the Commission. Furthermore, due to strict funding availability and eligibility requirements, the CMAs must adhere to the fund source limitations provided. Exceptions may be granted by MTC staff based on actual fund source availability and final federal apportionment levels.

Consistent with OBAG 1, 60% of available OBAG 2 funding is assigned to Regional Programs and 40% assigned to the base County CMA Programs. The Safe Routes to School (SRTS) and Federal Aid Secondary (FAS) programs augment the county base funding, bringing the final proportionate share to 55% regional and 45% county. The Base county funds (SRTS & FAS have their own formula distribution) are distributed to each county based on the OBAG 2 county distribution formula (see page 3). Counties are further guaranteed that the funding amount for planning purposes will not exceed 50% of their total distribution. This results in the county of Napa receiving additional funding. This planning guarantee clause results in a slight deviation in the final OBAG 2 fund distribution for each county. The base County CMA Program fund distribution after the planning guarantee adjustment is shown in Appendix A-2.

- ▶ Priority Development Area (PDA) Policies
  - PDA minimum investment: CMAs in larger counties (Alameda, Contra Costa, San Mateo, San Francisco, and Santa Clara) shall direct at least 70% of their OBAG 2 investments to PDAs. For North Bay counties (Marin, Napa, Solano, and Sonoma) this minimum target is 50% to reflect the more rural nature of these counties. CMA planning and outreach costs partially count towards PDA

minimum investment targets (70% or 50%, in line with each county's PDA minimum investment target). The guaranteed minimum for Priority Conservation Area (PCA), Safe Routes to School (SRTS), and Federal Aid Secondary (FAS) do not count towards PDA targets. The PDA/non-PDA funding split is shown in Appendix A-2.

- PDA boundary delineation: Refer to [http://gis.mtc.ca.gov/interactive\\_maps/](http://gis.mtc.ca.gov/interactive_maps/) which provides a GIS overlay of the PDAs in the Bay Area to exact map boundaries including transportation facilities. This map is updated as ABAG approves new PDA designations.
  - Defining proximate access to PDAs: The CMAs may determine that a project located outside of a PDA provides proximate access to the PDA, and thus counts towards the county's minimum PDA investment target. The CMA is required to map these projects along with the associated PDA(s) and provide a policy justification for designating the project as supporting a PDA through proximate access. This information should assist decision makers, stakeholders, and the public in evaluating the impact of the investment on a nearby PDA, to determine whether or not the investment should be credited towards the county's PDA minimum investment target. This information must be presented for public review when the CMA board acts on OBAG programming decisions.
  - PDA Investment & Growth Strategy: Updates to each county's PDA Investment & Growth Strategy are required every four years and must be adopted by the CMA Board. The updates should be coordinated with the countywide plan and Regional Transportation Plan (RTP) updates to inform RTP development decisions. Interim status reports are required two years after each update to address needed revisions and provide an activity and progress status. See Appendix A-8 for details.
- ▶ Project Selection: County CMAs or substitute agencies are given the responsibility to develop a project selection process. The process should include solicitation of projects, identifying evaluation criteria, conducting outreach, evaluating project applications, and selecting projects.
- Public Involvement: In selecting projects for federal funding, the decision making authority is responsible for ensuring that the process complies with federal statutes and regulations. In order to ensure that the CMA process for administering OBAG 2 is in compliance with federal regulations, CMAs are required to lead a public outreach process as directed by Appendix A-7.
  - Unified Call for Projects: CMAs are requested to issue one unified call for projects for their OBAG 2 program. Final project lists are due to MTC by January-July 31, 2017, with all associated project information submitted to MTC using the Fund Management System (FMS) by February 28/August 31,

2017. On a case-by-case basis and as approved in advance by MTC staff, these deadlines may be waived to allow coordination with other county-wide call for projects or programming needs. The goal is to coordinate the OBAG2 call for projects, and provide project sponsors the maximum time to deliver projects.

- Project Programming Targets and Delivery Deadlines: CMAs must program their block grant funds over the OBAG 2 period (FY 2017-18 through FY 2021-22). In general, the expectation is that on-going activities such as CMA planning, non-infrastructure projects and the Preliminary Engineering (PE) phase of projects would use capacity in the first year, followed by the capital phases of project in later years.
- OBAG 2 funding is subject to the provisions of the Regional Project Delivery Policy (MTC Resolution 3606, or its successor) including the deadlines for Request for Authorization (RFA) submittal and federal authorization/obligation. Additionally, the following funding deadlines apply for each county, with earlier delivery strongly encouraged:
  - At least half of the OBAG 2 funds, must be obligated (federal authorization/FTA Transfer) by January 31, 2020.
  - All remaining OBAG 2 funds must be obligated by January 31, 2023.
- ▶ Performance and Accountability Policies: Jurisdictions need to comply with the following policies, as well as other requirements noted in the document, in order to be eligible recipients of OBAG 2 funds.
  - Adopt a complete streets resolution by the date the CMAs submit their OBAG 2 project recommendations to MTC, incorporating MTC's required complete streets elements as outlined in MTC's Complete Streets Guidance.

Alternatively, to recognize local jurisdiction's efforts to update their general plan circulation element to incorporate the provisions of the 2008 Complete Streets Act in response to the provisions stated in OBAG 1, a jurisdiction may adopt a significant revision to the circulation element of the general plan that complies with the Act after January 1, 2010.

For compliance, a substantial revision of the circulation element, passed after January 1, 2010, shall "...plan for a balanced, multimodal transportation network that meets the needs of all users of streets, roads, and highways for safe and convenient travel in a manner that is suitable to the rural, suburban, or urban context of the general plan," while complying with the other provisions of CA Government Code Section 65302 and Complete Streets Act of 2008.

The approach above focuses on the adoption of local complete streets resolutions, while acknowledging the jurisdictions that took efforts to update their circulation element in anticipation of future OBAG requirements.

- Jurisdictions (cities and counties) must have a general plan housing element adopted and certified by the California Department of Housing and Community Development (HCD) for 2014-2022 RHNA by May 31, 2015. Jurisdictions that have failed to meet this deadline must have their housing elements certified by HCD by June 30, 2016 in order to be eligible to receive OBAG 2 funding.
- Furthermore, under state statute, jurisdictions are required to submit Housing Element Annual Reports by April 1 every year. All cities and counties receiving OBAG 2 funding must comply with this statute during the entire OBAG 2 funding period or risk deprogramming of OBAG 2 funding.
- All cities and counties must adopt a surplus land resolution by the date the CMAs submit their OBAG 2 project recommendations to MTC. The resolution must verify that any disposition of surplus land undertaken by the jurisdiction complies with the State Surplus Land Act, as amended by AB 2135, 2014. MTC will issue guidance to assist cities and counties in drafting a resolution to meet this requirement. This guidance will be posted on the OBAG 2 website: <http://mtc.ca.gov/our-work/fund-invest/federal-funding/obag-2>.
- ~~Anti-Displacement Policies. The Commission will consider recommendations related to anti-displacement policies for possible consideration in early 2016.~~
- For jurisdictions with local public streets and roads, to be eligible for OBAG 2 funding, the jurisdiction must:
  - Have a certified Pavement Management Program (StreetSaver® or equivalent) updated at least once every three years (with a one-year extension allowed);
  - Fully participate in the statewide local streets and road needs assessment survey; and
  - Provide updated information to the Highway Performance Monitoring System (HPMS) at least once every 3 years (with a one-year grace period allowed).
- For a transit agency project sponsor under a Joint Powers Authority (JPA) or district (not under the governance of a local jurisdiction), or an agency where housing and complete streets policies do not apply, the jurisdiction where the project is located (such as station/stop improvements) will need to comply with the policies and other requirements specified in this attachment before funds may be programmed to the project sponsor. However, this is not

required if the project is transit/rail agency property such as, track, rolling stock or a transit maintenance facility.

- OBAG 2 funds may not be programmed to any jurisdiction out of compliance with the policies and other requirements specified in this attachment.
- The CMA will be responsible for tracking progress towards all OBAG 2 requirements and affirming to MTC that a jurisdiction is in compliance prior to MTC programming OBAG 2 funds to its projects in the TIP.

CMA's will provide the following prior to programming projects in the TIP (see Appendix A-10):

- Documentation of the approach used to select OBAG 2 projects including outreach efforts, agency coordination, Title VI compliance, and the methodology used for distributing funds within the county;
- The board adopted list of projects recommended for OBAG 2 funding;
- Self-certification that all projects recommended for funding are consistent with the current RTP (including documentation) and have completed project-specific Complete Streets Checklists (including documentation);
- Identification of the Single-Point of Contact assigned by the jurisdiction for all FHWA-funded projects, including OBAG 2 projects;
- Documentation of local jurisdiction compliance with MTC's Complete Streets Policy, including a list of the status of each jurisdiction, a letter from the CMA for each jurisdiction describing how the jurisdiction meets the policy requirements, and supporting documentation for each local jurisdiction (resolutions and/or circulation elements)
- Documentation of local jurisdiction compliance with MTC's Housing Element requirements, including a list of the status of each jurisdiction's Annual Housing Element Progress Report as well as any supporting documentation for each jurisdiction (progress reports and copies of submittal letter to HCD). This documentation will be required annually from CMA's (April 30 each year) throughout the OBAG 2 programming period;
- Documentation of city and county compliance with MTC's Surplus Land requirements, for each jurisdiction (copy of adopted resolution).
- Documentation for any projects recommended for funding that apply toward the county's minimum PDA investment target. This includes mapping of all mappable projects (projects with a physical location). For projects that are not physically located within a PDA, the CMA is required to map each project along with the associated PDA(s) and provide a policy justification for designating each project as supporting a PDA through proximate access. CMA's must also document that this



- information was used when presenting its program of projects to their board and the public; and
- Self-certification that the PDA Investment and Growth Strategy has been completed and adopted by the CMA Board, or will be adopted in coordination with the RTP update. Documentation of required updates and interim progress reports must also be submitted by the CMAs throughout the OBAG 2 period.

## **COUNTY PROGRAMS**

The categories below comprise the eligible OBAG 2 County Programs, administered by the nine county CMAs. The CMAs should ensure that the project selection process and selected projects meet all eligibility requirements throughout this document as well as in federal statutes and regulations. MTC staff will work with CMAs and project sponsors to resolve any eligibility issues which may arise, including air quality conformity exceptions and requirements.

### **County CMA Program**

The base OBAG 2 County program accounts for 40% of the total funding available through OBAG 2 and is distributed to each county according to the OBAG 2 county formula after accounting for the CMA Planning minimum guarantee (see Appendices A-2 and A-3). This program includes CMA planning and outreach as well as the various projects selected through each county's competitive call for projects. Projects selected through the base county program are subject to the PDA investment minimum requirements.

#### ***1. CMA Planning and Outreach***

This category provides funding to the county Congestion Management Agency (CMA) or substitute agency to support programming, monitoring and outreach activities. Such efforts include, but are not limited to: county-based planning efforts for development of the RTP/Sustainable Communities Strategy (SCS); development of PDA growth strategies; development and implementation of a complete streets compliance protocol; establishing land use and travel forecasting process and procedures consistent with ABAG/MTC; ensuring the efficient and effective delivery of federal-aid local projects; and undertaking the programming of assigned funding and solicitation of projects.

The minimum funding level for the CMA planning and outreach program continues OBAG 1 commitments by escalating FY 2016-17 amounts at 2% per year. In addition, counties are guaranteed that the base funding level for the CMA's planning and outreach program will not exceed 50% of the county's total OBAG 2 County Program distribution. Actual CMA planning and outreach amounts for each county, are shown in Appendix A-3.

At their discretion, the CMAs may choose to designate additional funding from their County Program to augment their planning and outreach efforts.

All funding and activities will be administered through an interagency agreement between MTC and the respective CMA.

## **2. Local Streets and Roads Preservation**

This category is for the preservation of local streets and roads on the federal-aid system. To be eligible for funding of any Local Streets and Roads (LSR) preservation project, the jurisdiction must have a certified Pavement Management Program (StreetSaver® or equivalent). In addition, selected pavement projects should be based on the needs analysis resulting from the established Pavement Management Program (PMP) for the jurisdiction. This requirement ensures that streets selected for investment are cost effective. MTC is responsible for verifying the certification status of jurisdictions. The current certification status of area jurisdictions can be found at <http://www.mtc.ca.gov/services/pmp/>.

Furthermore, to support the collection and analysis of local roads asset conditions for comprehensive regional planning efforts and statewide funding advocacy, a jurisdiction must fully participate in the statewide local streets and road needs assessment survey to be eligible for OBAG 2 funding for pavement rehabilitation.

Eligibility requirements for specific project types are included below:

▶ Pavement Rehabilitation:

All pavement rehabilitation projects, including projects with pavement segments with a Pavement Condition Index (PCI) below 70, must be consistent with segments recommended for treatment within the programming cycle by the jurisdiction's PMP.

▶ Preventive Maintenance:

Only projects where pavement segments have a PCI of 70 or above are eligible for preventive maintenance. Furthermore, the local agency's PMP must demonstrate that the preventive maintenance strategy is a cost effective method of extending the service life of the pavement.

▶ Non-Pavement:

Eligible non-pavement activities and projects include rehabilitation or replacement of existing features on the roadway facility, such as bridge structures, storm drains, National Pollutant Discharge Elimination System (NPDES), curbs, gutters, culverts, medians, guardrails, safety features, signals, signage, sidewalks, ramps, complete streets elements and features that bring the facility to current standards. Jurisdictions must have a certified PMP to be eligible to receive funding for improvements to non-pavement features.

Activities that are not eligible for funding include: Air quality non-exempt projects (unless granted an exception by MTC staff), new roadways, roadway extensions, right of way acquisition for future expansion, operations, routine maintenance, spot application, enhancements that are above and beyond repair or replacement of existing assets (other than bringing roadway to

current standards or implementing compete streets elements) and any pavement application not recommended by the PMP unless otherwise allowed above.

**Federal-Aid Eligible Facilities:** Federal-aid highways as defined in 23 U.S.C. 101(a)(6) are eligible for local streets and roads preservation funding. A federal-aid highway is a public road that is not classified as a rural minor collector or local road (residential) or lower. Project sponsors must confirm the eligibility of their roadway through the Highway Performance Monitoring System (HPMS) prior to the application for funding.

### **3. Bicycle and Pedestrian Improvements**

This category funds a wide range of bicycle and pedestrian improvements including Class I, II and III bicycle facilities; cycle tracks; bicycle education, outreach, sharing and parking; sidewalks, ramps, pathways and pedestrian bridges; user safety and supporting facilities; and traffic signal actuation. Bicycle and pedestrian projects may be located on or off the federal-aid highway system.

Additional eligibility requirements will apply to bicycle and pedestrian projects that are funded with CMAQ funds rather than STP funds, given the more limited scope of the CMAQ funding program. According to CMAQ eligibility requirements, bicycle and pedestrian facilities must not be exclusively recreational and should reduce vehicle trips resulting in air pollution reductions. Also, the hours of operation need to be reasonable and support bicycle/pedestrian needs, particularly during commute periods. For example, the policy that a trail be closed to users before sunrise or after sunset may limit users from using the facility during the portions of peak commute hours, particularly during times of the year with shorter days.

### **4. Transportation for Livable Communities**

The purpose of Transportation for Livable Communities (TLC) projects is to support community-based transportation projects that bring new vibrancy to downtown areas, commercial cores, high-density neighborhoods, and transit corridors; enhancing their amenities and ambiance and making them places where people want to live, work and visit. The TLC program supports the RTP/SCS by investing in improvements and facilities that promote alternative transportation modes rather than the single-occupant automobile.

General project categories include the following:

- Transit station improvements such as plazas, station access, pocket parks, and bicycle parking.
- Transit expansions serving PDAs.
- Complete Streets improvements that improve bicycle and pedestrian access and encourage use of alternative modes.
- Cost-effective, technology-driven active operational management strategies for local arterials and for highways when used to augment other fund sources or match challenge grants.
- Transportation Demand Management (TDM) projects including car sharing, vanpooling traveler coordination and information, and Clipper®-related projects.

- Transit access projects connecting high density housing/jobs/mixed land use to transit, such as bicycle/pedestrian paths and bridges and safe routes to transit.
- Streetscape projects focusing on high-impact, multi-modal improvements or associated with high density housing/mixed use and transit, such as bulb outs, sidewalk widening, crosswalk enhancements, audible signal modification, mid-block crossing and signals, new striping for bicycle lanes and road diets, pedestrian street lighting, medians, pedestrian refuges, wayfinding signage, tree grates, bollards, permanent bicycle racks, signal modification for bicycle detection, street trees, raised planters, planters, costs associated with on-site storm water management, permeable paving, and pedestrian-scaled street furniture including bus shelters, benches, magazine racks, garbage and recycling bins.
- Mobility management and coordination projects that meet the specific needs of seniors and individuals with disabilities and enhance transportation access for populations beyond those served by one agency or organization within a community. Examples include the integration and coordination of services for individuals with disabilities, seniors, and low-income individuals; individualized travel training and trip planning activities for customers; the development and operation of one-stop transportation traveler call centers to coordinate transportation information on all travel modes and to manage eligibility requirements and arrangements for customers among supporting programs; and the operation of transportation brokerages to coordinate providers, funding agencies and passengers. Selected project sponsors may need to transfer the STP/CMAQ funds received to FTA.
- PDA planning and implementation, including projects that incentivize local PDA transit oriented development housing (within funding eligibility limitations unless exchanged).
- Density incentives projects and non-transportation infrastructure improvements that include density bonuses, sewer upgrade, land banking or site assembly (these projects require funding exchanges to address federal funding eligibility limitations).

Activities that are not eligible for funding include: air quality non-exempt projects (unless granted an exception by MTC staff), new roadways, roadway extensions, right of way acquisition for future expansion, operations, and routine maintenance.

### **Additional County Programs**

In addition to the base County CMA Program, OBAG 2 directs additional funds to the CMAs to distribute to eligible project types. These programs are the Safe Routes to School (SRTS) program, the Federal Aid Secondary Shares Continuation (FAS) program, and for the North Bay Counties, the Priority Conservation Area (PCA) program.

#### **1. Safe Routes to School**

Eligible projects for the Safe Routes to School (SRTS) program include infrastructure and non-infrastructure projects that facilitate reduction in vehicular travel to and from schools. It is important to note that this program is funded exclusively by the CMAQ funding program. Given

the intent of the CMAQ program to reduce vehicular emissions, the OBAG 2 SRTS program is targeted towards air quality improvement rather than the health or safety of school-aged children. Despite this limitation, project eligibility under CMAQ largely overlaps with typical eligibility requirements for Safe Routes to School programs. Detailed examples of eligible projects are provided below:

#### Eligible Non-Infrastructure Projects

##### Public Education and Outreach Activities

- Public education and outreach can help communities reduce emissions and congestion by inducing drivers to change their transportation choices
- Activities that promote new or existing transportation services, developing messages and advertising materials (including market research, focus groups, and creative), placing messages and materials, evaluating message and material dissemination and public awareness, technical assistance, programs that promote the Tax Code provision related to commute benefits, and any other activities that help forward less-polluting transportation options
- Air quality public education messages: Long-term public education and outreach can be effective in raising awareness that can lead to changes in travel behavior and ongoing emissions reductions; therefore, these activities may be funded indefinitely
- Non-construction outreach related to safe bicycle use
- Travel Demand Management (TDM) activities including traveler information services, shuttle services, carpools, vanpools, parking pricing, etc.

#### Eligible Infrastructure Projects

- Constructing bicycle and pedestrian facilities (paths, sidewalks, bike racks, support facilities, etc.), that are not exclusively recreational and reduce vehicle trips
- Programs for secure bicycle storage facilities and other facilities, including bicycle lanes, for the convenience and protection of bicyclists, in both public and private areas
- New construction and major reconstructions of paths, tracks, or areas solely for the use by pedestrian or other non-motorized means of transportation when economically feasible and in the public interest
- Traffic calming measures

#### Exclusions found to be ineligible uses of CMAQ funds

- Walking audits and other planning activities (Upon the CMA's request and availability of funds, STP funds will be provided for these purposes)
- Crossing guards, vehicle speed feedback devices, and traffic control that is primarily oriented to vehicular traffic rather than bicyclists and pedestrians
- Material incentives that lack an educational message or exceed a nominal cost

Within the SRTS program, funding is distributed among the nine Bay Area counties based on K-12 total enrollment for private and public schools as reported by the California Department of Education for FY 2013-14 (see Appendix A-5). SRTS funding distributed to CMAs based on enrollment is not subject to the PDA minimum investment requirements. However, if a CMA

chooses to augment the SRTS program with additional funding from their base OBAG 2 County CMA program, this additional funding is subject to the PDA minimum investment requirements.

Before programming projects into the TIP, the CMAs shall provide the SRTS projects, recommended county program scope, budget, schedule, agency roles, and federal funding recipient(s).

In programming the funds in the TIP, project sponsors may consider using non-federal funds to fund SRTS activities ineligible for federal funding. In such instances, the sponsor is allowed to use toll credits for the federal project, conditioned upon a minimum of 11.47% in non-federal funds being dedicated for SRTS activities. Separate accounting of a federalized project and a non-federalized project to fund a single program can be challenging, so care should be taken when using this option.

CMAs with an established SRTS program may choose to program local funds for SRTS projects in lieu of OBAG 2 funds and use the OBAG 2 funding for other eligible OBAG 2 projects. In such instances the local SRTS project(s) must be identified at the time the CMA submits the county OBAG 2 program to MTC and subsequently programmed in the federal TIP.

### **2. Federal Aid Secondary (FAS) Shares**

The Federal Aid Secondary (FAS) program, which directed funding to rural roads, was eliminated in 1991 with the passage of the Intermodal Surface Transportation Efficiency Act (ISTEA).

However, California statutes provide for the continuation of minimum funding levels to counties, guaranteeing their prior FAS shares for rural county roads.

The county CMAs are required to ensure the counties receive their guaranteed annual funding through the CMA-managed OBAG county program. The county of San Francisco has no rural roads, and therefore does not receive FAS funding. In addition, the counties of Marin, Napa, and San Mateo may exchange their annual guaranteed FAS funding with state funding from Caltrans, as permitted by state statute. Caltrans takes these federal funds "off the top" before distributing regional STP funds to MTC. The CMAs for these three counties are not required to provide FAS guaranteed funding to these three counties for years in which these counties request such an exchange, as the statutory requirement is met through this exchange with Caltrans.

Counties may access their FAS funding at any time within the OBAG 2 period for any project eligible for STP funding. Guaranteed minimum FAS funding amounts are determined by California's Federal-Aid Secondary Highways Act (California Code § 2200-2214) and are listed in Appendix A-4. This FAS funding is not subject to the minimum PDA investment requirement. Any additional funding provided by the CMAs to the counties from the OBAG 2 county base formula distribution is subject to the minimum PDA investment requirements.

### **3. Priority Conservation Area (PCA)**

The Priority Conservation Area (PCA) Program provides funding for the development of plans and projects to assist in the preservation and enhancement of rural lands and open space.

Generally, eligible projects include PCA planning activities, bicycle and pedestrian access to open space and parklands, visual enhancements and habitat/environmental enhancements.

Specifically, projects must support Plan Bay Area by preserving and enhancing the natural, economic and social value of rural lands amidst a growing population across the Bay Area, for residents and businesses.

Land acquisition for preservation purposes is not federally eligible, but may be facilitated through CMA-initiated funding exchanges.

The PCA funding program includes one approach for the North Bay program (Marin, Napa, Solano, and Sonoma) and a second for the remaining five counties. In the North Bay, each CMA will receive dedicated funding, lead a county-wide program building on PCA planning conducted to date, and select projects for funding. For the remaining counties, MTC will partner with the Coastal Conservancy, a California State agency, to program the PCA funds. Appendix A-9 outlines the framework for this program including goals, project screening eligibility, eligible sponsors, and project selection.

Any CMA may use additional funding from its base OBAG 2 County Program to expand its dedicated PCA program (North Bay counties), augment grants received from the regionally competitive PCA program (remaining counties), or develop its own county PCA program (all counties).

The PCA program requires a 2:1 minimum non-federal match.

As a part of the update to *Plan Bay Area*, MTC is exploring implementing a Regional Advance Mitigation Planning (RAMP) Program. RAMP would mitigate certain environmental impacts from multiple planned transportation projects, rather than mitigating on a less-efficient per-project level. Partnering arrangements can be established to leverage multiple fund sources in order to maximize benefits of the RAMP and PCA programs. As such, PCA funds may be used to deliver net environmental benefits to a RAMP program project.

In instances where federal funds may not be used for this purpose, sponsors may exchange OBAG 2 funds with eligible non-federal funds. Such exchanges must be consistent with MTC's fund exchange policy (MTC Resolution No. 3331).

## Appendix A-1

### OBAG 2 Program Categories FY 2017-18 through FY 2019-22 July 27, 2016

#### Program Categories

Regional Program		OBAG 1		OBAG 2	
		Regional Distribution		% Share	Amount
<b>Regional Categories</b>		<b>\$499.3</b>		<b>476.5</b>	
1	Regional Planning Activities	2%	\$8.5	2%	9.6
2	Pavement Management Program	2%	\$9.1	2%	9.3
3	Regional PDA Planning & Implementation	4%	\$20.0	5%	20.0
4	Climate Initiatives	4%	\$22.3	5%	23.0
5	Priority Conservation Area	2%	\$9.5	4%	16.4
6	Regional Active Operational Management	37%	\$183.5	39%	179.0
7	Transit Capital Priorities	40%	\$201.4	43%	189.3
		<b>\$454.3</b>		<b>Regional Program Total: 52% 446.5</b>	

Local Categories					
	Local PDA Planning (within county program for OBAG 2)	4%	\$20.0		
	Safe Routes To School (Moved to county program for OBAG 2)	5%	\$25.0		
	Federal-Aid Secondary - FAS (within county program for OBAG 2)	-	-		
8	Local Housing Production Incentive	-	-		30.0
		<b>9% \$45.0</b>		<b>Local Program Total: 3% 30.0</b>	

County Program			OBAG 1				OBAG 2					
			Base Formula STP/CMAQ/TE *		Final Distribution Including SRTS & PDA		Base Formula **		SRTS ***	FAS ***	Final Adjusted Distribution Including SRTS & FAS ****	
Population												
<b>Countries</b>												
1	Alameda	21.2%	19.6%	\$64.1	19.7%	\$73.4	20.0%	\$69.7	\$5.3	\$1.8	19.9%	\$76.7
2	Contra Costa	14.6%	14.1%	\$46.0	14.2%	\$52.9	14.6%	\$50.8	\$4.1	\$1.3	14.6%	\$56.1
3	Marin	3.4%	3.3%	\$10.7	3.3%	\$12.3	2.6%	\$9.2	\$0.9	\$0.8	2.8%	\$10.9
4	Napa	1.9%	2.3%	\$7.4	2.3%	\$8.7	1.6%	\$5.5	\$0.5	\$1.2	2.2%	\$8.2
5	San Francisco	11.3%	12.0%	\$39.3	11.7%	\$43.5	13.4%	\$46.5	\$1.8	\$0.0	12.4%	\$48.2
6	San Mateo	10.0%	8.3%	\$27.2	8.4%	\$31.2	8.4%	\$29.3	\$2.4	\$0.9	8.4%	\$32.5
7	Santa Clara	25.2%	27.3%	\$89.3	27.2%	\$101.4	27.5%	\$95.8	\$6.9	\$1.7	26.9%	\$104.1
8	Solano	5.7%	6.0%	\$19.5	5.9%	\$22.1	5.2%	\$18.3	\$1.5	\$1.5	5.5%	\$21.2
9	Sonoma	6.6%	7.3%	\$23.8	7.2%	\$26.9	6.6%	\$22.9	\$1.7	\$3.3	7.2%	\$27.7
<b>Total:</b>			<b>\$327.4</b>		<b>\$372.4</b>		<b>\$348.0</b>		<b>\$25.0</b>	<b>\$12.5</b>	<b>45%</b>	<b>\$385.5</b>

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<b>OBAG Total:</b>	<b>OBAG 1:</b>	<b>OBAG 2:</b>
<b>\$827</b>	<b>\$827</b>	<b>\$862</b>

\* **OBAG 1:** In OBAG 1, the county CMAs received \$327 M with \$18 M in RTIP-TE and \$309 M in STP/CMAQ. RTIP-TE funding is no longer part of OBAG 2

\*\* **Base:** Unadjusted raw county base formula amount

\*\*\* **SRTS:** SRTS moved to County Program and distributed based on FY 2013-14 K-12 school enrollment

\*\*\*\* **FAS:** Federal-Aid Secondary (FAS) distributed based by statutory requirements. San Francisco has no rural roads and therefore is not subject to State Statute requirements

\*\*\*\*\* **OBAG2:** Final county distribution rounded to nearest \$1,000 and includes SRTS & FAS and adjusted so a county CMA's base planning is no more than 50% of total



**Appendix A-2**

**OBAG 2  
County Fund Distribution  
FY 2017-18 through FY 2021-22  
July 27, 2016**

**OBAG 2 - County Funding Formula Distribution**

County	Total County Distribution *	OBAG 2 Adjusted Base **	PDA Percentage	PDA/Anywhere Split	PDA	Anywhere
Alameda	\$76,655,000	\$69,728,000	70%	70/30	\$48,810,000	\$27,845,000
Contra Costa	\$56,136,000	\$50,846,000	70%	70/30	\$35,592,000	\$20,544,000
Marin	\$10,870,000	\$9,194,000	50%	50/50	\$4,597,000	\$6,273,000
Napa	\$8,150,000	\$5,501,000	50%	50/50	\$2,751,000	\$5,399,000
San Francisco	\$48,183,000	\$46,514,000	70%	70/30	\$32,560,000	\$15,623,000
San Mateo	\$32,545,000	\$29,339,000	70%	70/30	\$20,537,000	\$12,008,000
Santa Clara	\$104,073,000	\$95,758,000	70%	70/30	\$67,031,000	\$37,042,000
Solano	\$21,177,000	\$18,253,000	50%	50/50	\$9,127,000	\$12,050,000
Sonoma	\$27,723,000	\$22,867,000	50%	50/50	\$11,434,000	\$16,289,000
<b>Total:</b>	<b>\$385,512,000</b>	<b>\$348,000,000</b>			<b>\$232,439,000</b>	<b>\$153,073,000</b>

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\* Total county distribution including SRTS, FAS and planning adjustment  
 \*\* OBAG 2 adjusted base county amount subject to PDA investment - does not include SRTS, FAS or PCA. Rounded to thousands and adjusted to ensure a county's base planning activity is no more than 50% of the total distribution

**Appendix A-3**

**OBAG 2  
Planning & Outreach  
FY 2017-18 through FY 2021-22  
November 18, 2015**

**OBAG 2 - County CMA Planning**

County	Agency	2.0%	OBAG 2 County CMA Planning - Base *					Total
		2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	
Alameda	ACTC	\$1,034,000	\$1,055,000	\$1,076,000	\$1,097,000	\$1,119,000	\$1,142,000	\$5,489,000
Contra Costa	CCTA	\$818,000	\$834,000	\$851,000	\$868,000	\$885,000	\$904,000	\$4,342,000
Marin	TAM	\$720,000	\$734,000	\$749,000	\$764,000	\$779,000	\$796,000	\$3,822,000
Napa	NCTPA	\$720,000	\$734,000	\$749,000	\$764,000	\$779,000	\$796,000	\$3,822,000
San Francisco	SFCTA	\$753,000	\$768,000	\$783,000	\$799,000	\$815,000	\$832,000	\$3,997,000
San Mateo	SMCCAG	\$720,000	\$734,000	\$749,000	\$764,000	\$779,000	\$796,000	\$3,822,000
Santa Clara	VTA	\$1,145,000	\$1,168,000	\$1,191,000	\$1,215,000	\$1,239,000	\$1,265,000	\$6,078,000
Solano	STA	\$720,000	\$734,000	\$749,000	\$764,000	\$779,000	\$796,000	\$3,822,000
Sonoma	SCTA	\$720,000	\$734,000	\$749,000	\$764,000	\$779,000	\$796,000	\$3,822,000
<b>County CMAs Total:</b>		<b>\$7,350,000</b>	<b>\$7,495,000</b>	<b>\$7,646,000</b>	<b>\$7,799,000</b>	<b>\$7,953,000</b>	<b>\$8,123,000</b>	<b>\$39,016,000</b>

**OBAG 2 - Regional Planning**

	2.0%	OBAG 2 Regional Agency Planning - Base *					Total
	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	
<b>Regional Planning Total:</b>	<b>\$1,800,000</b>	<b>\$1,835,000</b>	<b>\$1,873,000</b>	<b>\$1,910,000</b>	<b>\$1,948,000</b>	<b>\$1,989,000</b>	<b>\$9,555,000</b>

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\* 2% escalation from FY 2016-17 Planning Base

**\$48,571,000**

## Appendix A-4

### OBAG 2 Federal-Aid Secondary FY 2017-18 through FY 2021-22 November 18, 2015

#### OBAG 2 - Federal-Aid Secondary (FAS)

County	FAS Regional Percentage	Annual FAS Funding *	5-Year FAS Funding	Total OBAG 2 Rounded
Alameda	14.2%	\$355,761	\$1,778,805	\$1,779,000
Contra Costa	10.7%	\$268,441	\$1,342,205	\$1,343,000
Marin	6.7%	\$167,509	\$837,545	\$838,000
Napa	9.5%	\$237,648	\$1,188,240	\$1,189,000
San Francisco **	0.0%	\$0	\$0	\$0
San Mateo	7.1%	\$178,268	\$891,340	\$892,000
Santa Clara	13.6%	\$340,149	\$1,700,745	\$1,701,000
Solano	12.0%	\$301,159	\$1,505,795	\$1,506,000
Sonoma	26.1%	\$652,790	\$3,263,950	\$3,264,000
<b>Total:</b>	<b>100.0%</b>	<b>\$2,501,725</b>	<b>\$12,508,625</b>	<b>\$12,512,000</b>

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Program Categories 7-27-16

\* As provided by Caltrans per State Statute

\*\* San Francisco has no rural roads

## Appendix A-5

### OBAG 2 Safe Routes to School County FY 2017-18 through FY 2021-22 November 18, 2015

#### OBAG 2 - Safe Routes To School County Distribution

County	Public School Enrollment (K-12) *	Private School Enrollment (K-12) *	Total School Enrollment (K-12) *	FY 2013-14 Percentage	Total OBAG 2 Rounded
Alameda	222,681	24,036	246,717	21.4%	\$5,340,000
Contra Costa	173,020	15,825	188,845	16.4%	\$4,088,000
Marin	32,793	7,104	39,897	3.5%	\$864,000
Napa	20,868	2,913	23,781	2.1%	\$515,000
San Francisco	58,394	24,657	83,051	7.2%	\$1,797,000
San Mateo	94,667	15,927	110,594	9.6%	\$2,394,000
Santa Clara	276,175	41,577	317,752	27.5%	\$6,878,000
Solano	63,825	4,051	67,876	5.9%	\$1,469,000
Sonoma	70,932	5,504	76,436	6.6%	\$1,655,000
<b>Total:</b>	<b>1,013,355</b>	<b>141,594</b>	<b>1,154,949</b>	<b>100%</b>	<b>\$25,000,000</b>

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\* From California Department of Education for FY 2013-14

## Appendix A-6

### OBAG 2 Priority Conservation Area FY 2017-18 through FY 2021-22 November 18, 2015

#### OBAG 2 - Priority Conservation Area (PCA)

PCA Program	Total OBAG 2
<b>Northbay Program</b>	
Marin	\$2,050,000
Napa	\$2,050,000
Solano	\$2,050,000
Sonoma	\$2,050,000
Subtotal:	\$8,200,000
<b>Remaining Counties Competitive Program</b>	
Subtotal:	\$8,200,000
<b>Total</b>	
Total:	\$16,400,000

## **Appendix A-7: OBAG 2 – CMA One Bay Area Grant County Program Outreach**

The Metropolitan Transportation Commission (MTC) delegates authority for the county program project selection to the nine Bay Area Congestion Management Agencies (CMAs). The existing relationships the CMAs have with local jurisdictions, elected officials, transit agencies, community organizations and stakeholders, and members of the public within their respective counties make them best suited for this role. As one of the requirements for distributing federal transportation funding, MTC expects the CMAs to plan and execute an effective public outreach and local engagement process during development of the PDA Investment and Growth Strategy and the solicitation and project selection for the OBAG 2 program. CMAs also serve as the main point of contact for local sponsoring agencies and members of the public submitting projects for consideration for inclusion in the Transportation Improvement Program (TIP).

To comply with federal regulations, the CMAs must conduct a transparent process for the Call for Projects, and include the following activities:

### **1. Public Involvement and Outreach**

#### ***Conduct countywide outreach to stakeholders and the public to solicit project ideas.***

CMAs are expected to implement their public outreach efforts in a manner consistent with MTC's Public Participation Plan (MTC Resolution No. 4174), which can be found at <http://mtc.ca.gov/about-mtc/public-participation/public-participation-plan> [http://www.mtc.ca.gov/get\\_involved/participation\\_plan.htm](http://www.mtc.ca.gov/get_involved/participation_plan.htm). CMAs are expected at a minimum to:

- Execute effective and meaningful local engagement efforts during the call for projects by working closely with local jurisdictions, elected officials, transit agencies, community-based organizations, and the public through the project solicitation process;
- Explain the local call for projects process, informing stakeholders and the public about the opportunities for public comments on project ideas and when decisions are to be made on the list of projects to be submitted to MTC;
- Hold public meetings and/or workshops at times that are conducive to public participation to solicit public input on project ideas to submit;
- Post notices of public meetings and hearing(s) on their agency website; include information on how to request language translation for individuals with limited English proficiency. If agency protocol has not been established, please refer to MTC's Plan for Assisting Limited English Proficient Populations at <http://mtc.ca.gov/about-mtc/public-participation/get-language-assistance;> [http://www.mtc.ca.gov/get\\_involved/lep.htm;](http://www.mtc.ca.gov/get_involved/lep.htm)
- Offer language translations and accommodations for people with disabilities, if requested at least three days in advance of the meeting; and
- Hold public meetings in central locations that are accessible for people with disabilities and by public transit.

**Document the outreach effort undertaken for the local call for projects.** CMAs are to provide MTC with a:

- Description of how the public was involved in the process for nominating and/or commenting on projects selected for OBAG 2 funding.

## 2. Agency Coordination

- **Work closely with local jurisdictions, transit agencies, MTC, Caltrans, federally recognized tribal governments, and stakeholders to identify projects for consideration in the OBAG 2 Program.** CMAs will assist with agency coordination by:
  - Communicating this call for projects guidance to local jurisdictions, transit agencies, federally recognized tribal governments, and other stakeholders.
  - Documenting the steps taken to engage the above-listed organizations.

## 3. Title VI Responsibilities

- **Ensure the public involvement process provides underserved communities access to the project submittal process in compliance with Title VI of the Civil Rights Act of 1964.**
  - Assist community-based organizations, communities of concern, and any other underserved community interested in having projects submitted for funding.
  - Remove barriers for persons with limited-English proficiency to have access to the project submittal process.
  - Document the steps taken to engage underserved communities.
  - For Title VI outreach strategies, please refer to MTC's Public Participation Plan found at: <http://mtc.ca.gov/about-mtc/public-participation/public-participation-plan>.  
~~[http://www.mtc.ca.gov/get\\_involved/participation\\_plan.htm](http://www.mtc.ca.gov/get_involved/participation_plan.htm)~~
  - Additional resources are available at:
    - i. <http://www.fhwa.dot.gov/civilrights/programs/tvi.htm>
    - ii. [http://www.dot.ca.gov/hq/LocalPrograms/DBE\\_CRLC.html#TitleVI](http://www.dot.ca.gov/hq/LocalPrograms/DBE_CRLC.html#TitleVI)
    - iii. [http://www.mtc.ca.gov/get\\_involved/rights/index.htm](http://www.mtc.ca.gov/get_involved/rights/index.htm)

## Appendix A-8: PDA Investment & Growth Strategy

The purpose of a PDA Investment & Growth Strategy is to ensure that CMAs have a transportation project priority-setting process for OBAG 2 funding that supports and encourages development in the region's PDAs, recognizing that the diversity of PDAs will require a range of different strategies. Some of the planning activities noted below may be appropriate for CMAs to consider for jurisdictions or areas not currently designated as PDAs if those areas are still considering future housing and job growth. Regional agencies will provide support, as needed, for the PDA Investment & Growth Strategies. From time to time, MTC shall consult with the CMAs to evaluate progress on the PDA Investment and Growth Strategy. This consultation may result in specific work elements shifting among MTC, ABAG and the CMAs. Significant modifications to the scope of activities may be formalized through future revisions to this resolution. The following are activities CMAs need to undertake in order to develop a project priority-setting process:

### (1) Engaging Regional/Local Agencies

- Develop or continue a process to regularly engage local planners and public works staff. Understand the needs of both groups and share information with MTC and ABAG.
- Encourage community participation throughout the development of the Investment and Growth Strategy, consistent with the OBAG 2 Call for Projects Guidance (Appendix A-7).
- The CMA governing boards must adopt the final Investment & Growth Strategy.
- Participate as a TAC member in local jurisdiction planning processes funded through the regional PDA Planning Program or as requested by jurisdictions. Partner with MTC and ABAG staff to ensure that regional policies are addressed in PDA plans. Look for opportunities to support planning processes with technical or financial assistance.

### (2) Planning Objectives – to Inform Project Priorities

- Keep apprised of ongoing transportation and land-use planning efforts throughout the county
- Encourage local agencies to quantify transportation infrastructure needs and costs as part of their planning processes
- Encourage and support local jurisdictions in meeting their housing objectives established through their adopted Housing Elements and RHNA.

The second round of PDA Investment & Growth Strategies will assess local jurisdiction efforts in success approving sufficient housing for at all income levels. They will also, and, where appropriate, assist local jurisdictions in implementing local policy changes to facilitate achieving these goals<sup>2</sup>. The locally crafted policies should be targeted to the specific circumstances of each PDA. For example, if the PDA currently has few moderate- or low-income households, any recommend policy changes should be aimed at promoting affordable housing. If the PDA currently is

<sup>2</sup> Such as inclusionary housing requirements, city-sponsored land-banking for affordable housing production, “just cause eviction” policies, policies or investments that preserve existing deed-restricted or “naturally” affordable housing, condo conversion ordinances that support stability and preserve affordable housing, etc.



mostly low-income housing, any needed policy changes should be aimed at community stabilization.

MTC and ABAG staff will distribute a technical memo to guide this task by October 1, 2016, including data to identify jurisdictions' challenges (e.g. RHNA performance and current affordability) and a listing of the Bay Area's best housing policies that are intended to address a range of housing challenges. This section should identify planning costs needed to address policy changes and other barriers to creating or maintaining affordability.

### **(3) Establishing Local Funding Priorities**

Develop funding guidelines for evaluating OBAG projects that support multi-modal transportation priorities based on connections to housing, services, jobs and commercial activity. Emphasis should be placed on the following factors when developing project evaluation criteria:

- **Projects located in high impact project areas.** Favorably consider projects in high impact areas, defined as:
  - a. PDAs taking on significant housing growth in the SCS (total number of units), including RHNA allocations, as well as housing production, especially those PDAs that are delivering large numbers of very low, low and moderate income housing units,
  - b. Dense job centers in proximity to transit and housing (both current levels and those included in the SCS) especially those which are supported by reduced parking requirements and TDM programs,
  - c. Improved transportation choices for all income levels (reduces VMT), proximity to quality transit access, with an emphasis on connectivity (including safety, lighting, etc.)
- **Projects located in Communities of Concern (COC)** – favorably consider projects located in a COC as defined by MTC or as defined by CMAs or Community Based Transportation Plans.
- **PDAs with affordable housing preservation, creation strategies** and community stabilization policies – favorably consider projects in jurisdictions with affordable housing preservation, creation strategies and community stabilization policies.
- **Investments that are consistent with Air District's Planning Healthy Places Projects that protect public health during construction and operation – favorably consider projects that implement the Best Practices in the Air District's Planning Healthy Places, or projects located in jurisdictions that have demonstrated a commitment to adopt, as policies and/or enforceable ordinances, best practices to reduce emissions of and exposure to local air pollution.**<sup>3</sup>

<sup>3</sup> Guidance and maps have been developed in partnership with BAAQMD, CMAs, ABAG, and city staff, please see: <http://www.baaqmd.gov/plans-and-climate/planning-healthy-places>. Guidance will be developed in partnership with BAAQMD, CMAs, ABAG, and city staff pending the release of these guidelines in early 2016, please see: <http://www.baaqmd.gov/plans-and-climate/california-environmental-quality-act-ceqa/planning-healthy-places>.

- **PDA**s that overlap or are co-located with: **1) populations exposed to outdoor toxic air contaminants as identified in the Air District's Community Air Risk Evaluation (CARE) Program and/or 2) freight transport infrastructure** – Favorably consider projects in these areas where local jurisdictions employ best management practices to mitigate PM and toxic air contaminants exposure.

### **Process/Timeline**

CMA's will develop a new PDA Investment & Growth Strategy every four years, consistent with the update of the Regional Transportation Plan/Sustainable Communities Strategy. The Investment & Growth Strategy must be adopted by the CMA Board (new for OBAG 2). CMA's will provide a status report update every two years.

**APPENDIX A-9: Priority Conservation Area (PCA) Program**

**Program Goals and Eligible Projects**

The goal of the Priority Conservation Area (PCA) Program is to support Plan Bay Area by preserving and enhancing the natural, economic and social value of rural lands and open space in the Bay Area, for residents and businesses. These values include globally unique ecosystems, productive agricultural lands, recreational opportunities, urban greening, healthy fisheries, and climate protection (mitigation and adaptation), among others.

The PCA Program should also be linked to SB 375 goals which direct MPOs to prepare sustainable community strategies which consider resource areas and farmland in the region as defined in Section 65080.01. One purpose of the PCA program is to reinforce efforts to target growth in existing neighborhoods (PDAs), rather than allowing growth to occur in an unplanned “project-by-project” approach.

The PCA program is split into two elements:

1. North Bay Program (\$8 million)
2. Peninsula, Southern and Eastern Counties Program (\$8 million)

The North Bay program framework is to be developed by the four North Bay county Congestion Management Agencies (CMAs), building on their PCA planning and priorities carried out to date. Project eligibility is limited by the eligibility of federal surface transportation funding; unless the CMA can exchange these funds or leverage new fund sources for their programs.

The Peninsula, Southern and Eastern Counties Program will be administered by the Coastal Conservancy\* in partnership with MTC based on the proposal provided below. The table below outlines screening criteria, eligible applicants, and the proposed project selection and programming process for the Peninsula, Southern and Eastern Counties.

<b>Funding Amount</b>	<ul style="list-style-type: none"> <li>• \$8 million</li> </ul>
<b>Screening Criteria</b>	<ul style="list-style-type: none"> <li>• <b>PCA Designation:</b> Eligible projects must be within a designated PCA. The list of adopted PCAs can be found at: <a href="http://abag.ca.gov/priority/conservation/">http://abag.ca.gov/priority/conservation/</a>.</li> <li>• <b>Regionally Significant:</b> Indicators of regional significance include a project’s contribution to goals stated in regional habitat, agricultural or open space plans (i.e. <i>San Francisco Bay Area Upland Habitat Goals Project Report</i> at <a href="http://www.bayarealands.org/reports/">http://www.bayarealands.org/reports/</a>), countywide Plans or ABAG’s PCA designations. Applicants should describe who will benefit from the project and the regional (greater-than-local) need it serves.</li> <li>• <b>Open Space Protection In Place:</b> Linkages to or location in a Greenbelt area that is policy protected from development. Land acquisition or easement projects would be permitted in an area without open space policy protections in place.</li> <li>• <b>Non-Federal Local Match:</b> 2:1 minimum match</li> </ul>

	<ul style="list-style-type: none"> <li>• <b>Meets Program Goals:</b> Projects that meet one of the following program goals (subject to funding eligibility—see below):             <ul style="list-style-type: none"> <li>○ Protects or enhances “resource areas” or habitats as defined in California Government Code § 65080.01(a).</li> <li>○ Provides or enhances bicycle and pedestrian access to open space / parkland resources. Notable examples are the Bay and Ridge Trail Systems.</li> <li>○ Supports the agricultural economy of the region.</li> <li>○ Includes existing and potential urban green spaces that increase habitat connectivity, improve community health, capture carbon emissions, and address stormwater.</li> </ul> </li> </ul>
<p><b>Eligible Applicants</b></p>	<ul style="list-style-type: none"> <li>• Local governments (cities, counties, towns), county congestion management agencies, tribes, water/utility districts, resource conservation districts, park and/or open space districts, land trusts and other land/resource protection nonprofit organizations in the nine-county San Francisco Bay Area are invited to nominate projects. Applicants are strongly encouraged to collaborate and partner with other entities on the nomination of projects, and partnerships that leverage additional funding will be given higher priority in the grant award process. <b>Partnerships are necessary with cities, counties, or CMAs in order to access federal funds. Federally-funded projects must have an implementing agency that is able to receive a federal-aid grant (master agreement with Caltrans).</b></li> </ul>
<p><b>Emphasis Areas / Eligible Projects</b></p>	<p><b>Eligible Projects</b></p> <ol style="list-style-type: none"> <li>1. <b>Planning Activities</b></li> <li>2. <b>Pedestrian and Bicycle Facilities/ Infrastructure:</b> On-road and off-road trail facilities, sidewalks, bicycle infrastructure, pedestrian and bicycle signals, traffic calming, lighting and other safety related infrastructure, and ADA compliance, conversion and use of abandoned rail corridors for pedestrians and bicyclists.</li> <li>3. <b>Visual Enhancements:</b> Construction of turnouts, overlooks and viewing areas.</li> <li>4. <b>Habitat / Environmental Enhancements:</b> Vegetation management practices in transportation rights-of-way, reduce vehicle-caused wildlife mortality or to restore and maintain connectivity among terrestrial or aquatic habitats, mitigation of transportation project environmental impacts funded through the federal-aid surface transportation program.</li> <li>5. <b>Protection (Land Acquisition or Easement) or Enhancement of Natural Resources, Open Space or Agricultural Lands:</b> Parks and</li> </ol>

	<p>open space, staging areas or environmental facilities; or natural resources, such as listed species, identified priority habitat, wildlife corridors, wildlife corridors watersheds, or agricultural soils of importance.</p> <p>6. <b>Urban Greening:</b> Existing and potential green spaces in cities that increase habitat connectivity, improve community health, capture carbon emissions, and address stormwater.</p> <p><b>Note:</b> MTC encourages PCA project applicants to partner with other agencies and programs to leverage other funds in order to maximize benefits. As such, PCA funded projects may become eligible to deliver net environmental benefits to a future Regional Advance Mitigation Planning (RAMP) program project, above any required mitigation requirements. Note that such projects may need to rely on funding exchanges with eligible non-federal funds because most land acquisition and habitat restoration projects that are not mitigation for transportation projects are not eligible for federal transportation funds. Any such funding exchange must be consistent with MTC’s fund exchange policy (MTC Resolution No. 3331).</p>
<p><b>Project Selection</b></p>	<p><b>Coastal Conservancy Partnership Program:</b> MTC will provide \$8 million of federal transportation funds which will be combined with the Coastal Conservancy’s own program funds in order to support a broader range of projects (i.e. land acquisition and easement projects) than can be accommodated with federal transportation dollars alone. The Coastal Conservancy, MTC, and ABAG staff will cooperatively manage the call for projects. This approach would harness the expertise of the Coastal Conservancy, expand the pool of eligible projects, and leverage additional resources through the Coastal Conservancy.</p>

\*The Coastal Conservancy is a state agency and the primary public land conservation funding source in the Bay Area, providing funding for many different types of land conservation projects. For more information see <http://scc.ca.gov/>.

**APPENDIX A-10: Checklist for CMA and Local Jurisdiction Compliance with MTC Resolution No. 4202**

**One Bay Area Grant (OBAG 2) Checklist for CMA Compliance with MTC Resolution No. 4202**

Federal Program Covering FY 2017-18 through FY 2021-22

The intent of this checklist is to delineate the requirements included in the OBAG 2 Grant Program (Resolution No. 4202), as adopted by MTC on November 18, 2015. This checklist must be completed by Congestion Management Agencies (CMAs) and submitted to MTC to certify compliance with the OBAG 2 requirements. MTC will not take action to program projects recommended by a CMA until a checklist demonstrating compliance has been submitted to MTC.

**CMA Call for Projects Guidance: Appendix A-7**

<b>1. Public Involvement and Outreach, Agency Coordination, and Title VI</b>	<b>YES</b>	<b>NO</b>	<b>N/A</b>
a. Has the CMA conducted countywide outreach to stakeholders and the public to solicit project ideas consistent with Appendix A-7?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
b. Has the CMA performed agency coordination consistent with Appendix A-7?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
c. Has the CMA fulfilled its Title VI responsibilities consistent with Appendix A-7?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
d. Has the CMA documented the efforts undertaken for Items 1a-1c, above, and submitted these materials to MTC as an attachment to this Checklist?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

**PDA Investment and Growth Strategy: Appendix A-8**

<b>2. Engage with Regional and Local Jurisdictions</b>	<b>YES</b>	<b>NO</b>	<b>N/A</b>
a. Has the CMA developed a process to regularly engage local planners and public works staff in developing a PDA Investment and Growth Strategy that supports and encourages development in the county's PDAs?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

If "NO" or "N/A –Not Applicable" is marked in any box on the checklist, please include a statement at the end of the checklist to indicate why the item was not met.

b.	Has the CMA encouraged community participation throughout the development of the Investment and Growth Strategy, consistent with the OBAG 2 Call for Projects Guidance (Appendix A-7)?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
c.	Has the CMA governing board adopted the final Investment and Growth Strategy?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
d.	Has the CMA's staff or consultant designee participated in TAC meetings established through the local jurisdiction's planning processes funded through the regional PDA planning program?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
e.	Has the CMA worked with MTC and ABAG staff to confirm that regional policies are addressed in PDA plans?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>3.</b>	<b>Planning Objectives to Inform Project Priorities</b>	<b>YES</b>	<b>NO</b>	<b>N/A</b>
a.	Has the CMA kept itself apprised of ongoing transportation and land-use planning efforts throughout the county?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
b.	Has the CMA encouraged local agencies to quantify transportation infrastructure needs and costs as part of their planning processes?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
c.	Has the CMA encouraged and supported local jurisdictions in meeting their housing objectives established through their adopted Housing Elements and RHNA?			
1.	<del>By May 1, 2013, has</del> Has the CMA received and reviewed information submitted to the CMA by ABAG on the progress that local jurisdictions have made in implementing their housing element objectives and identifying current local housing policies that encourage affordable housing production and/or community stabilization?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2.	<del>Starting in May 2014 and in all subsequent</del> In all updates of its PDA Investment & Growth Strategy, has the CMA assessed local jurisdiction efforts in approving sufficient housing for all income levels through the RHNA process and, where appropriate, assisted local jurisdictions in implementing local policy changes to facilitate achieving these goals?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

3. Using guidance issued by MTC, has the Investment & Growth Strategy fully addressed items in C1 and C2, above?

**4. Establishing Local Funding Priorities** **YES NO N/A**

- a. Has the CMA developed funding guidelines for evaluating OBAG 2 projects that support multi-modal transportation priorities based on connections to housing, jobs and commercial activity and that emphasize the following factors?
1. Projects located in high impact project areas – favorably consider projects in high impact areas, defined as:
    - a) PDAs taking on significant housing growth (total number of units) in the Sustainable Communities Strategy (SCS), including RHNA allocations, as well as housing production, especially those PDAs that are delivering large numbers of very low, low and moderate income housing units;
    - b) Dense job centers in proximity to transit and housing (both current levels and those included in the SCS) especially those which are supported by reduced parking requirements and Travel Demand Management (TDM) programs;
    - c) Improved transportation choices for all income levels (reduces VMT), proximity to quality transit access, with an emphasis on connectivity (including safety, lighting, etc.).
  2. Projects located in Communities of Concern (COC) as defined by MTC:
    - a) CMAs may also include additional COCs beyond those defined by MTC, such as those defined by the CMAs according to local priorities or Community Based Transportation Plans.



3. PDAs with affordable housing preservation, creation strategies and community stabilization policies.
4. Projects that implement the Best Practices identified in the Air District's Planning Healthy Places guidelines, or projects located in jurisdictions that have demonstrated a commitment to adopt, as policies and/or enforceable ordinances, best practices to reduce emissions of and exposure to local air pollution. Investments that are consistent with the Air District's Planning Healthy Places guidelines.<sup>1</sup>
5. PDAs that overlap or are co-located with: 1) populations exposed to outdoor toxic air contaminants, as identified in the Air District's Community Air Risk Evaluation (CARE) Program and/or 2) freight transport infrastructure. PDAs that overlap or are co-located with: 1) populations exposed to outdoor toxic air contaminants, as identified in the Air District's Community Air Risk Evaluation (CARE) Program and/or 2) freight transport infrastructure.

- |  |                          |                          |                          |
|--|--------------------------|--------------------------|--------------------------|
| b. Has the CMA provided a status report on their PDA Investment & Growth Strategy (required two years after the adoption of a PDA Investment and Growth Strategy)?           | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| c. Has the CMA committed to developing a new PDA Investment & Growth Strategy by May 1, 2017 (new PDA required every four years), consistent with the update of the RTP/SCS? | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

## PDA Policies

5. PDA Minimum Investment Targets	YES	NO	N/A
a. Has the CMA met its minimum PDA investment target (70% for Alameda, Contra Costa, San Francisco, San Mateo, Santa Clara and 50% for Marin, Napa, Sonoma, and Solano)?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
b. Has the CMA defined the term "proximate access," for projects located outside of a PDA that should be counted towards the county's minimum PDA investment target?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

<sup>1</sup> Guidance and maps have been developed in partnership with BAAQMD, CMAs, ABAG, and city staff, please see: <http://www.baaqmd.gov/plans-and-climate/planning-healthy-places>.

- |  |                          |                          |                          |
|--|--------------------------|--------------------------|--------------------------|
| c. Has the CMA designated and mapped projects recommended for funding that are not geographically within a PDA but provide “proximate access” to a PDA, along with policy justifications for those determinations, and presented this information for public review when the CMA board acts on OBAG 2 programming decisions? | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| d. Has the CMA submitted the documentation from items <u>5a-c6e</u> , above, to MTC as part of this Checklist?   | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

## Project Selection Policies

6. Project Selection	YES	NO	N/A
a. Has the CMA documented and submitted the approach used to select OBAG 2 projects including outreach, coordination, and Title VI compliance?	(See 1 & 2)		
b. Has the CMA issued a unified call for projects?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
c. Has the CMA submitted a board adopted list of projects to MTC by <u>January-July 31, 2017</u> ?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
d. Does the CMA acknowledge that all selected projects must be submitted into MTC’s Fund Management System (FMS) along with a Resolution of Local Support no later than <u>February 28/August 31, 2017</u> ?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
e. Does the CMA affirm that the projects recommended for funding meet the following requirements? 1. Are consistent with the current Regional Transportation Plan (Plan Bay Area); 2. Have completed project-specific Complete Streets Checklists;	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
f. Does the CMA acknowledge the that OBAG 2 funding is subject to MTC’s Regional Project Delivery Policy (Resolution No. 3606, or successor resolution) in addition to the following OBAG 2 deadlines? 1. Half of the CMA’s OBAG 2 funds, must be obligated by January 31, 2020; and 2. All remaining OBAG 2 funds must be obligated by January 31, 2023.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

## Performance and Accountability Policies

<b>7. Ensuring Local Compliance</b>	<b>YES</b>	<b>NO</b>	<b>N/A</b>
a. Has the CMA received confirmation that local jurisdictions have met, or are making progress in meeting, the Performance and Accountability Policies requirements related to Complete Streets, local Housing Elements, surplus lands, local streets and roads, and transit agency project locations as set forth in pages 16-1818-21 of MTC Resolution 4202? <i>Note: CMAs can use the Local Jurisdiction OBAG 2 Requirement Checklist to help fulfill this requirement.</i>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
b. Has the CMA affirmed to MTC that a jurisdiction is in compliance with the requirements of MTC Resolution 4202 prior to programming OBAG 2 funds to its projects in the TIP?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

<b>8. Completion of Checklist</b>	<b>YES</b>	<b>NO</b>	<b>N/A</b>
<b>Has the CMA completed all section of this checklist?</b>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

If the CMA has checked "NO" or "N/A" to any checklist items, please include which item and a description below as to why the requirement was not met or is considered Not Applicable:

### Attachments

- Documentation of CMA efforts for public outreach, agency coordination, and Title VI compliance (Checklist Items 1, 2).
- Documentation of CMA compliance with PDA minimum investment targets, including documentation that the information was presented to the public during the decision-making process (Checklist Item 6).

If "NO" or "N/A –Not Applicable" is marked in any box on the checklist, please include a statement at the end of the checklist to indicate why the item was not met.

## **Review and Approval of Checklist**

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This checklist was prepared by:

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Date

\_\_\_\_\_  
Name & Title (print)

\_\_\_\_\_  
Phone

\_\_\_\_\_  
Email

This checklist was approved for submission to MTC by:

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Date

\_\_\_\_\_  
CMA Executive Director

## One Bay Area Grant (OBAG 2) Checklist for Local Compliance with MTC Resolution No. 4202

Federal Program Covering FY 2017-18 through FY 2021-22

The intent of this checklist is to delineate the requirements for local jurisdictions included in the OBAG Grant Program (Resolution No. 4202), as adopted by MTC on November 18, 2015. This checklist must be completed by local jurisdictions and submitted to the CMA to certify compliance with the OBAG 2 requirements listed in MTC Resolution No. 4202. MTC will not take action to program projects for a local jurisdiction until the CMA affirms that the jurisdiction has met all requirements included in OBAG 2.

<b>1. Compliance with the Complete Streets Act of 2008</b>	<b>YES</b>	<b>NO</b>	<b>N/A</b>
a. Has the jurisdiction met MTC's Complete Street Requirements for OBAG 2 prior to the CMA submitting its program to MTC through either of the following methods?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
1. Adopting a Complete Streets resolution incorporating MTC's nine required complete streets elements; or			
2. Adopting a significant revision to the General Plan Circulation Element after January 1, 2010 that complies with the California Complete Streets Act of 2008.			
b. Has the jurisdiction submitted documentation of compliance with Item a. (copy of adopted resolution or circulation element) to the CMA as part of this Checklist?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
c. Has the jurisdiction submitted a Complete Streets Checklist for any project for which the jurisdiction has applied for OBAG 2 funding?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>2. Housing Element Certification</b>	<b>YES</b>	<b>NO</b>	<b>N/A</b>
a. Has the jurisdiction's General Plan Housing Element been certified by the California Department of Housing and Community Development (HCD) for 2014-2022 RHNA prior to May 31, 2015? If not, has the jurisdiction's Housing Element been fully certified by HCD by June 30, 2016?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
b. Has the jurisdiction submitted the latest Annual Housing Element Report to HCD by April 1, 2016?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

If "NO" or "N/A -Not Applicable" is marked in any box on the checklist, please include a statement at the end of the checklist to indicate why the item was not met.

c. Does the jurisdiction acknowledge that the Annual Housing Element Report must be submitted to HCD each year through the end of the OBAG 2 program (FY22) in order to be eligible to receive funding?

d. Has the jurisdiction submitted documentation of compliance with Item 2 (copy of certified housing element or annual report, or letter of compliance from HCD) to the CMA as part of this Checklist?

### **3. Surplus Land**

a. Has the jurisdiction met MTC's Surplus Land Requirements for OBAG 2 prior to the CMA submitting its program, through adoption of a resolution demonstrating compliance with the State's Surplus Land Act (AB 2135 amended)?

### **4. Local Streets and Roads** YES NO N/A

a. Does the jurisdiction have a certified Pavement Management Program (StreetSaver® or equivalent) updated at least once every three years (with a one-year extension allowed)?

b. Does the jurisdiction fully participate in the statewide local streets and roads needs assessment survey?

c. Does the jurisdiction provide updated information to the Highway Performance Monitoring System (HPMS) at least once every 3 years (with a one-year grace period allowed)?

### **5. Projects Sponsored by Other Agencies** YES NO N/A

a. Does the jurisdiction acknowledge that the jurisdiction in which a project is located must comply with OBAG 2 requirements (MTC Resolution No. 4202) in order for any project funded with OBAG 2 funds to be located within the jurisdiction, even if the project is sponsored by an outside agency (such as a transit agency)?

### **6. Regional Project Delivery Requirements** YES NO N/A

a. Does the jurisdiction acknowledge that it must comply with the regional Project Delivery Policy and Guidance requirements (MTC Resolution No. 3606) in the implementation of the project, and that the jurisdiction must identify and maintain a Single Point of Contact for all projects with FHWA-administered funding?

<b>6. Anti-Displacement</b>	<b>YES</b>	<b>NO</b>	<b>N/A</b>
<del>a. Staff will return in February 2016 with recommendations related to anti-displacement policies for possible consideration.</del>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

<b>7. Completion of Checklist</b>	<b>YES</b>	<b>NO</b>	<b>N/A</b>
<b>Has the jurisdiction completed all sections of this checklist?</b>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

If the jurisdiction has checked "NO" or "N/A" to any of the above questions, please provide an explanation below as to why the requirement was not met or is considered not applicable:

### Attachments

- Documentation of local jurisdiction's compliance with MTC's Complete Streets Requirements, including copy of adopted resolution or circulation element (Checklist Item 1).
- Documentation of compliance with MTC's Housing Element Requirements, such as a copy of certified housing element or annual report, or a letter of compliance from HCD (Checklist Item 2).
- Documentation of compliance with MTC's Surplus Land Requirement, such as a copy of the adopted resolution (Checklist Item 3).

## Review and Approval of Checklist

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This checklist was prepared by:

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Date

\_\_\_\_\_  
Name & Title (print)

\_\_\_\_\_  
Phone

\_\_\_\_\_  
Email

This checklist was approved for submission to <INSERT NAME>City/County by:

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Date

\_\_\_\_\_  
City Manager/Administrator or designee



**Metropolitan Transportation Commission  
Programming and Allocations Committee**

July 13, 2016

Agenda Item 6b

**MTC Resolutions No. 4202, Revised, and 4035, Revised**

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**Subject:** Proposed revisions to the project selection criteria and programming policy for the second round of the One Bay Area Grant Program (OBAG 2), including a recommendation for the distribution of additional revenues and approach for affordable housing.

**Background:** On November 18, 2015 the Commission adopted MTC Resolution No. 4202, the project selection criteria and programming policy for OBAG 2, covering Fiscal Years 2017-18 through 2021-22. The adopted resolution can be viewed on the OBAG 2 website at: <http://www.mtc.ca.gov/our-work/fund-invest/federal-funding/obag-2>.

**Increased Revenues**

As a result of the Fixing America's Surface Transportation Act (FAST), signed into law in December 2015, the Bay Area's share of federal Surface Transportation Block Grant Program (STP) and Congestion Mitigation and Air Quality Improvement Program (CMAQ) funds is estimated to increase approximately \$72 million through the end of the OBAG 2 cycle (FY18 - FY22). This unexpected boost in revenues presents an opportunity to bolster the funding levels of several OBAG 2 programs while also addressing emerging regional priorities, such as housing affordability and traffic congestion/transit crowding on the region's busiest transportation corridor.

An additional \$54 million in existing revenues (\$126 million total) has also been identified for distribution in conjunction with the OBAG 2 framework. This includes:

- Existing local exchange funds (\$10 million). These funds originally came to the region as STP/CMAQ allocations, but were later exchanged for non-Federal funds through agreements with specific project sponsors.
- Available coverage from the Regional Measure 2 (RM2) bridge toll program (\$34 million). To manage the RM2 program, MTC had set aside a certain amount of the revenues to provide coverage for financing costs if needed. Given that many of the RM2 projects have been delivered without the need for financing, some of this balance is now available for programming.
- Unprogrammed balances from the OBAG 1 Transit Performance Initiative (TPI) Investment program (\$10 million).

### **Housing Considerations**

At the time of adoption last fall, the Commission added a placeholder to the OBAG 2 framework, directing staff to return with a recommendation for potential anti-displacement and affordable housing initiatives. The Commission also requested that staff investigate the possibility of a housing preservation fund that could potentially be used to keep affordable units affordable, similar to the Transit-Oriented Affordable Housing (TOAH) fund.

Since that time, staff has provided updates to the Commission and has been working with the Partnership Board, technical and working groups, and other stakeholders to develop a recommended approach. Discussions have centered around three implementation concepts: (1) an incentive approach that would provide a bonus for local jurisdictions that produce housing to help address the region's housing crisis, (2) a direct investment in affordable housing preservation, or (3) a regulatory approach conditioning the receipt of OBAG 2 funds on the adoption of local housing policies. The following proposal recommends pursuing concepts 1 and 2.

### **Proposed Revisions**

#### ***1. Bay Bridge Forward***

Staff recommends directing \$40 million of the additional revenues to projects that relieve traffic congestion and transit crowding on the San Francisco Oakland Bay Bridge corridor.

Implementation of near-term, cost-effective operational improvements that offer travel time savings, reliability and lower costs for carpooling and bus/ferry transit use will not only increase person throughput but also reduce congestion, incidents, and emissions in the bridge corridor. This investment is also consistent with the OBAG 2 framework for regional programs. Attachment A presents a summary of the project elements and proposed funding for this project.

#### ***2. Support Existing OBAG 2 Programs***

Staff proposes to direct a portion of the augmented revenues to support regional programs identified in the original OBAG 2 framework as follows:

- Direct \$32 million to supplement the County program, bringing the program total from \$354 million to \$386 million (10% increase). These funds would be distributed using the OBAG 2 county formula as shown below and would be subject to the same project selection and programming requirements as the existing OBAG 2 county program.

- Assign \$13 million to the Regional Transit Priorities program, which could be used to support the region’s Transit Capital Priorities or Transit Performance Initiative programs.
- Provide an additional \$1 million to the Climate Initiatives program for Spare the Air Youth, to extend the program through FY2021-22.

**OBAG 2 - County Funding Formula Distribution**

County	OBAG formula Share *	Original County Distribution	Proposed FAST Augmentation Amount *	Revised County Distribution
<b>\$32,000,000</b>				
Alameda	20.0%	\$70,243,000	\$6,412,000	\$76,655,000
Contra Costa	14.6%	\$51,461,000	\$4,675,000	\$56,136,000
Marin	2.6%	\$10,025,000	\$845,000	\$10,870,000
Napa	1.6%	\$7,644,000	\$506,000	\$8,150,000
San Francisco	13.4%	\$43,906,000	\$4,277,000	\$48,183,000
San Mateo	8.4%	\$29,846,000	\$2,699,000	\$32,545,000
Santa Clara	27.5%	\$95,268,000	\$8,805,000	\$104,073,000
Solano	5.2%	\$19,499,000	\$1,678,000	\$21,177,000
Sonoma	6.6%	\$25,620,000	\$2,103,000	\$27,723,000
<b>Total:</b>	<b>100%</b>	<b>\$353,512,000</b>	<b>\$32,000,000</b>	<b>\$385,512,000</b>

\* FAST Augmentation distributed by OBAG 2 county formula (Population, RHNA, Housing Production and affordability)

**3. Housing Production Incentive: “80K by 2020 Challenge”**

Staff recommends directing \$30 million to develop an incentive program for the production of affordable housing. The funds would be awarded to local jurisdictions that produce or permit the most housing units at the very low, low, and moderate income levels.

The proposed concept for this program is to set a six year target for production of low and moderate income housing units (2015 through 2020), based on the housing unit needs identified through the Regional Housing Needs Allocation (RHNA) for 2014-22. The target for the proposed challenge grant period is 80,000 low and moderate income units (35,000 very low, 22,000 low and 25,000 moderate units), which represents approximately 75% of the RHNA allocations for the period. The units would need to be located in Priority Development Areas (PDAs) or in Transit Priority Areas (TPAs).

At the end of the production challenge cycle, MTC would distribute grant funds to the jurisdictions that contribute the most toward reaching the regional production target. To keep the grant size large enough to serve as

an incentive for housing production, the grant program would be limited to no more than the top ten producers of affordable housing units, or fewer, if the 80,000 unit target is reached by less than ten cities. Staff will provide annual progress reports on production of affordable housing units.

**4. Affordable Housing Pilot: Naturally Occurring Affordable Housing**  
Staff recommends directing \$10 million in existing exchange account funds to develop a revolving loan for the preservation of existing affordable housing. The Naturally Occurring Affordable Housing (NOAH) fund will complement current TOAH loan products for new construction by buying apartment buildings to create long-term affordability where displacement risk is high and to secure long-term affordability in currently subsidized units that are set to expire. Staff suggests the following parameters for the NOAH investment:

- I. MTC's investment in NOAH will be leveraged at least 5:1, creating an investment pool of \$50 million.
- II. NOAH investments will be made in Priority Development or Transit Priority Areas.

**5. Regional PDA Planning Program**

Staff recommends a revision to that would encourage jurisdictions facing pressures of displacement and housing affordability to apply for planning and technical support grants, by giving priority to those jurisdictions in the evaluation process. In addition, staff would direct \$1.5 million from the program to update Community Based Transportation Plans (CBTPs) in communities at risk of displacement.

**Other Program Updates**

- *Housing Elements:* Jurisdictions are required to have a general plan housing element adopted and certified by the California Department of Housing and Community Development (HCD) for 2014-2022 RHNA by May 31, 2015. This deadline was extended to June 30, 2016 for four jurisdictions that failed to meet the original deadline: Half Moon Bay, Monte Sereno, Dixon, and Fairfax. As of the release date of this item, only Dixon remains out of compliance. Dixon's housing element was submitted to HCD June 10, 2016, and is currently under review.
- *Complete Streets:* As part of OBAG 2, jurisdictions must adopt a compliant Complete Streets resolution or a compliant revision to the circulation element of the general plan after January 1, 2010. At the time the OBAG 2 framework was adopted, 18 jurisdictions did not meet this requirement. As of June 30, 2016, seven jurisdictions remain out of compliance: Contra Costa County, Corte Madera, Novato, Sausalito, Solano County, Dixon, and

Cloverdale. These jurisdictions have until the time CMA's submit their project recommendations to MTC to meet this requirement.

**Summary of Proposed Revisions**

The chart below summarizes how the base and proposed additional revenues would be distributed to the OBAG2 and related programs. With these additions, the regional program is still 55% and the local programs are 45%, consistent with OBAG1 and with the original OBAG2 distribution.

	OBAG 2	OBAG 2 Framework - Proposed Revisions				
		FAST Increase	Exchange Account	RM2 Coverage	TPI (OBAG1)	Revised Framework
<b>Regional Programs</b>	<b>\$436</b>	<b>\$10</b>	<b>\$10</b>	<b>\$34</b>	<b>\$10</b>	<b>\$500</b>
Regional Planning	\$10					\$10
Pavement Management Program	\$9					\$9
PDA Planning <sup>1</sup>	\$20					\$20
Climate Initiatives <sup>2</sup>	\$22	\$1				\$23
PCA Program	\$16					\$16
Regional Operations <sup>3</sup>	\$170					\$170
Transit Priorities	\$189			\$13		\$202
Bay Bridge Forward	-	\$9		\$21	\$10	\$40
NOAH Pilot	-		\$10			\$10
<b>Local Programs</b>	<b>\$354</b>	<b>\$62</b>				<b>\$416</b>
County CMAs	\$354	\$32				\$386
Housing Production Incentive	-	\$30				\$30
<b>Total</b>	<b>\$790</b>	<b>\$72</b>	<b>\$10</b>	<b>\$34</b>	<b>\$10</b>	<b>\$916</b>

<sup>1</sup> Revise PDA Planning & Implementation program to target funds in areas facing the greatest risk of displacement and to direct \$1.5 million to update CBTPs.

<sup>2</sup> Additional \$1 million is for Spare the Air Youth to fund BikeMobile, Family Biking Workshops and High School SRTS.

<sup>3</sup> Additional \$9 million for Bay Bridge Forward project, listed in separate row of chart.

**Issues:**

At the request of stakeholders and interested parties, staff considered requiring local adoption of affordable housing and anti-displacement policies as a requirement to receive OBAG 2 funding. While this regulatory approach could encourage some jurisdictions to adopt additional housing policies, the impacts appear to be misdirected, with burdens falling predominantly on smaller or more rural jurisdictions, rather than the cities facing the brunt of the housing affordability crisis. Some jurisdictions facing the greatest pressures of displacement and affordability, San Francisco, Berkeley, San Jose, and Oakland for

example, have already adopted numerous policies and protections, and would thus be unaffected by this requirements-based approach. Conversely, a disproportionate impact would likely be placed on smaller or more rural jurisdictions, such as Vacaville, Colma, and Lafayette. As a result, any impact from this approach would likely be minimal in terms of addressing the issue at a region-wide scale.

It is also a concern that jurisdictions less reliant on regional transportation funding may forgo applying for OBAG 2 funding altogether, rather than complying with additional policy requirements. For these reasons, staff does not recommend including a housing policy requirement in OBAG 2.

**Recommendation:** Refer MTC Resolution No. 4202, Revised to the Commission for approval. Because Resolution No. 4035, Revised is proposed for revision under another agenda item, it is included once under agenda item 2e with all proposed revisions.

**Attachments:** Attachment A – Bay Bridge Forward Summary  
Attachment B – Stakeholder Feedback and Comment Letters  
Presentation  
MTC Resolution No. 4202 Attachments A, B-1, B-2, and Appendices A-1 and A-2 Revised  
MTC Resolution No. 4035, Revised can be found under Agenda Item 2e to this packet.

**Bay Bridge Forward: Proposed Project Details & Timeline**

**Attachment A**

#	Near-Term Improvement	Cost	Funding Breakdown			Timeline	
			OBAG 2 FAST	Bridge Tolls	OBAG 1 TPI	Start	Finish
1	<b>West Grand HOV/Bus Only Lane</b> Convert shoulder on West Grand Ave. on-ramp to Bus/HOV only lane	\$ 7.0	\$ -	\$ 7.0	\$ -	2016	2018
2	<b>Sterling St Express Lane</b> A. Pilot HOV enforcement technology. B. Convert HOV to express lane	\$ 9.0	\$ -	\$ 9.0	\$ -	2016	2020
3	<b>Casual Carpool</b> Establish casual carpooling pick-up locations at key locations in San Francisco and along I-80	\$ 1.0	\$ 1.0		\$ -	2016	2017
4	<b>Integrated Bridge Corridor</b> Integrate and optimize traffic management systems at bridge approaches	\$ 3.0	\$ -	\$ 3.0	\$ -	2016	2018
5	<b>Higher Capacity Bus Fleets/Increased Service Frequencies</b> AC Transit: Purchase double-decker buses, retrofit buses and increase frequencies for most productive Transbay express bus routes*	\$ 10.2	\$ 1.2	\$ -	\$ 9.0	2016	2018
	<b>Higher Capacity Bus Fleets – WestCat</b> Purchase double-decker buses for most productive Transbay express bus routes	\$ 2.0	\$ 2.0	\$ -	\$ -	2016	2018
6	<b>Pilot Express Bus Routes</b> Pilot new AC Transit Transbay routes to serve high demand inner East Bay markets*	\$ 0.8	\$ 0.8	\$ -	\$ -	2018	2019
7	<b>Transit Signal Priority</b> Add Transit Signal Priority to West Grand Ave	\$ 1.0	\$ -	\$ -	\$ 1.0	2017	2018
8	<b>Commuter Parking</b> Establish commuter parking in East Bay to encourage carpool and express bus ridership	\$ 2.5	\$ 1.5	\$ 1.0	\$ -	2016	2018
9	<b>Ferry Service Enhancement Pilot</b> Pilot increased Alameda, Oakland and Vallejo services*	\$ 2.5	\$ 2.5	\$ -	\$ -	2016	2017
10	<b>Flexible On-Demand Transit</b> Provide on-demand transit services between East Bay and San Francisco	\$ 1.0	\$ -	\$ 1.0	\$ -	2016	2020
11	<b>Shared Mobility</b> Zero-dollar partnerships with shared mobility providers to take advantage of improvements	\$ -	\$ -	\$ -	\$ -	2017	2020
	<b>Total</b>	<b>\$ 40.0</b>	<b>\$ 9.0</b>	<b>\$ 21.0</b>	<b>\$ 10.0</b>		

\*If local operating funds are identified, those could be used in lieu of FAST funds to pay for transit operations.



July 5, 2016

Commissioner Scott Weiner, Chair  
Programming and Allocations Committee  
Metropolitan Transportation Commission  
375 Beale Street, Suite 800  
San Francisco, CA 94105

Re: One Bay Area Grant 2 Program

Dear Commissioner Weiner:

The Napa Valley Transportation Authority (NVTA) appreciates the opportunity to comment on the One Bay Area Grant (OBAG) 2 Program, and specifically the staff recommendation for distributing the \$72 million in new revenues expected as a result of the Fixing America's Surface Transportation (FAST) Act and the \$10 million made available from MTC's existing exchange program.

MTC staff's initial proposal included an option that would distribute the \$72 million on the existing OBAG 2 distribution formula. There was general consensus at the June 1<sup>st</sup> Partnership Board meeting in support of this option. The OBAG distribution is based on the Regional Housing Needs Assessment (RHNA) and concentrates funding in priority development areas. The OBAG policy was specifically crafted to reward housing production. In my letter to Anne Richmond on the same subject dated May 23<sup>rd</sup>, we voiced our concern that deviating from the existing OBAG distribution formula now, before the OBAG program was fully realized was premature as its effects on Bay Area communities was still unclear.

The MTC staff proposal would distribute \$40 million for *Bay Bridge Corridor Capacity Projects* and \$32 million for *Housing Production Incentive*. NVTA is not supportive of this approach. NVTA believes that bridge tolls have a greater nexus to Bay Bridge corridor improvements than do OBAG funds. NVTA further recognizes that the Bay Area has an affordable housing crisis and further understands the need to establish policies and identify revenues to remedy this problem. Napa has one of the most severe affordable housing issues in the Bay Area, yet the proposal would concentrate funding to address the housing problem only in the central Bay Area. What is crucial to this argument is that the Bay Area also has a transportation funding crisis and NVTA is particularly concerned that using critically scarce transportation funds to incentivize housing production not only sets a precarious precedent but does little to solve the housing problem while exacerbating the transportation funding shortfall.

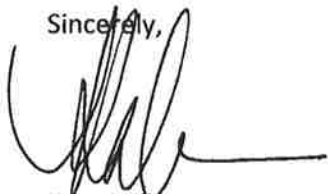
We urge the Committee to reconsider an option that would distribute the \$72 million on the existing OBAG 2 formula, and limit additional affordable housing policies. NVTA is in support of staff's proposal to establish a \$10 million set-aside separate from the \$72 million for Naturally Occurring Affordable Housing (NOAH). This way, MTC can evaluate the NOAH program to understand whether similar incentives make a meaningful contribution to solving the Bay Area housing crisis.



We applaud MTC staff efforts for their creativity on addressing housing and look forward to working with them to identify other potential solutions that would have less of an impact on transportation funding.

Please contact me or Danielle Schmitz, NVTA Planning Manager (707-259-5968) should you have any questions.

Sincerely,

A handwritten signature in black ink, appearing to read 'Kate Miller', with a long horizontal line extending to the right.

Kate Miller  
NVTA, Executive Director

cc: NVTA Board  
NVTA Technical Advisory Committee  
Steve Heminger/MTC



**Commission Chair**  
Councilmember At-Large  
Rebecca Kaplan, City of Oakland

**Commission Vice Chair**  
Mayor Bill Harrison, City of Fremont

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Supervisor Wilma Chan, District 3  
Supervisor Nate Milley, District 4  
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Councilmember Dan Kalb

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Mayor Margaret Fujioka

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Mayor Jerry Thome

**City of San Leandro**  
Mayor Pauline Cutter

**City of Union City**  
Mayor Carol Dutra-Vernaci

**Executive Director**  
Arthur L. Dao

June 6, 2016

Mr. Steve Heminger  
Executive Director  
Metropolitan Transportation Commission  
The Bay Area Metro Center  
375 Beale Street, Suite 800  
San Francisco, CA 94105

**Subject: One Bay Area Grant Cycle 2 (OBAG 2) Program – Programming Proposal for the Additional Federal Revenues**

Dear Mr. Heminger,

Over the past several months, MTC staff has been developing draft policies related to the OBAG Cycle 2 (OBAG2) program framework and has made presentations to various working groups and committees. At the last two Bay Area Partnership Board meeting (March 18, 2016, and June 1, 2016), MTC staff presented the availability of an additional \$72 million of federal funds available through the Federal Fix America's Surface Transportation (FAST) Act and preliminary options for the programming of these additional revenues.

The Alameda County Transportation Commission (Alameda CTC) appreciates your efforts thus far in reaching out to the Bay Area congestion management agencies and transit operators on this matter. This type of regional discussions on critical regional policies has been helpful and productive and we support its continuance moving forward. For the OBAG2 Program, the Alameda CTC would like to put forth the following proposal for the programming of the additional federal revenues:

- Distribute the additional revenues according to the adopted OBAG 2 funding and policy framework, with 45% being directed to the county programs (\$32 million) and the remaining 55% directed to various regional programs (\$40 million);
- Program the Regional Program revenues (\$40 million) towards enhancement of Transbay services including transit operations

As you know, Alameda CTC, through OBAG Cycle 1, has invested and successfully delivered important transportation investments throughout Alameda County, and particularly in priority development areas (PDAs) in the cities of Oakland, Berkeley, Fremont, and Union City, creating the much needed housing (and affordable housing) and supporting jobs within these communities. Whereas the OBAG Cycle 1 investments have succeeded in establishing a good foundation for attaining the goals of the regional policy framework, OBAG 2 ought to continue building on those investments, and our proposal would accomplish that.

In addition, because the OBAG 2 framework requires regional programs such as the Safe Routes to Schools and PDA Planning to be programmed through the county program shares, it adds additional pressure on our agency and other congestion management agencies to deliver these much needed programs with limited funding which means that less could be invested in projects and programs that would attract housing and jobs.

We believe the above proposal is in alignment with the preliminary options presented by MTC at the March and June 2016 Bay Area Partnership Board meetings. While our proposal addresses regional transit priority needs, it also provides the CMAs the opportunity to continue investments in our respective PDAs as originally intended by the OBAG program, and focuses funding on the critical Transbay transportation issues facing the region.

Alameda CTC urges MTC to consider this proposal which provides a balance to the transportation and land use investment needs of the region. If you have any questions or need additional information, please do not hesitate to contact me at (510) 208-7402.

Sincerely,



ARTHUR L. DAO  
Executive Director

cc: Alameda County MTC Commissioners  
Ms. Anne Richman, Director of Programming and Allocation – MTC  
Ms. Tess Lengyel, Deputy Executive Director of Planning and Policy – Alameda CTC  
Mr. Vivek Bhat, Director of Programming – Alameda CTC



1651 North First Street, San Jose, CA 95112  
(408) 445-8500 • (408) 445-7766 • www.sccaor.com

Miriam Chion, ABAG Director of Planning & Research  
Ken Kirkey, MTC Planning Director  
Bay Area Metro Center  
375 Beale Street, Suite 800  
San Francisco, CA 94105-2066

Dear MTC and ABAG Staff,

The Santa Clara County Association of REALTORS® (SCCAOR) supports the staff recommendations listed in agenda item 2 on the June 7, 2016 Regional Advisory Working Group agenda. This item discusses the OBAG 2 Update, including recommendations for the distribution of additional FAST Act revenues and recommended approach for affordable housing policies.

SCCAOR recognizes the need for housing of all types to be developed so that families, workers, and individuals can continue to live and work in the Bay Area. To that end, MTC and ABAG staff has prudently recommended an approach that incentivizes the creation of affordable housing in the Bay Area through the “80k by 2020 Challenge.” This program would distribute funds through a challenge grant for local jurisdictions, thereby leveraging resources to produce affordable housing.

We also agree with the staff recommendation that a “regulatory” approach would be “misdirected.” Any attempt to regulate your way into creating more affordable housing is not a sustainable approach. We are optimistic that the incentive based approaches will encourage jurisdictions to create needed affordable housing supply to meet the demand in our region.

Sincerely,

Vincent Rocha  
Director of Governemnt Affairs  
Santa Clara County Association of REALTORS®

San Francisco Office  
312 Sutter Street, Suite 510  
San Francisco, CA 94108  
(415) 543-6771

July 5, 2016

Scott Wiener, Chair  
Programming and Allocation Committee  
Metropolitan Transportation Commission  
Joseph P. Bort MetroCenter  
Lawrence D. Dahms Auditorium  
101 Eighth Street, Oakland

**Subject: Proposed Revisions to the OBAG 2 Program**

Dear Chair Wiener and Commissioners:

Thank you for the opportunity to comment on the proposed revisions to the second round of the OneBayArea grant program (OBAG 2) as presented to the Regional Advisory Working Group in June 2016.

We applaud MTC's leadership in establishing the OBAG grant program to reward jurisdictions that are planning for more homes for residents across the income spectrum within Priority Development Areas (PDAs). Likewise, we appreciate that MTC staff and commissioners have wisely recognized that more regional action is needed to increase the production and preservation of affordable homes to help address the Bay Area's deepening housing affordability crisis.

New regional initiatives to increase housing affordability within our existing cities and towns could have a wide array of benefits for the Bay Area. For example, providing more homes for residents at all income levels near jobs and transit will help sustain the region's strong economic performance, provide a bulwark against more traffic, and protect the region's iconic natural and agricultural lands. In contrast, if we fail to provide new homes within our communities, residents will be faced with ever-lengthening commutes on our region's congested roads. This will reduce the region's economic competitiveness and generate greater traffic, increased air pollution and greenhouse gas emissions, lost farmland and habitat, and increased stress on our drinking water resources.

Fortunately, stronger regional action is broadly supported by residents across the region. In fact, MTC's recent polling found that 60% of Bay Area residents agree that "cities that allow more multi-unit housing to be built near public transit should get more regional transportation dollars."

To ensure that these new initiatives have the greatest possible positive impact and avoid unintended negative effects, we encourage MTC to do the following:

1. Ensure the **Housing Production Incentive Program** rewards housing production that is consistent with the smart growth land use vision of Plan Bay Area.

2. Refine the County CMA program rules to cultivate stronger performance-based ties between land use decisions and transportation investments.
3. Dedicate \$10 million to foster the creation of a new Bay Area Housing Preservation Fund.

Below, we provide detailed recommendations on these proposed improvements.

### Housing Production Incentive Program

The Bay Area could greatly benefit from a new incentive program that rewards infill housing production, particularly one that rewards production of new homes for those most in need. Such a program could help ease the housing affordability crisis and improve regional commute patterns, among other benefits.

However, without careful attention, the incentive program could have the unintended effect of rewarding sprawl development—which exacerbates our housing and transportation challenges—while disadvantaging jurisdictions that are encouraging smart PDA-focused development—which helps alleviate these same challenges.

This danger stems from one important element of the program design: The proposal calls for rewarding those jurisdictions that have permitted the greatest number of low-income *and* moderate-income units. By combining these two income categories, the program could inadvertently benefit sprawl development and disadvantage infill development.

Examining recent trends in housing production helps explain this effect. In the most recent RHNA cycle (2007-2014), much of the new housing in the Bay Area that was categorized as “moderate income” by the California Department of Housing and Community Development (HCD) was located in jurisdictions at the farthest edges of the region (e.g. Oakley, Antioch, Pittsburg, Santa Rosa, Vacaville). For example, the City of Oakley permitted 874 housing units that were categorized as moderate income—nearly 10 times its RHNA allocation—making it the sixth highest producer of moderate and low-income units in the Bay Area. The moderate-income units permitted in Oakley were, with few exceptions, market-rate units with no deed restrictions, and were counted as “moderate” only because of the lower housing prices found at the edge of the region.

In contrast, other Bay Area cities near transit and jobs permitted far more market-rate units, yet because of stronger local market conditions, most of the new market-rate units in these areas are categorized as serving “above moderate income” households. For example, the City of Mountain View approved permits for 2,656 housing units during the same RHNA period. These units were primarily in compact settings near transit. Yet because most of the permitted housing was market-rate units for “above moderate income” households, the city would likely not have been eligible for funding if the housing production incentive program had existed during that period, while Oakley would have received a significant share of available incentive funds.

There are several methods that MTC should consider to address these concerns:

1. *Focus on housing production within PDAs.*

This would ensure that jurisdictions are rewarded for housing production in transit-served locations, rather than in areas that exacerbate the region’s transportation challenges. Since Plan Bay Area envisions nearly 80% of new housing to occur in these locations, this would serve as a useful method for advancing Plan Bay Area’s land use vision.

**2. Focus on deed-restricted housing production.**

The actions taken by local jurisdictions to encourage production of permanently affordable homes are quite different than those taken to encourage market-rate housing. Sharpening the focus of the program to address permanently affordable units would create a level playing field among Bay Area jurisdictions, rewarding all jurisdictions equally for their efforts to provide permanently affordable homes. MTC could consider establishing a second complementary program to reward market-rate housing production.

**3. Provide greater weight to very-low and low-income units.**

Because very-low and low-income units provide housing opportunities for those most in need, they deserve greater weight in a regional housing incentive program. This would be consistent with the structure in the existing OBAG program, which gives extra weight to production of low-income units. In the incentive program, MTC could provide 2-3 times the credit for every very-low and low-income unit permitted, as compared to moderate-income units.

MTC should also dedicate a portion of the funds from the incentive program to establish stronger regional tracking methods for affordable homes. Currently, our regional agencies lack the tools necessary to track the many types of housing affordability policies adopted by local jurisdictions and monitor the various affordability rules in place on individual properties throughout the region. This hinders our collective ability to identify trends, implement best practices, and identify place-sensitive solutions. MTC should work with partners to institute new tracking methodologies and build a robust regional housing affordability database that can be used by regional agencies, local jurisdictions, and other stakeholders.

**County CMA grant program**

This program has provided considerable benefit by making efficient use of limited transportation funding to link land use and transportation decisions. Yet today most decisions about growth occur at the local level, and the program could do substantially more to reward local jurisdictions that are encouraging production of sustainable, equitable development in support of Plan Bay Area.

To maximize its effectiveness, the County CMA grant program should be improved in the following ways:

**1. Strengthen ties between local production of infill homes for residents across the income spectrum and OBAG grant funds.**

In OBAG 1, housing production was a factor in the distribution of funds to each county, but when County CMAs distributed these funds to local jurisdictions there was usually little or no link to the local jurisdictions' track record of infill housing production. To create the proper financial incentives, the distribution of grant funds in OBAG 2 should strongly reward those local jurisdictions that have the best record of providing infill housing, particularly affordable housing.

**2. *Ensure that all local jurisdictions that receive funding have affordable housing and anti-displacement policies in place and prioritize funding to the best performing jurisdictions.***

As part of the performance-based focus of the OBAG program, jurisdictions should be rewarded with funding if they have established policies to help ensure housing is available to meet the needs of residents across the income spectrum. Because the appropriate policies will vary between jurisdictions, MTC should provide a menu of policy options and establish a minimum threshold of policies from that menu. This would help carry out the commitment made in Plan Bay Area to include local affordable housing and anti-displacement policies in future OBAG funding decisions<sup>1</sup>.

**3. *Enhance the effectiveness of the PDA Investment & Growth Strategies***

The PDA Investment & Growth Strategies would benefit substantially from additional guidance from MTC on key content areas such as assessment of affordable housing production, displacement risk, and jobs. Additional guidance should also be provided on how to integrate the PDA Investment & Growth Strategies into CMA project selection, funding decisions, and long-range transportation planning. MTC and ABAG should also provide technical support to help these documents be as effective as possible.

**Bay Area Preservation Fund**

We are pleased to see MTC's proposal to set aside \$10 million for the creation of a Bay Area Preservation Fund that would target the preservation of affordable homes throughout the region's PDAs. This innovative pilot program would leverage funding from multiple sources to create an investment pool of at least \$50 million. We encourage MTC to consider dedicating additional OBAG funds to the program if the pilot is determined to be effective at expanding long-term housing affordability.

Thank you for your consideration of these comments. We look forward to working with MTC commissioners, regional agency staff, and other stakeholders to finalize the revisions to the OBAG 2 program.

Sincerely,



Matt Vander Sluis

Program Director

[mvandersluis@greenbelt.org](mailto:mvandersluis@greenbelt.org)

(415) 543-6771 x322

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<sup>1</sup> Plan Bay Area 2013, Page 122.





Jul 5, 2016

SENT VIA EMAIL

Supervisor Scott Wiener and  
Programming and Allocations Committee  
Metropolitan Transportation Commission  
375 Beale Street, Suite 800  
San Francisco, CA 94105-2066

**Re: One Bay Area Grant Program 2 (OBAG 2) Update**

Dear Supervisor Wiener and Programming and Allocations Committee,

On behalf of the Bay Area Council, I strongly urge you to support MTC staff's proposed revisions to OBAG 2, given the increased \$72 million in funding from FAST, STP and CMAQ.

*Bay Bridge Forward*

The Bay Area is experiencing unprecedented levels of congestion on our highways, roads, and transit systems, and employers and employees throughout the region are increasingly frustrated by rising commute delays. Urgent action is required in the particularly strained East-West Bay Bridge corridor, as the approaches to the Bay Bridge are consistently ranked the most congested freeway segments in the region and transit systems are struggling to accommodate record ridership. The capacity enhancement projects outlined in this OBAG 2 proposal will provide near-term congestion relief in this highly impacted corridor and help ensure the future economic competitiveness of our region.

The Bay Area Council supports the implementation of these near-term, cost-effective operational improvements that will move more people more efficiently through the corridor. The HOV operational improvements and the investment in shared mobility services will further incentivize carpooling, thereby taking single occupancy vehicles off the roads. The transit core improvements will also help add more capacity on buses and ferries over the next couple years.

*Housing Production Incentive*

Our region faces an extreme housing crisis that impacts everyone who calls the Bay Area home. Chronic underproduction of housing over decades has resulted in a supply-demand mismatch that has driven up housing costs across the region and the State. The Legislative Analyst's Office (LAO) reports that coastal communities across California implement formal growth control measures that stifle housing, on average, five measures per year.

The Bay Area Council supports MTC staff's recommendation to reward jurisdictions that produce low and moderate income housing with any available discretionary funds. We believe it is important to incentivize housing production and reward the "good players" who are producing housing by allocating those dollars to cities that build.

According to the Legislative Analyst's Office, "Considerable evidence suggests that construction of market-rate housing reduces housing costs for low-income households and, consequently, helps to mitigate displacement in many cases." The Bay Area Council posits that rewarding cities that produce housing at any income level would help mitigate displacement and should be considered.

We also stress that, although this \$32 million to incentivize housing production is a great first step, we believe that the overarching OBAG funding formula should be changed to allocate dollars based on housing production, rather than being so heavily weighted by population.

We cannot continue to force low income residents into lengthy commutes. We must do everything we can to incentivize growth in the nine county Bay Area.

As a necessary step toward mitigating the Bay Area's housing and transportation crises, we encourage you to adopt MTC staff recommendations.

Sincerely,

A handwritten signature in black ink that reads "Matt Regan". The signature is written in a cursive, flowing style.

Matt Regan  
Senior Vice President, Public Policy  
Bay Area Council

July 7, 2016

The Honorable Scott Wiener, Chair  
Programming and Allocation Committee  
Metropolitan Transportation Commission  
375 Beale Street, San Francisco, CA

**Re: Proposed Revisions to OBAG 2 Program**

**Dear Chair Wiener,**

On behalf of the Non-Profit Housing Association of Northern California (NPH), I write to support staff's proposed changes to the OBAG program and suggest some additional revisions to ensure that the intended goals are met. NPH believes that expanding the supply of long-term deed-restricted affordable housing is a crucial strategy for meeting Plan Bay Area's statutory target of housing 100% of the region's population at all income levels. MTC's proposal to use the One Bay Area Grant program to incentivize and reward the production of affordable housing in the region represents a significant step towards meeting that objective.

Founded in 1979, NPH is the collective voice of those who support, build and finance affordable housing. We promote the proven methods of the non-profit sector and focus government policy on housing solutions for lower-income people who suffer disproportionately from the housing affordability crisis. We are 750 affordable housing developers, advocates, community leaders and businesses, working to secure resources, promote good policy, educate the public and support affordable homes as the foundation for thriving individuals, families and neighborhoods.

**While NPH is supportive of staff's proposal, we believe it could be greatly strengthened through modest revisions that a) reinforce the link between transportation dollars and affordable housing production, b) increase compliance with the state's Surplus Land Act and AB 2135, and c) provide localities with important guidance regarding anti-displacement policies. NPH is also excited at the inclusion of a Naturally Occurring Affordable Housing Fund (NOAH) to secure the long term affordability of buildings with rents that are presently affordable to low and very low income residents but which could experience sharp rent increases.**

***A. Strengthening the link between transportation dollars and Affordable Housing Production***

**The proposed "80K by 2020" challenge should be directly tied to the production of deed-restricted affordable housing units.** NPH believes that jurisdictions should only receive credit for units affordable to very low-, low-, and moderate-income households that are also deed-restricted for at least 55 years for rental and 30 years for ownership. Deed-restriction ensures that units remain affordable for the long run even when the unit turns over to new tenants or owners. Moderate-income units especially stand to benefit from deed-restriction as, without them, they quickly become unaffordable due to the Bay Area's

rapidly escalating rents and sales prices. Jurisdictions have ample experience with tracking deed-restricted units through reporting requirements for their Annual Progress Reports to the California Department of Housing and Community Development. Expanding the supply of deed-restricted affordable housing has the added benefit of being twice as effective as market-rate housing development at mitigating the effects of displacement.<sup>1</sup>

**Greater weight should be given to the production of very low- and low-income units.**

For consideration for the 80K by 2020 incentive, every low- and very low-income unit permitted should receive 2-3 times the credit as compared to moderate-income units consistent with the current OBAG program which gives extra weight to the production of these units.

**B. *Increasing Compliance with Established State Law***

**Require all OBAG awardees to be in compliance with the State's Surplus Land Act and AB 2135 from 2014.** OBAG awardees should follow state law especially one that furthers the goals of Plan Bay Area. In 2014, Governor Brown signed into law AB 2135, which made revisions to the State's Surplus Land Act, an important tool for expanding the state's supply of affordable housing that requires, among other things, local agencies to provide affordable housing developers the right of first refusal when selling or leasing public land. It also requires properties that are developed with 10 or more residential units by market-rate developers to include at least 15% of the units in the development at a cost affordable to lower-income households. The Surplus Land Act applies broadly to every city, whether organized under general law or by charter, county, city and county, and district, including school districts of any kind or class, empowered to acquire and hold real property seeking to sell or lease publicly-held land. There have been several cases in the Bay Area of jurisdictions issuing Request for Proposals (RFPs) for development of public land that were out of compliance with AB 2135. ***OBAG should be a crucial tool in securing compliance with this vital law by ensuring that jurisdictions give affordable housing developers right of first refusal when disposing of publicly-owned land and that at least 15% of all housing built on public land by market-rate developers is affordable to low- and very-low income households.*** In the past, OBAG has been remarkably successful in securing compliance with state housing element law by requiring recipient jurisdictions to have certified housing elements pushing 28 jurisdictions to become compliant.

**C. *Providing Local Anti-Displacement Guidance***

**NPH also believes that the regional agencies should provide guidance to CMAs and local jurisdictions on effective anti-displacement policies at the local level and commit to revising Appendix A-8 of Resolution 4202 by October 2016.** CMAs have in the past sought assistance from the regional agencies in meeting requirements set forth in Appendix A-8, requiring the creation of CMA Investment and Growth Strategies, including assessing

<sup>1</sup>The Urban Displacement Project. "Housing Production, Filtering and Displacement: Untangling the Relationships." [http://www.urbandisplacement.org/sites/default/files/images/udp\\_research\\_brief\\_052316.pdf](http://www.urbandisplacement.org/sites/default/files/images/udp_research_brief_052316.pdf)

local efforts to produce sufficient housing for all income levels and addressing community stabilization. ***MTC should commit to releasing a revised Appendix A-8 to Resolution 4202 which sets forth best practices and policy templates for affordable housing production and community stabilization policies. This document could then be used by CMAs to help jurisdictions promote equitable growth in Priority Development Areas.*** MTC should develop these policy templates in consultation with ABAG and other regional stakeholders for release this October, when the Preferred Scenario for Plan Bay Area 2040 is expected to be adopted. CMAs should take into account whether or not a jurisdiction has implemented these best practices when programming countywide funds.

***D. Promoting better data provision at the local level***

**MTC should promote collection of better data from jurisdictions to better track the region's affordable housing supply.** Presently, OBAG recipients are required to observe the existing state requirement of filing Annual Progress Reports (APRs) for adopted housing elements with the California Department of Housing and Community Development. Unfortunately, those APR reports lack the specificity needed to track where affordable housing is actually being built in our region. ***MTC should require jurisdictions, when filing their APRs, to include complete addresses of permitted housing projects including zip codes and assessor parcel numbers (APNs).*** This will not be an additional administrative burden at all given the fact that this data is readily available and it will create a more consistent and accurate regional housing dataset that will better enable monitoring of Plan Bay Area progress in this area.

***E. Protecting Existing Affordability***

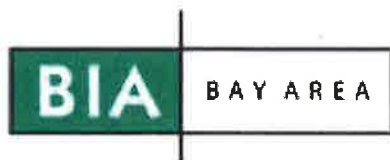
**NPH is pleased with the inclusion of the Naturally Occurring Affordable Housing Fund (NOAH).** NOAH will help protect and preserve the region's deed-restricted and non-deed restricted affordable housing stock by facilitating the purchase of buildings with expiring affordability restrictions and naturally occurring affordable housing in places with high displacement risk. The proposed 5:1 leverage will also be helpful in ensuring that scarce public dollars have the greatest possible reach.

NPH appreciates very much MTC's commitment to help increase the region's stock of permanently affordable housing and we stand ready to work with you to achieve Plan Bay Area's housing goals.

Sincerely,



Amie Fishman  
Executive Director  
Non Profit Housing Association of Northern California (NPH)



BUILDING INDUSTRY ASSOCIATION  
1350 Treat Boulevard, Suite 140  
Walnut Creek, CA 94597

July 8, 2016

Scott Wiener, Chair  
Programming and Allocations Committee  
Metropolitan Transportation Commission  
375 Beale Street, Suite 800  
San Francisco, CA 94105

Via email

Re: July 13, 2016 Meeting: Agenda Item 6b: OBAG 2

Dear Supervisor Wiener and Commissioners:

The Building Industry Association of the Bay Area supports the proposals before you as described in the MTC staff recommendations. The proposals represent a thoughtful and productive approach to both the \$126 million in additional revenue available for distribution during this funding cycle, as well as OBAG's programmatic elements.

BIA is pleased that one of the principal proposals is based on rewarding housing production for low- and-moderate households. Our region faces an extreme housing crisis that impacts everyone who calls the Bay Area home—as well as the many thousands of households that have been displaced to neighboring regions or other states due to the Bay Area's housing costs. Rewarding local jurisdictions that actually produce low-and moderate- income housing with discretionary transportation funds is extremely important. We also applaud the inclusion of moderate-income housing production in the proposal. This is an important and meaningful regional policy response to the well-documented shrinking of the Bay Area's middle class. BIA is also strongly supportive of the outlined approach for dealing with local housing and displacement policy in the base OBAG program, as we viewed the alternative so-called "regulatory approach" to be very counterproductive. BIA also recognizes the important transportation capacity enhancement projects proposed for funding. Fast action on these near-term, cost-effective improvements is critical.

We encourage you to approve and forward the staff recommendations to the full Commission.

Sincerely,

A handwritten signature in black ink that reads "Paul Campos".

Paul Campos  
Sr. Vice President, Government Affairs

On 7/12/16, 4:08 PM, "David Zisser" wrote:

We join the 6 Wins Network in calling on MTC (the Bay Area's Metropolitan Transportation Commission) to ACT NOW to address the displacement crisis that is harming our communities:

- MTC is fueling the regional displacement crisis by targeting low-income neighborhoods for redevelopment without first ensuring the existence of protections to stabilize long-time and vulnerable residents. As a result, new development is contributing to rising rents, evictions and destabilization of low-income communities and communities of color.
- MTC has the power to combat displacement by leveraging the \$300 Billion that it controls to encourage cities to adopt meaningful anti-displacement and affordable housing policies and by taking other meaningful actions at the regional level.
- MTC continues to break its promises to combat displacement, including commitments made in 2013 in Plan Bay Area, and again this year, when it promised to incorporate anti-displacement policies into the full \$400+ Million OneBayArea Grant Program.

It is not too late for MTC to change its ways. We urge the agency to:

1. Attach strong anti-displacement policies to the full \$400+ Million OneBayArea Grant program at MTC's meeting on July 27, 2016, as recommended by the 6 Wins Network.
2. Integrate meaningful anti-displacement policies into all aspects of Plan Bay Area 2040, to be adopted in 2017.
3. Include low-income communities and communities of color in every aspect of decision-making and keep promises to meet the needs of these communities.

We will be watching MTC on July 27 and beyond. We will hold MTC publicly accountable if it continues to ignore the displacement crisis and to break its promises to address the needs of the Bay Area's most vulnerable communities.

David Zisser

Oakland





units would likely become unaffordable as they turn over to new tenants or owners. To further encourage production of units for low-income households through the 80K by 2020 challenge, we also recommend that units restricted to households earning 80% AMI and below receive two to three times the credit toward jurisdictions' production totals, in alignment with the method of crediting units under the current OBAG program.

2. **Ensure that affordable housing development is prioritized on publicly-owned land.** At the very least, SV@Home requests that MTC condition OBAG funding on compliance with the State Surplus Land Act (AB 2135) requirements to provide affordable housing developers the right of first refusal when selling or leasing public land. The Surplus Land Act applies broadly to every local jurisdiction and district empowered to acquire and hold real property seeking to sell or lease publicly-held land, yet there have been several instances of Bay Area jurisdictions issuing requests for proposals (RFPs) for development of public land that were out of compliance with AB 2135. Similar to the OBAG requirement that awarded jurisdictions must comply with State housing element law, OBAG should be leveraged to ensure compliance with AB 2135.
3. **Create an affordable housing requirement.** Additionally, we strongly recommend that OBAG awardees be required to follow the exemplary practice established by the Valley Transportation Authority (VTA) through its recently updated Affordable Housing Policy, which stipulates a 20% minimum of affordable housing for developments built on its land. While this threshold is higher than the 15 percent minimum required by AB 2135 we believe that the Bay Area's housing crisis requires our public agencies to dedicate a greater proportion of their public lands to affordable housing.

#### Regional Priorities for FY15-16 AHSC Program (Item 5a)

We strongly support staff's recommendation to endorse projects in Santa Clara County: St. James Station TOD (San Jose), Edwina Benner Plaza (Sunnyvale), and the Renascent (San Jose).

However, we ask for the following revision:

1. **Support the Morgan Hill Family Scattered Site Development.** EAH has been asked by the California Strategic Growth Council to submit a full application for the AHSC Program. SV@Home requests that the Commission support this project by recommending it for funding. This project will result in 41 new permanent housing units for very low-income families (60% AMI or below), chronically homeless individuals, and Transitional Aged Youth (TAY) in the City of Morgan Hill-- a place with few affordable housing options. In the last RHNA cycle, Morgan Hill exceeded its above-moderate unit allocation, permitting 205% of its market-rate requirement, while permitting only 35% of its very low- and low-income unit allocation. This project contributes to the City's effort to rectify this imbalance and build much-needed homes for very low-income households. Moreover, MTC's endorsement of EAH's AHSC application would promote an effective use of public funds since the project seeks to leverage \$1.8 million in funding from Santa Clara County as well as State Low Income Housing Tax Credits.

Honorable Chair Wiener and Members of the Programming and Allocations Committee  
July 13 Meeting Agenda Items 6b (OBAG 2 Update) and 5a (Regional Priorities for FY15-16 AHSC Program)  
Page 3 of 3

SV@Home appreciates the opportunity to provide feedback on these items, and we look forward to working with you to create a more equitable region. Thank you in advance for your consideration.

Sincerely,



Pilar Lorenzana-Campo  
Policy Director  
Silicon Valley at Home (SV@Home)

Cc: Ken Kirkey, Planning Director  
Doug Johnson, Principal, Transportation and Land Use Development  
Anne Richman, Programming and Allocations Director  
Craig Bosman, Program Manager

SV@Home is a new nonprofit organization that is driving the creation of affordable housing for a more vibrant and equitable Silicon Valley. SV@Home represents a broad range of interests, from leading employers who drive the Bay Area economy, to labor and service organizations, to local government agencies, to nonprofit and for-profit developers who provide housing and services to those most in need.

# OBAG 2 Program Status

November 18, 2015

**OBAG 2 adopted**

MTC Resolution No. 4202

- Placeholder for potential affordable housing policies
- County CMA process delayed accordingly

December 4, 2015

**FAST Act signed**

New 5-year authorization



**\$72 million in additional program revenues**

July 2016

**OBAG 2 Revisions**

Proposed for action

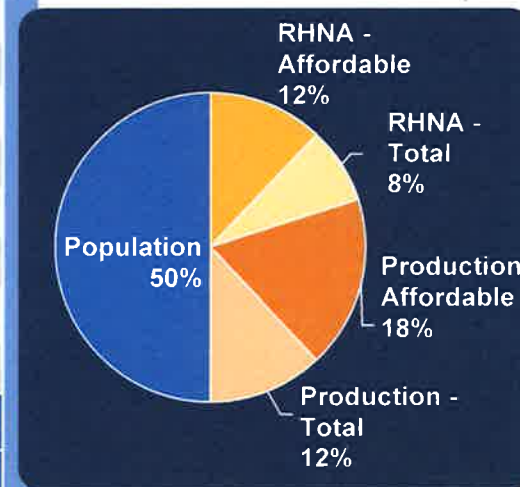
- Additional revenues
- Housing considerations
- Revisions to timeline, minor updates

# OBAG Overview

## Program Framework

	OBAG 1	OBAG 2*
Regional Planning Activities	\$8	\$10
Pavement Management Program	\$9	\$9
Regional PDA Planning	\$20	\$20
Climate Initiatives Program	\$22	\$22
Priority Conservation Area (PCA)	\$10	\$16
Regional Operations Programs	\$184	\$170
Transit Priorities Program	\$201	\$189
County CMA Program	\$372	\$354
<b>Regional Subtotal</b>	<b>\$454</b>	<b>\$436</b>
<b>County Program Subtotal</b>	<b>\$372</b>	<b>\$354</b>
<b>Total OBAG Program</b>	<b>\$827</b>	<b>\$790</b>

## County Distribution



\* As adopted on November 18, 2015.

Millions \$, rounded

# OBAG 2 Current Proposal

## Add new revenues:

**\$126 million**

- ▶ FAST \$72
- ▶ Bridge Tolls \$34
- ▶ Exchange Acct. \$10
- ▶ OBAG 1 TPI \$10

## Direct to:

- ▶ Bay Bridge Forward \$40
- ▶ County Program \$32
- ▶ Housing \$40
- ▶ Transit Priorities \$13
- ▶ Climate Program \$1

## Address housing:

- ▶ Investment in NOAH \$10
- ▶ Incentive to cities for Low/Mod housing \$30
- ▶ Focus PDA planning on CBTPs and areas with high risk of displacement

# Recent Regional Funding Initiatives

Recent MTC Transportation Funding Initiatives	\$ Millions
<b>Projects</b>	
1 Richmond San Rafael Bridge	\$74
2 Contra Costa I-680 Express Lanes	\$107
3 Transbay Joint Powers Agency (TJPA) Certificates of Participation	\$100
4 Caltrain Electrification	\$39
5 SFOBB Forward	\$40
<b>Endorsements</b>	
● Earmark Repurposing	
6 San Rafael Transit Center SMART	\$3
7 Sonoma US 101 Marin Sonoma Narrows	\$15
8 San Mateo US 101 Express Lanes	\$10
● Fast Lane	
9 Port of Oakland – Go Port! (Port of Oakland)	\$140
10 Solano I-80/I-680/SR 12 Interchange	\$124
11 Sonoma US 101 Marin Sonoma Narrows	\$73
● Cap & Trade	
12 SFMTA – Light Rail Modernization & Expansion ( <i>not mappable</i> )	\$156
13 VTA – BART Silicon Valley Phase II Extension	\$150
13 BART – Hayward Maintenance Center	\$50
14 AC Transit – Bus Purchase Expansion ( <i>not mappable</i> )	\$36
14 Caltrain – Electrification	\$20
● Other Small Projects Throughout Region ( <i>not mappable</i> )	\$39
● AHSC Projects Throughout Region ( <i>not mappable</i> )	TBD



# 1. Bay Bridge Forward

## Bay Bridge Forward

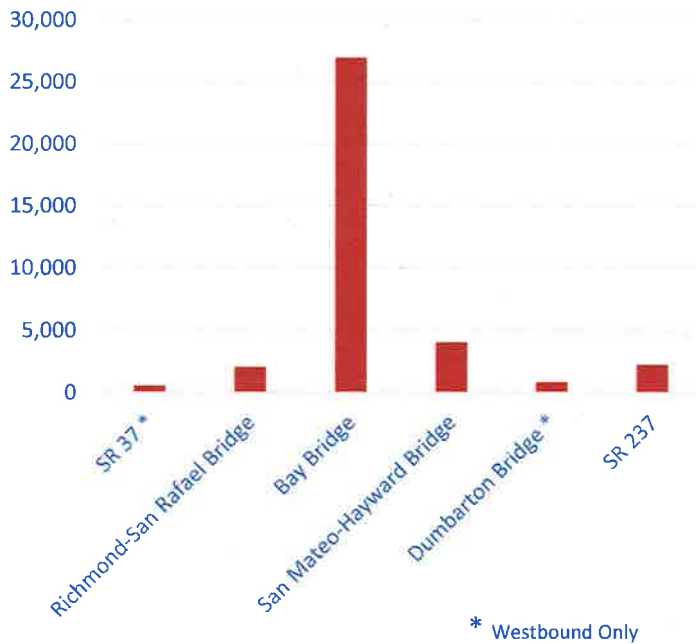
Direct **\$40 million** to address capacity constraints



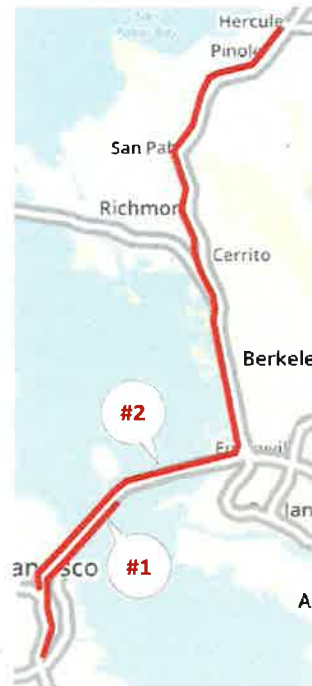
- ▶ Bridge is at maximum vehicle capacity in peak hours, but increasing vehicle occupancy can address growing demand
- ▶ Goal to increase *person* throughput [move more people in fewer cars]
  - **HOV improvements**
  - **Transit core improvements**
  - **Shared mobility services**
- ▶ Tie-in with Managed Lanes Implementation Plan, Bay Area Express Lanes Network, All Electronic Tolling Study, and Core Capacity Transit Study

# Bay Bridge Corridor: Most Congested East-West Bay Crossing

East-West Bay Crossings  
Daily Vehicle Hours of Delay



Bay Bridge tops 2015 Bay Area  
Congested Segments List



## Bay Bridge

- #1 congested segment: Eastbound I-80
- #2 congested segment: Westbound I-80
- 260,000 vehicles daily



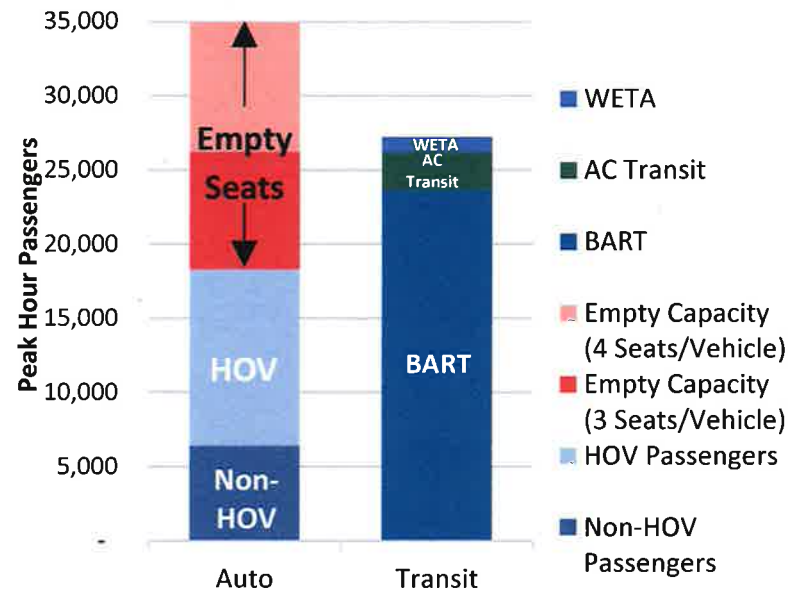
# Opportunity: Utilize Empty Seats

Where do Bay Area residents experience the most traffic frustration?



Source: Bay Area Council 2016 Poll

## Transbay WB Peak Hour

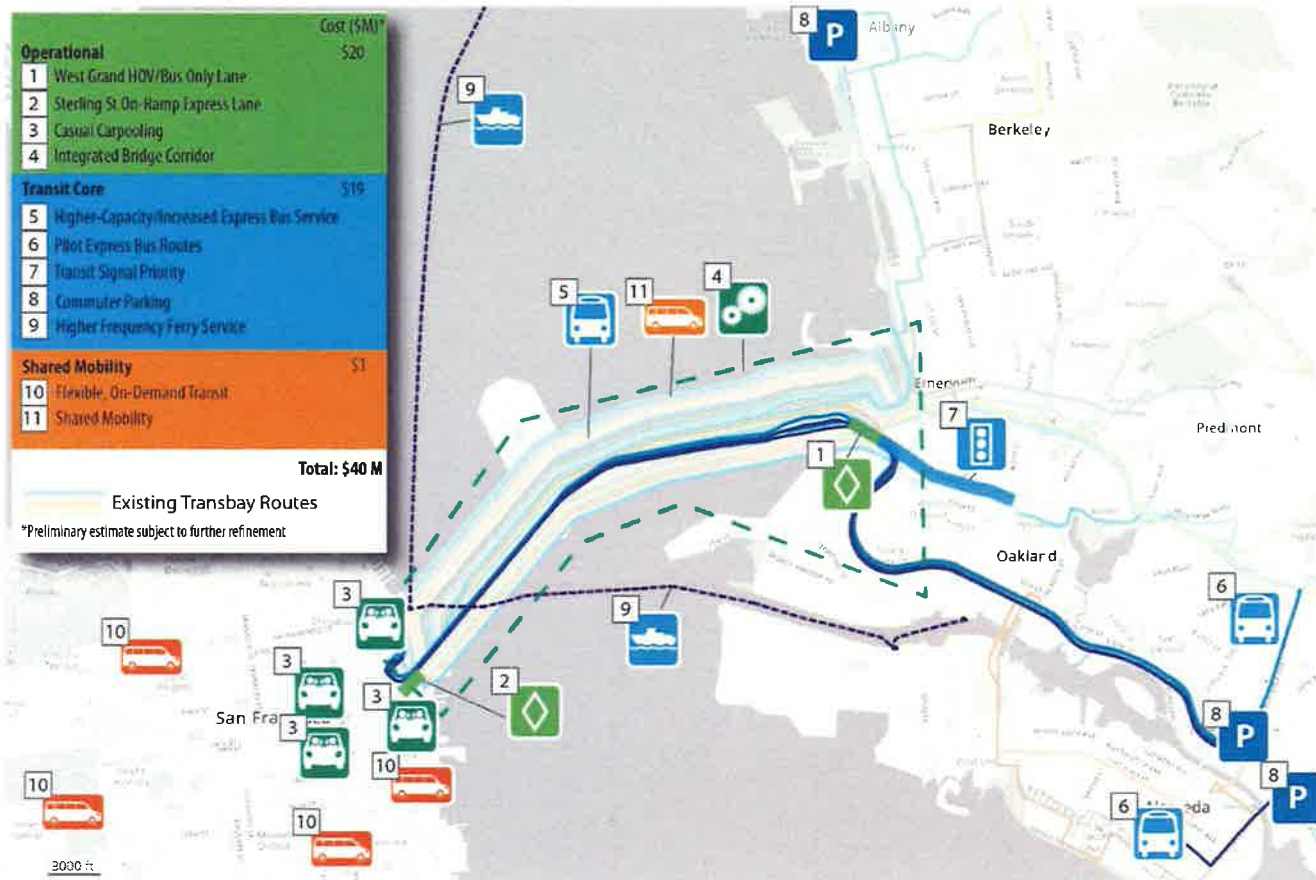


4 seats/vehicle → 48% seats are empty

16,000+ empty seats/hour = 70% of BART Tube Capacity

Source: BATA 2015, Caltrans 2014, MTC 2015 7

# Bay Bridge Forward: Near-Term, Low-Cost, & High-Impact Efficiency Strategies



# Bay Bridge Forward: Detail & Timeline



#	Type	Near-Term Improvement
1		<b>West Grand HOV/Bus Only Lane</b> – Convert shoulder of West Grand Ave. on-ramp to Bus/HOV only lane
2		<b>Sterling St Express Lane</b> – a. Pilot HOV enforcement technology. b. Convert HOV to express lane
3		<b>Casual Carpool</b> – Establish casual carpooling pick-up locations at key locations in San Francisco and along I-80
4		<b>Integrated Bridge Corridor</b> – Integrate and optimize traffic management systems at all bridge approaches
5		<b>Higher Capacity/Increased Express Bus Service</b> – a. Retrofit buses and increase frequencies b. Add double-decker buses for most productive AC Transit and WestCAT Transbay express bus routes.
6		<b>Pilot Express Bus Routes</b> – Pilot new AC Transit Transbay routes to serve high demand inner East Bay markets
7		<b>Transit Signal Priority</b> – Add Transit Signal Priority to West Grand Ave.
8		<b>Commuter Parking</b> – Establish commuter parking in East Bay to encourage carpool and express bus ridership
9		<b>Higher Frequency Ferry Service</b> – Pilot increased Alameda, Oakland and Vallejo services (pending exchange)
10		<b>Flexible On-Demand Transit</b> – Provide on-demand transit services between East Bay and San Francisco
11		<b>Shared Mobility</b> – Zero-dollar partnership with shared mobility providers to take advantage of improvements

## 2. Support Existing OBAG 2 Programs

### County OBAG Program

County Program  
+ \$32 million



- ▶ Grows program above OBAG 1 funding level (\$386 million)

### Transit Capital Priorities

Transit Capital Priorities  
+ \$13 million



- ▶ Returns program to OBAG 1 funding level (\$202 million)

### Climate Initiatives

Climate Initiatives  
+ \$1 million



- ▶ Extends Spare the Air Youth program through FY2021-22 (\$23 million)

# County Programs - Additional Distribution

## County OBAG Programs

Direct \$32 million  
to county programs



- ▶ **Add \$32 million** from FAST revenues
- ▶ **Update call for projects timeline**
- ▶ **HCD compliance deadline now met** by all jurisdictions
- ▶ **Complete Streets requirements deadline** still in future

## County OBAG Program – Formula Distribution

\$, in millions

County	OBAG formula Share *	Nov. 2015 County Distribution	FAST Augmentation Amount *	Proposed County Distribution
Alameda	20.0%	\$70.2	\$6.4	\$76.7
Contra Costa	14.6%	\$51.5	\$4.7	\$56.1
Marin	2.6%	\$10.0	\$0.8	\$10.9
Napa	1.6%	\$7.6	\$0.5	\$8.2
San Francisco	13.4%	\$43.9	\$4.3	\$48.2
San Mateo	8.4%	\$29.8	\$2.7	\$32.5
Santa Clara	27.5%	\$95.3	\$8.8	\$104.1
Solano	5.2%	\$19.5	\$1.7	\$21.2
Sonoma	6.6%	\$25.6	\$2.1	\$27.7
<b>Total:</b>	<b>100%</b>	<b>\$353.5</b>	<b>\$32.0</b>	<b>\$385.5</b>

\* FAST Augmentation distributed by OBAG 2 county formula (Population, RHNA, Housing Production and affordability)

# Regional Transit Priorities – Additional Distribution

## Transit Capital Priorities

Direct **\$13 million** to restore  
funding to OBAG 1 levels



### Funds to support transit needs:

- ▶ Transit Capital Priorities (TCP) /  
State of good repair

-OR-

- ▶ Transit Performance  
Initiative (TPI)

# Climate Initiatives – Additional Distribution

## Proposal Summary

Climate Initiatives  
+ \$1 million



- ▶ Revenue boost funds Spare the Air Youth BikeMobile, Family Biking Workshops, and High School SRTS
- ▶ Extends program through FY2021-22
- ▶ Funds in addition to **\$22 million in adopted OBAG 2 funding** for Climate Initiatives
- ▶ Added funds help **narrow the gap in GHG reduction targets** for 2020 and 2035



## Climate Program – Estimated GHG Reductions

	2020		2035	
	<i>Plan Bay Area</i> per capita GHG reductions (%)	<i>PBA2040</i> per capita GHG reductions (%) <sup>1</sup>	<i>Plan Bay Area</i> per capita GHG reductions (%)	<i>PBA2040</i> per capita GHG reductions (%) <sup>2</sup>
<b>Statutory Target</b>	7	7	15	15
<b>Travel model GHG reduction</b>	5.5	4.0 - 4.8	9.9	2.5 – 8.5
<b>Gap to reach target</b>	1.5	range: 2.2 - 3.0	5.1	range: 6.5 – 12.5

<sup>1</sup> Preliminary estimates; based on preliminary model runs

<sup>2</sup> Preliminary estimates; May 2016, Planning Committee

# Climate Program – Proposed OBAG 2 Investments

**2020 Target Strategy: \$22 million**

\$22 million OBAG2 approved = **2.6% GHG reduction**



## 3. Housing – Related Proposals

### Production Incentive

#### “80k by 2020 Challenge”

Direct **\$30 million** to reward housing production



- ▶ **Six year target** of low and moderate income housing production (2015 through 2020)
- ▶ **80,000 unit target** based on 2014-2022 RHNA
- ▶ Housing units must be in an adopted **Priority Development Area (PDA)** or **Transit Priority Area (TPA)** to be eligible
- ▶ **Grant funds awarded to jurisdictions** that contribute the most toward target (limited to top 10)
- ▶ Grants for eligible **transportation projects**

# Affordable Housing Pilot

## Naturally Occurring Affordable Housing (NOAH)

Direct **\$10 million** towards preservation of affordable housing



- ▶ Complement current TOAH loan by buying apartment buildings to create **long-term affordability** where displacement risk is high & secure long-term affordability
- ▶ **\$10 million** in existing exchange account funds
- ▶ Investment **leveraged at least 5:1**, creating an investment pool of \$50 million
- ▶ Investments made in **PDA**s or **Transit Priority Areas**

# Regional PDA Planning Program

## Regional PDA Planning

Program revisions related to planning for affordable housing and addressing anti-displacement



- ▶ Current program focuses on housing & jobs near transit and includes technical assistance
- ▶ Revision to give additional weight to jurisdictions facing displacement pressure to modify zoning and housing policies
- ▶ Revision to direct \$1.5 million of the adopted PDA program (\$20 million total) to update Community Based Transportation Plans (CBTPs) in communities at-risk of displacement

## Summary of Proposed Revisions

	OBAG 2, adopted Nov. 2015	FAST	Exchange	RM2	TPI (OBAG1)	Proposed Revised OBAG 2 Framework
<b>Regional Programs</b>	<b>\$436</b>	<b>\$10</b>	<b>\$10</b>	<b>\$34</b>	<b>\$10</b>	<b>\$500</b>
Regional Planning	\$10					\$10
Pavement Management	\$9					\$9
PDA Planning	\$20					\$20
Climate Initiatives	\$22	\$1				\$23
PCA Program	\$16					\$16
Regional Operations	\$170					\$170
Transit Priorities	\$189			\$13		\$202
Bay Bridge Forward	-	\$9		\$21	\$10	\$40
Affordable Housing Pilot Invest.	-		\$10			\$10
<b>Local Programs</b>	<b>\$354</b>	<b>\$62</b>				<b>\$416</b>
County OBAG Program	\$354	\$32				\$386
Housing Production Incentive	-	\$30				\$30
<b>Total</b>	<b>\$790</b>	<b>\$72</b>	<b>\$10</b>	<b>\$34</b>	<b>\$10</b>	<b>\$916</b>

**MTC Resolution No. 4202, Revised**

**Committee version revised by July 20<sup>th</sup> Commission proposal  
and not included here.**