

**Metropolitan Transportation Commission
Programming and Allocations Committee**

March 13, 2024

Agenda Item 2d - 24-0264

MTC Resolution No. 4202, Revised

Subject:

Revisions to the One Bay Area Grant Program (OBAG 2) to finalize Housing Incentive Pool (HIP) award amounts.

Background:

In October 2018, the Commission established the Housing Incentive Pool (HIP) program as part of a concerted effort to use flexible transportation funds to incentivize local jurisdictions to accelerate the production and preservation of affordable housing. This pilot program awards \$71 million in one-time federal transportation funds to the top 15 jurisdictions that produced or preserved the greatest number of qualifying affordable housing units during a five-year period, from 2018 through 2022. To qualify for the HIP program, housing units must meet additional geographic and affordability criteria detailed in **Attachment 1**.

In December 2023, the Commission adopted project selection and programming policies for the HIP program (MTC Resolution No. 4348, Revised) and approved preliminary HIP award amounts from the One Bay Area Grant Program (OBAG 2; MTC Resolution No. 4202, Revised). At that time, the Commission directed staff to offer County Transportation Agencies (CTAs) and jurisdictions a final opportunity to review the preliminary housing data used to determine HIP awards, with input due by the end of January 2024.

Final HIP Awards

MTC staff received responses and HIP data corrections from, or on behalf of, 25 jurisdictions by the January 31, 2024 deadline. Of these responses, five provided corrections that impacted the total number of HIP-qualifying units, including Berkeley, Colma, Emeryville, Oakland, and San Leandro. These corrections have been verified by MTC staff and incorporated into the proposed final HIP rankings and awards (**Attachment 1**).

The most significant change resulting from these corrections is the addition of San Leandro in the list of top 15 jurisdictions by total eligible HIP units, qualifying San Leandro for a HIP grant award. San Leandro did not report eligible units in previous HIP updates because City staff had not been reporting certificates of occupancy in their Annual Progress Reports (APRs) to the California Department of Housing and Community Development (HCD). With the inclusion of

San Leandro in the top 15 jurisdictions, Pleasanton now falls below the cutoff line and no longer qualifies for a HIP award.

Project Selection

Consistent with the HIP project selection procedures adopted in December, staff will open a call for projects for the HIP program immediately following the Commission's approval of the final HIP award amounts this month. Awardee jurisdictions may submit transportation project ideas to MTC for final selection and programming, using a template letter of interest provided by MTC staff. Letters of interest are due by December 31, 2024, and staff will make HIP programming recommendations to the Commission on a rolling basis, as project ideas are received and evaluated.

Issues:

To be eligible for HIP funding, jurisdictions must comply with state housing laws related to Surplus Lands, Accessory Dwelling Units, Density Bonuses, and Housing Elements.

Jurisdictions must meet all eligibility requirements at the time of HIP project selection, and any jurisdictions that remain ineligible after December 31, 2024 will have any unprogrammed HIP awards rescinded and redistributed to compliant jurisdictions.

As of writing, the following HIP awardees currently do not have state-approved Housing Elements: Daly City, San Mateo, Santa Clara, and Sunnyvale. These jurisdictions must have their Housing Elements approved by the California Department of Housing and Community Development (HCD) prior to MTC programming HIP funds to specific projects.

Recommendations:

Refer MTC Resolution No. 4202, Revised to the Commission for approval.

Attachments:

- Attachment 1: HIP Qualifying Units and Awards by Jurisdiction
- MTC Resolution No. 4202, Revised Attachment B-1



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