
May 12, 2022

Agenda Item 10.a.

Housing Incentive Pool (HIP) Program Progress Report (2018-20)

Subject:

An update on the first three years of progress (2018 to 2020) on the Housing Incentive Pool (HIP) program, which rewards Bay Area jurisdictions that produce or preserve the most affordable housing over a five-year period. Housing progress for the remaining two years, 2021 and 2022, will be reflected in future HIP program reporting as data becomes available.

Background:

In October 2018, the Commission established the criteria for the \$76 million HIP program (MTC Resolution No. 4348), comprised of \$46 million in regionally-controlled Regional Transportation Improvement Program (RTIP) funds and \$30 million in One Bay Area Grant (OBAG 2) program funds. The Commission directed \$5 million of the program total for the Sub-HIP pilot program in the North Bay, which was programmed to various transportation projects in Marin, Napa, Solano, and Sonoma Counties in July 2020. This agenda item focuses on the status of the larger, \$71 million HIP program that remains unprogrammed.

HIP Program Overview

Established as a “race to the top” incentive, the HIP program will award transportation funds on a per-unit basis to the 15 jurisdictions that produce or preserve the greatest number of affordable housing units from 2018 through 2022. To be eligible for funding, jurisdictions must comply with state housing laws for Surplus Lands, Accessory Dwelling Units, Density Bonuses, and Housing Elements.

To qualify for HIP credit, housing units must be affordable, deed-restricted, and located within Priority Development Areas (PDAs) or Transit Priority Areas (TPAs). Credit for preservation will be awarded for multi-family units that are either (a) newly acquired and protected as affordable, or (b) existing government-assisted units, with a high risk of converting to market-rate housing, which are given extended protections. For further detail on HIP criteria, see **Attachment 1**.

HIP Status Report

This update incorporates 2020 production and preservation data into ongoing HIP program standings by jurisdiction. In 2020 alone, Bay Area PDAs and TPAs saw over 1,800 new affordable units added and an additional 350 units preserved. Since the beginning of the five-year program, from 2018 to 2020, jurisdictions have built or preserved more than 5,800 affordable units in PDAs or TPAs. Nearly half (46%) of the qualifying units in that period were located in San Francisco. When including the next four cities – Oakland, San Jose, Fremont, and Daly City – the top 5 jurisdictions account for producing or preserving two-thirds of the total qualifying HIP units. A detailed list of HIP program standings by jurisdiction is included in **Attachment 1**. Please note that the current standings do not imply a funding commitment; HIP

program awards will not be determined until the full five years of housing data have been compiled.

To illustrate the targeted focus of the HIP program, the units built from 2018 to 2020 that qualify for HIP comprise only a fraction (9%) of the total housing built in that time. **Attachment 2** lists the total number of housing units built in each jurisdiction from 2018 to 2020 – including all levels of affordability, deed restriction status, and relationship to PDAs and/or TPAs.

Issues:

- Data for new units is derived from the Housing Element Annual Progress Reports submitted by jurisdictions to HCD. Data for preserved units are provided by California Housing Partnership Corporation (CHPC), who review annual Tax Credit Allocation Committee (TCAC) affordable housing development reports to identify qualifying preserved units. In the 2018-2019 HIP progress report, qualifying preserved units were reflected in the year that loan funds were awarded. With the 2020 update, units for all years are now categorized by the year of loan closure to more closely align with the certificate of occupancy dates for new units. Jurisdictions are encouraged to review the housing data presented in Attachment 1 and Attachment 2 and alert MTC staff to any corrections that are needed in the number or categorization of units. Additional updates and corrections to both new unit and preserved unit data may be provided in future progress reports. HIP unit data will be considered draft until the program awards are finalized after 2022.
- In 2017, the Commission committed the \$46 million in regionally-controlled RTIP funds first as contingency for the Caltrain Peninsula Corridor Electrification Project (PCEP), and, if not needed, to augment the \$30 million from OBAG 2 programmed to the HIP program. Staff are still monitoring the PCEP project, but based on current information from the project sponsor, do not believe that the partners, including MTC, will be asked to contribute additional funding to complete the project. If that changes, this may reduce or eliminate the RTIP funds available for the HIP program.

Recommended Action:

Information

Attachments:

1. HIP Program Status Report (2018-20)
2. All New Housing Units (2018-20)

Reviewed:



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