



**METROPOLITAN
TRANSPORTATION
COMMISSION**

Joseph P. Bort MetroCenter
101 Eighth Street
Oakland, CA 94607-4700
TEL 510.817.5700
TDD/TTY 510.817.5769
FAX 510.817.5848
E-MAIL info@mtc.ca.gov
WEB www.mtc.ca.gov

Agenda Item 3

Memorandum

TO: Bay Area Partnership Board

DATE: January 25, 2016

FR: Anne Richman, Director, Programming and Allocations

RE: One Bay Area Grant Program 2 (OBAG 2) Update

On November 18, 2015 the Commission adopted MTC Resolution No. 4202, the project selection criteria and programming policy for the second round of the One Bay Area Grant Program (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>. An overview of recent developments related to the program is provided below.

1. Increased Revenue Estimates

On December 4, 2015, after the November adoption of OBAG 2, a new five-year surface transportation authorization was signed into law. Fixing America's Surface Transportation Act (FAST) establishes federal policies and funding levels for Fiscal Years 2015-16 through 2019-20. Overall, FAST maintains the core highway and transit funding programs and policies established by its predecessor, Moving Ahead for Progress in the 21st Century (MAP-21). However, the act does increase funding levels for several programs, including the two that support the OBAG 2. Preliminary estimates indicate that the Bay Area's share of these funds – the Surface Transportation Program (renamed the Surface Transportation Block Grant Program, or STBGP, under FAST) and the Congestion Mitigation and Air Quality Improvement Program (CMAQ) – will increase by approximately \$72 million through the end of OBAG 2 (see Table 1).

Table 1. OBAG 2 Revenue Estimates

\$ in millions

	FY2015-16 through FY2016-17	FY2017-18 through FY2021-22*
Original Estimates (MAP-21)	\$300	\$790
Revised Estimates (FAST)*	\$307	\$855
Difference	\$7	\$65
Total Increased Revenues	\$72	

*Assumes a 2 year extension of FAST for FY2020-21 and FY2021-22, with 2% annual escalation over FY2019-20 funding levels.

Preliminary Options

Staff is currently developing options for the use of these additional revenues to present to the Commission for consideration. In developing a set of proposals for the Commission to consider, staff is relying on the principles adopted in the OBAG 2 framework, while also balancing other regional objectives such as affordable housing and combatting climate change. Initial concepts being considered include:

- Distributing the additional revenues according to the adopted OBAG 2 framework, with 45% being directed to the county programs (\$32 million) and the remaining 55% directed to various regional programs (\$40 million).
- For the additional revenues to the regional programs, consider restoring funding for existing programs to OBAG 1 levels, augmenting certain programs related to housing affordability and climate change needs, or a combination of these options.

Staff welcomes feedback on these preliminary concepts.

As context, the program amounts for OBAG 1 and OBAG 2 are summarized in Table 2, below.

Table 2. OBAG 1 and 2 Program Amounts

\$ in millions

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

2. Potential Anti-Displacement and Affordable Housing Approaches

Prior to adopting the OBAG 2 program, the Commission asked staff to develop potential anti-displacement and affordable housing policies for consideration. 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. Staff has been exploring a variety of approaches to present to the Commission for consideration. The range of approaches includes an incentives approach to reward jurisdictions that address the issues of affordable housing and displacement, a regulatory approach in which jurisdictions must adopt housing policies or develop plans to address housing stability and affordability, and an investment approach to directly invest in the production and preservation of affordable housing.

MTC and the Association of Bay Area Governments (ABAG) will also convene a regional forum with local jurisdictions, residents, business organizations, and other stakeholders to further consider the role of regional agencies in addressing displacement and affordable housing. Although the forum will not focus specifically on OBAG, the discussion will inform staff's recommendation for any potential policies to incorporate into OBAG 2. ***The forum will be held on February 20, 2016 at 9:00 a.m. to 1:30 p.m. (tentative) at Oakland Marriott City Center.*** A flyer for the forum will be available at the meeting. We encourage your attendance at this event.

3. Proposed Timeline

2016
January - February
Outreach <ul style="list-style-type: none"> Information and discussion - FAST revenues, anti-displacement/affordable housing <ul style="list-style-type: none"> Bay Area Partnership Board, advisory and working groups <i>Programming and Allocations Committee (PAC)</i> February 20: MTC/ABAG Workshop on Affordable Housing and Displacement Develop proposal based on discussions
March
Develop Draft Proposal/Options <ul style="list-style-type: none"> Further discussion of FAST revenues, anti-displacement/affordable housing <ul style="list-style-type: none"> Bay Area Partnership advisory and working groups Regional Advisory Working Group (RAWG) Refine proposal based on feedback
April
Present Draft Proposal/Options <ul style="list-style-type: none"> Present draft proposal/options for OBAG 2 program revision for deliberation <ul style="list-style-type: none"> <i>PAC, Commission</i> Policy Advisory Council Partnership advisory and working groups
May
Adopt OBAG 2 Revisions <ul style="list-style-type: none"> Finalize proposed OBAG 2 program revisions <ul style="list-style-type: none"> Policy Advisory Council Partnership advisory and working groups Present OBAG 2 program revisions for adoption <ul style="list-style-type: none"> <i>PAC, Commission</i>

Given that the additional FAST revenues and policy discussions related to anti-displacement and affordable housing will affect the county call for projects, staff proposes to delay the schedule for project submittal. A draft revised schedule will be available at the meeting.