



METROPOLITAN
TRANSPORTATION
COMMISSION

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TO: Regional Advisory Working Group

DATE: June 1, 2016

FR: Mallory Atkinson, MTC

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

Staff has been developing potential approaches for the Commission's consideration for revisions to the second cycle of the One Bay Area Grant program (OBAG 2). These revisions are related to the increased revenue estimates and a potential approach for affordable housing and anti-displacement. This memo provides an overview of staff's recommended approach for both of these items.

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 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 address critical challenges facing the Bay Area, including housing affordability and congestion/transit crowding on key transportation corridors.

Additional funds are also available for distribution from MTC's existing exchange account. 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. MTC is proposing to use \$10 million from this exchange account to create a pilot program under OBAG 2. Additional details on the pilot program are provided below in the recommended approach.

Housing Considerations

In adopting the OBAG 2 project selection and programming policies (MTC Resolution No. 4202) in November 2015, the Commission directed staff to develop a recommendation for potential affordable housing and anti-displacement policies. Since that time, staff has been working with the Partnership working groups and other stakeholders to develop a recommended approach.

Discussions have centered around three implementation concepts: an incentive approach that would provide a bonus for local jurisdictions that produce housing to help address the region's housing crisis, a direct investment in affordable housing preservation, or a regulatory approach conditioning the receipt of OBAG 2 funds on the adoption of local housing policies.

Recommended Approach

Considering feedback received to date from the Commission, Bay Area Partnership Board, working groups, and stakeholder comments, staff has developed the following recommendation for distributing the additional FAST revenues and exchange account funds, and an approach for affordable housing and anti-displacement for the OBAG 2 program.

1. Additional FAST Revenues

Regional Program: Bay Bridge Corridor Capacity Project

Consistent with the adopted OBAG 2 framework, staff recommends directing 55% of the increased FAST revenues (\$40 million) to near-term regional transportation priorities. For this unexpected revenue, however, staff recommends focusing specifically on congestion relief and transit crowding on the Bay Bridge Corridor.

The San Francisco-Oakland Bay Bridge Corridor is the single most congested corridor in the region by a considerable margin. In 2015, the eastbound approach was again the most congested corridor in the Bay Area and the westbound approach was the second most congested. In total, this bridge corridor endures nearly 27,000 vehicle-hours of daily delay and carries 270,000 vehicles across the bay. The daily corridor delays for other east-west bay crossings are significantly lower by comparison. Transbay peak transit services are also at capacity with San Francisco Bay Area Rapid Transit District (BART), buses and ferries all experiencing crush loads.

Given that vehicle demand exceeds capacity on the Bay Bridge, we must move more people in fewer vehicles to make more efficient use of the bridge's core capacity. Currently, assuming vehicles have an average of four seats, 48 percent of those seats are empty – this is unused capacity. But if we fill 16,000 empty seats per hour, this would be the equivalent of 70 percent of the BART tube capacity. 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. The proposed near-term strategies that can be implemented over the next few years are as follows:

- **Operational Strategies:** a) To provide direct bus/ high-occupancy vehicle (HOV) access to the toll plaza, convert the shoulder to a Bus/HOV lane on the West Grand Ave. on-ramp; b) to facilitate carpooling and bus access in the eastbound direction, institute tolling and violation detection on Sterling Street on-ramp; c) to make carpooling more accessible and convenient, establish more formal casual carpool pick-up/drop-off points in San Francisco and along the I-80 corridor through Alameda, Contra Costa and Solano counties; and d) deploy integrated corridor mobility technologies that connect the bridge metering lights with other technology deployments along I-80, I-580 and I-880 corridors that feed into the toll plaza.
- **Transit Core Strategies:** a) To meet unmet demand, increase ferry and express bus frequencies and services levels in high demand, congested corridors; b) to improve express bus travel time reliability and speeds, deploy arterial technologies and transit signal priority on major arterials; and c) to facilitate greater ridesharing, provide more commuter parking facilities.
- **Shared Mobility Strategies:** a) to take advantage of new and growing shared mobility services, at no cost, identify ways to encourage and direct these services to operate within the bridge corridor and b) to boost vanpooling, provide easy ways for vanpool formation.

The \$40 million in OBAG 2 funds would leverage current congestion relief efforts and shore up transit funding for near-term capacity expansion projects within the Bay Bridge Corridor.

Housing Production Incentive: "80K by 2020 Challenge"

Staff recommends directing the remaining 45% of the additional FAST revenues (\$32 million) to local jurisdictions that produce low and moderate income housing. Staff proposes to distribute the funds through a challenge grant program for the 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).

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.

Staff also recommends limiting the program to jurisdictions with adopted Priority Development Areas (PDAs), although affordable housing production could occur anywhere within the jurisdiction. The funds provided would be STP/CMAQ, and would need to be used only for federally eligible transportation purposes.

2. Housing Investment

Affordable Housing Pilot: Naturally Occurring Affordable Housing (NOAH)

In addition to the \$72 million in FAST revenues, staff recommends directing \$10 million in existing exchange account funds to develop a revolving loan for the preservation of existing affordable housing. The NOAH fund will complement current Transit-Oriented Affordable Housing 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 conditions of approval 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.

3. Base OBAG 2 Program Proposed Revisions

Regional Priority Development Area (PDA) Planning: Program Revisions

As adopted, the Regional PDA Planning program provides technical assistance and planning support to local jurisdictions through a grant program in order to achieve the land uses set forth in Plan Bay Area. Staff encourages jurisdictions facing the pressures of displacement and affordable housing impacts to apply for the use of these funds to tackle these issues; applications from jurisdictions facing these pressure will be awarded extra points during application scoring. In addition, staff recommends including a revision to the program to direct \$1.5 million from the Regional PDA planning funds to update Community Based Transportation Plans (CBTPs) in communities at risk of displacement.

Additional Considerations

At the request of stakeholders and interested parties, staff also 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. As a result, any impact from this requirement would be minimal in terms of addressing the issue at a region-wide level. 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.

Recommended Approach - Summary

Program	Amount	Fund Source	Additional Information
Bay Bridge Corridor Capacity Transportation Investment	\$40 million	FAST Revenues	Regional Priority Corridor: <ul style="list-style-type: none"> • Bay Bridge Corridor Capacity Project
Local Housing Production Incentive	\$32 million	FAST Revenues	80K by 2020 Challenge: <ul style="list-style-type: none"> • Top producers (up to 10) • 2015-2020 (6 years) • 82,000 regional target • Funds must be used for STP/CMAQ eligible transportation purposes
Affordable Housing Pilot Investment	\$10 million	Exchange Account	Naturally-Occurring Affordable Housing (NOAH): <ul style="list-style-type: none"> • Pilot revolving fund for preservation of affordable housing
Regional PDA Planning	\$20 million	Adopted OBAG 2	Revisions to adopted program: <ul style="list-style-type: none"> • Technical assistance and planning support related to affordable housing/anti-displacement • Direct portion of program to Community Based Transportation Plans (CBTP) updates

Timeline

Given that the additional FAST revenues and policy discussions related to anti-displacement strategies and affordable housing will affect the county call for projects, staff proposes to delay the schedule for project submittal. A revised county program schedule will be presented to the Commission this spring as part of the proposed OBAG 2 revisions.

2016
March - June
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">○ Commission Workshop - April○ Bay Area Partnership, advisory and working groups○ Policy Advisory Council• Develop and refine OBAG 2 proposal based on feedback
July
Adopt OBAG 2 Revisions & Regional Housing Approach <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">○ Programming and Allocations Committee, Commission

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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
(tentative)

- Increased revenues
- Housing considerations
- Revised timeline for County CMA process

OBAG 2

Overview

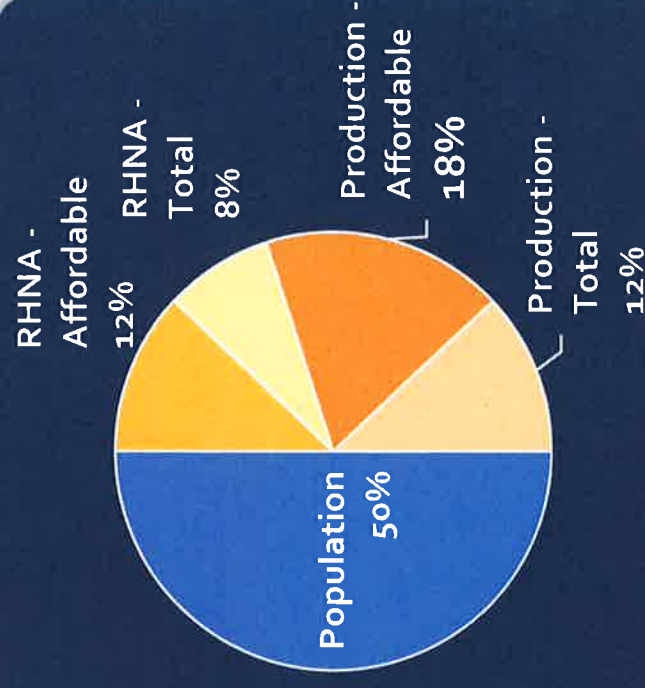
Program Funding

	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
Regional Subtotal	\$454	\$436
County CMA Subtotal	\$372	\$354
Total OBAG Program	\$827	\$790

* As adopted on November 18, 2015.

Millions \$, rounded

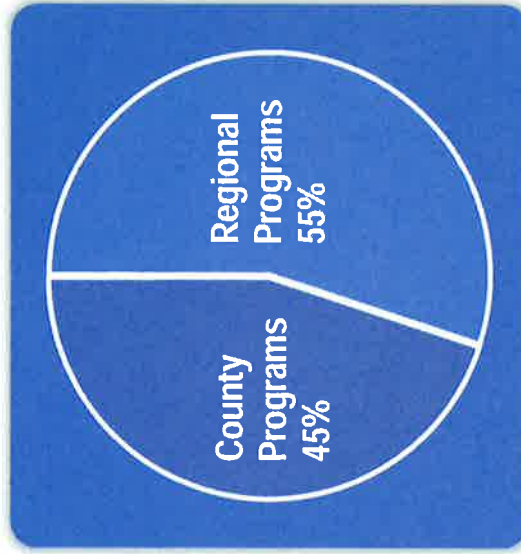
County Distribution



Staff Recommendation:

1. FAST Revenues — \$72 million

OBAG 2 Framework



Regional Program Bay Bridge Forward

Direct \$40 million to
address capacity
constraints



Housing Production Incentive "80K by 2020 Challenge"

Direct \$32 million to
reward housing



Staff Recommendation:

1. FAST Revenues — \$72 million (continued)

Regional Program

Bay Bridge Forward

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



Photo: Noah Berger

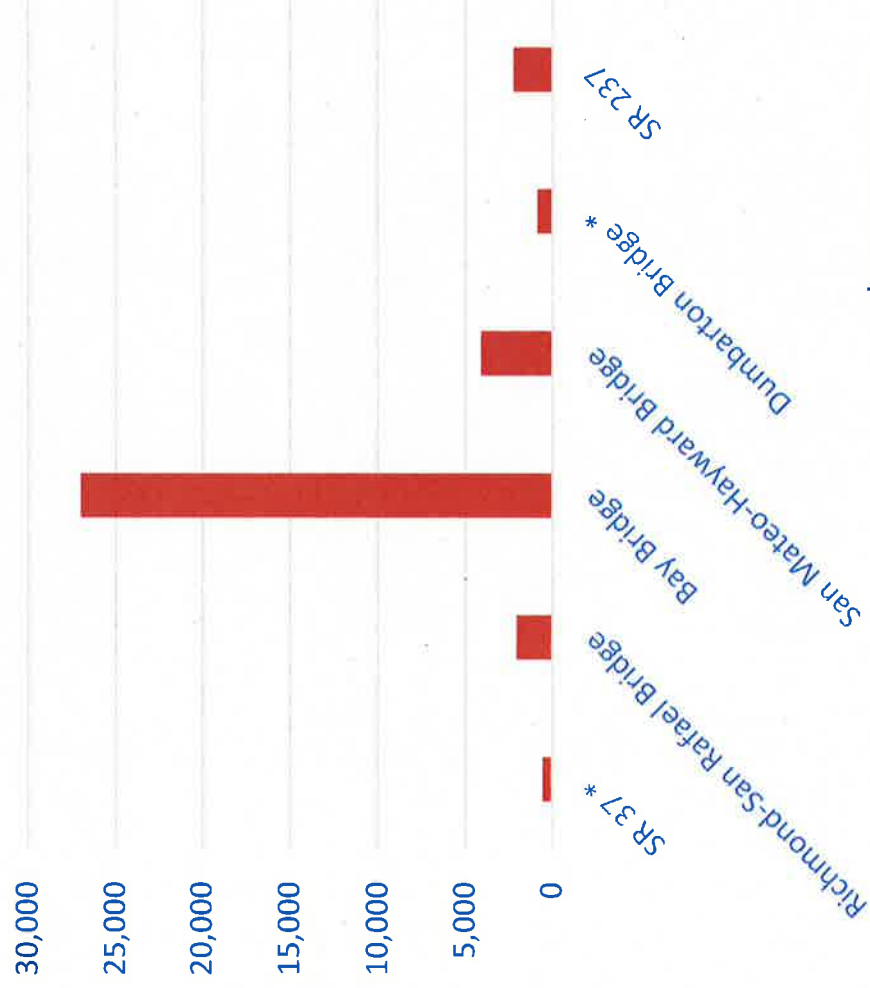
- ▶ Bridge is at maximum vehicle capacity in peak hours, but increasing vehicle occupancy can address growing demand
- ▶ Goal to increase *person* throughput [move more people in fewer cars]
 - HOV improvements
 - Transit core improvements
 - Shared mobility services
- ▶ Tie-in with Managed Lanes Implementation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

Bay Bridge Corridor:

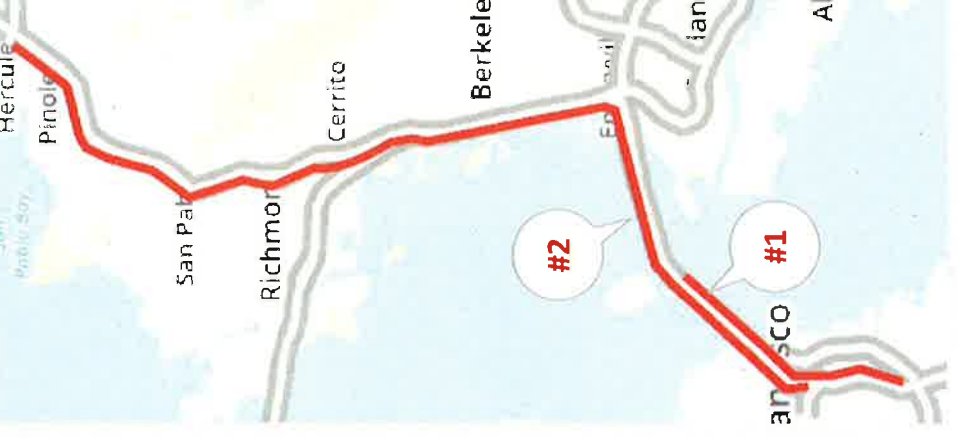
Most Congested East-West Bay Crossing

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

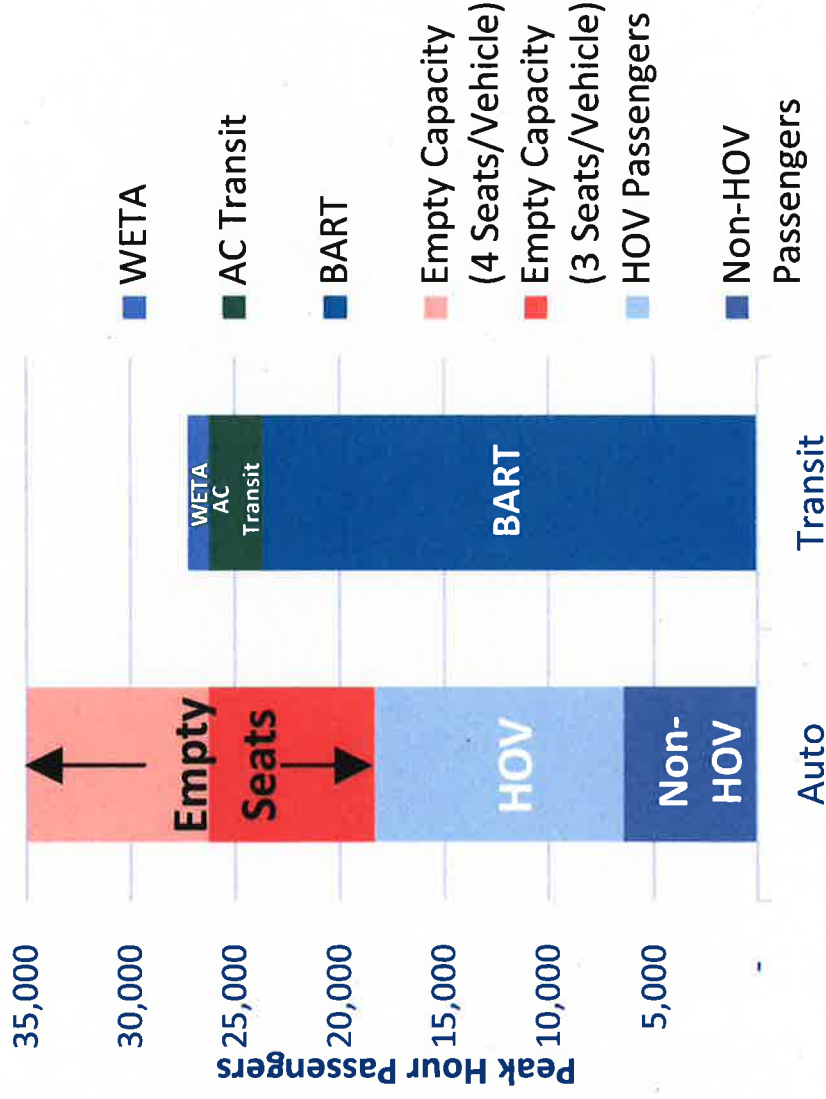
Opportunity: Utilize Empty Seats

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

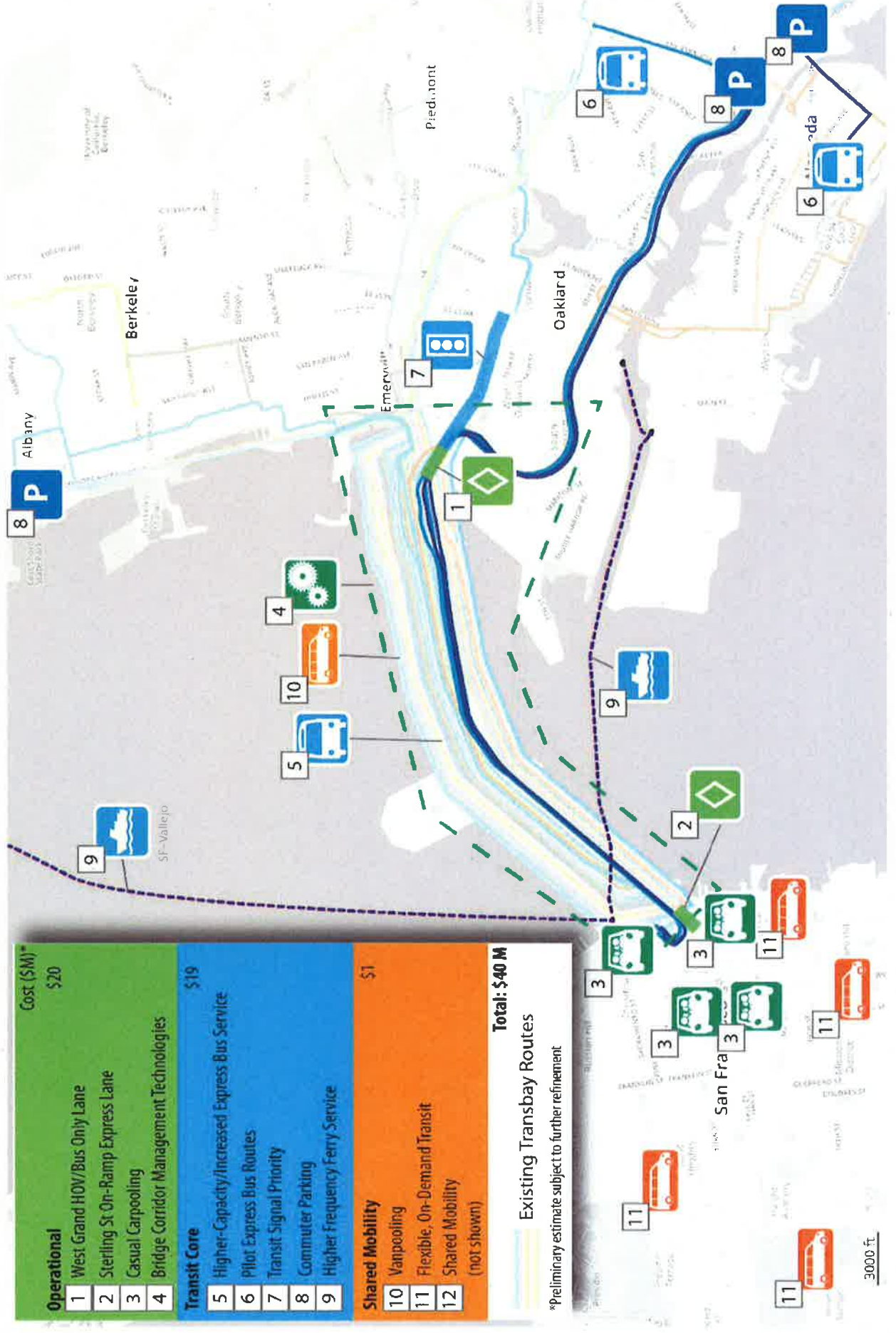
16,000+ empty seats/hour = 70% of BART Tube Capacity

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

Operational		Cost (\$M)*
1	West Grand HOV/Bus Only Lane	\$20
2	Sterling St On-Ramp Express Lane	
3	Casual Carpooling	
4	Bridge Corridor Management Technologies	
Transit Core		\$19
5	Higher-Capacity/Increased Express Bus Service	
6	Pilot Express Bus Routes	
7	Transit Signal Priority	
8	Commuter Parking	
9	Higher Frequency Ferry Service	
Shared Mobility		\$1
10	Vanpooling	
11	Flexible, On-Demand Transit	
12	Shared Mobility (not shown)	
Total: \$40 M		

Existing Transbay Routes

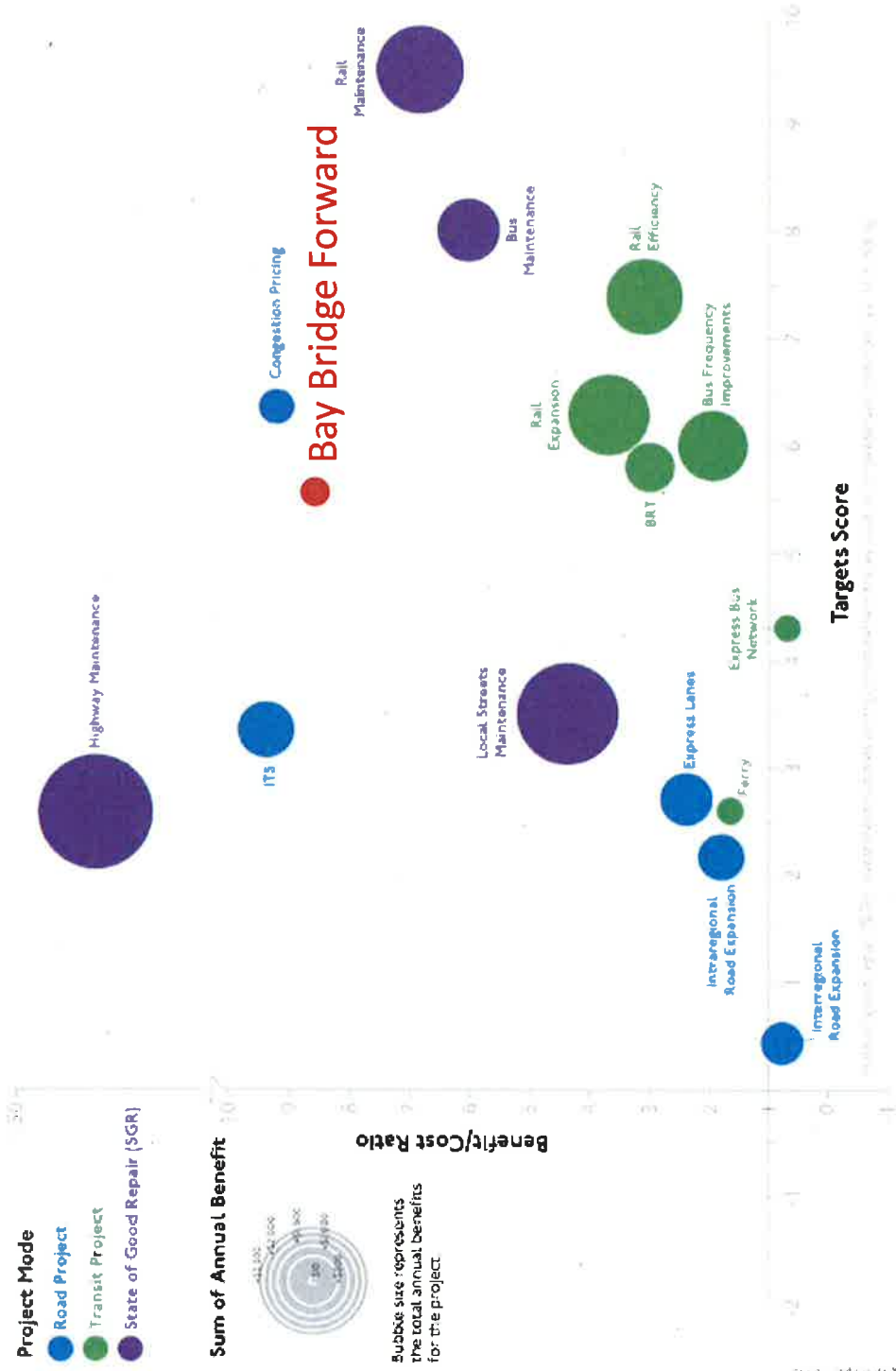
*Preliminary estimate subject to further refinement



Bay Bridge Forward: A High Performing Project

Plan Bay Area 2040

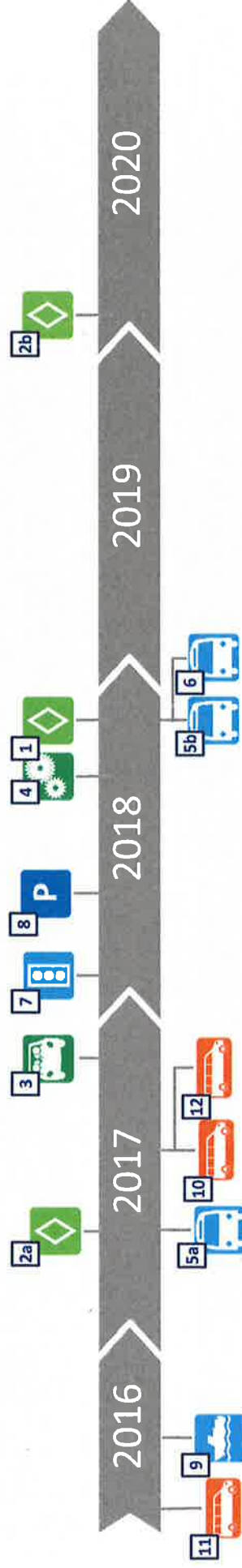
Project Performance Assessment:
Overall Results by Project Type



Note: benefit-cost ratio is estimated from similar project types evaluated in Plan Bay Area 2040

Bay Bridge Forward:

Detail & Timeline



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

Staff Recommendation:

1. FAST Revenues — \$72 million (continued)

Housing Production Incentive

“80K by 2020 Challenge”

Direct **\$32 million** to reward housing production



Photo: Bridge Housing, Armstrong Place

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

Staff Recommendation:

2. Housing Investment

Affordable Housing Pilot

Naturally Occurring Affordable Housing (NOAH)

Direct **\$10 million** for revolving loan for the preservation of existing affordable housing



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

Staff Recommendation:

3. Base OBAG 2 Program Revisions

Regional PDA Planning

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



- ▶ Current program includes technical assistance and planning support
- ▶ Revision to give additional weight to jurisdictions facing pressures of displacement and affordable housing
- ▶ 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

Staff Recommendation:

Summary of Proposed Updates

Recommended OBAG 2 Revisions

Millions \$, rounded

Program/Project	Amount	Fund Source	Additional Information
Bay Bridge Corridor Capacity Project	\$40	FAST	<ul style="list-style-type: none"> • Bay Bridge Corridor Capacity Project
Housing Production Incentive	\$32	FAST	<ul style="list-style-type: none"> • 80K by 2020 Challenge • Top producers (up to 10) • 2015-2020 (6 years)
Affordable Housing Pilot Investment	\$10	Exchange Acct.	<ul style="list-style-type: none"> • Naturally-Occurring Affordable Housing (NOAH) • Pilot revolving fund for preservation of affordable housing
Regional PDA Planning	\$20	OBAG 2, as adopted	<ul style="list-style-type: none"> • Technical assistance and planning support related to affordable housing/anti-displacement • Direct portion of program to CBTP updates