



METROPOLITAN  
TRANSPORTATION  
COMMISSION

Agenda Item 5  
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## Memorandum

TO: Regional Advisory Working Group

DATE: August 30, 2016

FR: Mallory Atkinson, MTC

RE: One Bay Area Grant Program (OBAG 2) Project Selection and Programming Policy Revisions and Program Implementation

On July 27, 2016, the MTC Commission approved revisions to MTC Resolution No. 4202, the project selection criteria and programming policy for the second round of OBAG 2. These revisions include the distribution of additional revenues and housing-related program elements. MTC's website for the OBAG 2 program has been updated to reflect the adoption of these revisions: <http://mtc.ca.gov/our-work/fund-invest/federal-funding/obag-2>.

### Summary of OBAG 2 Framework Revisions

#### 1. Increased Revenues

The Commission distributed \$126 million in additional revenues to several regional and local programs, projects, and pilot efforts in conjunction with the OBAG 2 framework. The chart below summarizes the distribution of the increased revenues. More information about the sources of these additional funds and the new programs and initiatives supported by the revenue boost, can be found in the July 2016 MTC Commission materials: <http://mtc.legistar.com/gateway.aspx?m=l&id=/matter.aspx?key=15848>

OBAG 2 Fund Distribution	OBAG 2 (Nov. 2015)	OBAG 2 Framework, Revised (July 2016)	
	Total (in millions)	Add'l Revenues (in millions)	Total (in millions)
<b>Regional Programs (55%)</b>	<b>\$436</b>	<b>\$64</b>	<b>\$500</b>
Regional Planning	\$10		\$10
Pavement Management Program	\$9		\$9
Priority Development Area (PDA) Planning <sup>1</sup>	\$20		\$20
Climate Initiatives <sup>2</sup>	\$22	\$1	\$23
Priority Conservation Area (PCA) Program	\$16		\$16
Regional Operations <sup>3</sup>	\$170		\$170
Transit Priorities	\$189	\$13	\$202
Bay Bridge Forward	-	\$40	\$40
Naturally Occurring Affordable Housing (NOAH) Pilot	-	\$10	\$10
<b>Local Programs (45%)</b>	<b>\$354</b>	<b>\$62</b>	<b>\$416</b>
County Congestion Management Agency's (CMAs)	\$354	\$32	\$386
Housing Production Incentive	-	\$30	\$30
<b>Total</b>	<b>\$790</b>	<b>\$126</b>	<b>\$916</b>

<sup>1</sup> Revised PDA Planning & Implementation to prioritize funds in areas facing the greatest risk of displacement and direct \$1.5 million to update CBTPs. <sup>2</sup> Add'l \$1 million for Spare the Air Youth. <sup>3</sup> Add'l funding for Bay Bridge Forward, listed separately.

## 2. **Housing Revisions**

The Commission adopted several revisions to the OBAG 2 project selection criteria and programming policy related to affordable housing and displacement, summarized below. Additional detail on the housing-related revisions can be found in MTC Resolution 4202, Revised, Attachment A.

### **Regional Program**

- ❖ **Regional PDA Planning Program:** The planning and technical support grant program is revised to give priority to jurisdictions facing pressures of housing displacement and affordability to tackle these issues. In addition, \$1.5 million from the program is directed to update Community Based Transportation Plans (CBTPs) in communities at risk of displacement.
- ❖ **Housing Production Incentive:** \$30 million in additional revenues is directed to a new housing production incentive program. The “80K by 2020” challenge grant program will reward local jurisdictions that contribute the most toward reaching a regional target of 80,000 housing units that are affordable at the very low-, low-, and moderate-income level by 2020. Grants would be awarded to no more than 10 jurisdictions, and would need to be used for eligible transportation purposes.

In addition to a requirement that the units be located in PDAs or Transit Priority Areas (TPAs), the Commission approved an additional provision that units affordable at the very low- and low-income level must be deed-restricted in order for the jurisdiction to receive credit towards the challenge grant program. Deed-restriction is not required for units that are affordable at the moderate-income level to count toward the program.

- ❖ **NOAH Pilot:** \$10 million in existing exchange funding is set-aside to establish a revolving loan fund for the preservation of existing affordable housing. Additional information on the pilot program will be available in the coming months.

### **County Program**

- ❖ **Surplus Land Act:** The Commission added a requirement to the OBAG 2 county program that all general law cities and counties must adopt a resolution entailing their compliance with the State Surplus Land Act (as revised with AB 2135 – 2014) as a condition of funding. The Act 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, transit agencies, and any districts empowered to acquire real estate.

The resolution requirement shall not apply to charter cities unless and until a final court decision is rendered that charter cities are subject to the provisions of the Act. For transit agencies and other special districts that may receive OBAG 2 funds, the Commission will rely on the results of MTC’s current Public Lands for Affordable Housing study (scheduled for completion in Spring 2017) to inform how and when to verify compliance with the Act.

- ❖ **Project Selection Methodology:** The Commission adopted revisions to the project selection requirements for the county program that require CMAs to adopt a specific scoring methodology for selecting projects within PDAs or TPAs that rewards jurisdictions with the most effective housing anti-displacement policies. Additionally, the Commission directed that MTC and the CMAs will conduct an analysis of the impact of this incentive-based scoring methodology on project selection and local anti-displacement and affordable housing production policy development. The findings will be used to inform future planning and funding priorities.
- ❖ **PDA Investment and Growth Strategy:** The Commission adopted a revision to the PDA Investment and Growth Strategy clarifying that MTC staff will provide a technical memo to CMAs by October 1 to guide the development and implementation of this task. The memo will include data to identify jurisdictions' challenges and listing of the Bay Area's best housing policies that are intended to address a range of housing challenges.

### **Program Implementation**

With the revisions approved at the July meeting, the Commission also delayed the deadlines for the county program. The CMA must submit their Board adopted list of project recommendations to MTC by July 31, 2017. These projects must also be submitted into MTC's Fund Management System (FMS) along with a resolution of Local Support no later than August 31, 2017. Please note that MTC will not take action to program any project for the county program until a checklist (Appendix A-10) and supporting documentation demonstrating CMA compliance with MTC Resolution No. 4202, Revised has been submitted to MTC.

MTC staff will provide additional information about the implementation of the various regional programs as they are developed. Additional information about the OBAG 2 implementation timeline is provided as Attachment A.

### **Attachment:**

- Attachment A: OBAG 2 Program Implementation | Draft Timeline

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## OBAG 2 Program Implementation | Draft Timeline

<b>2016</b>		
<b>August</b>	Regional & County	MTC Resolution No. 4202, Revised posted on the OBAG 2 website, along with a summary of the adopted program revisions.
<b>September</b>	Regional & County	Overview of the OBAG 2 program revisions and next steps to the September meetings of the Partnership working groups, CMA Planning Directors, Policy Advisory Council, and Regional Area Working Group. Staff is also available to meet individually with CMAs, upon request.
<b>October 1</b>	County	Deadline for MTC to distribute technical memo to guide CMAs in updating their PDA Investment and Growth Strategies.
<b>Fall</b>	Regional	Program development; additional information provided as it becomes available.
<b>2017</b>		
<b>May 1</b>	County	Update to PDA Investment & Growth Strategy to be adopted by CMA Board.
<b>July 31</b>	County	Deadline for CMA to submit list of projects recommended for funding to MTC.
<b>August 31</b>	County	Deadline for projects to be submitted into FMS along with Resolution of Local Support.
<b>Fall</b>	County	MTC adoption of county programs & 2017 TIP amendment.
<b>TBD</b>	Regional	MTC adoption of regional programs & 2017 TIP amendment (timing dependent upon development of each program).
<b>October 1</b>	Regional & County	First year of OBAG 2 funding availability for ongoing efforts such as planning, non-infrastructure and preliminary engineering for capital projects (FY2017-18).
<b>2018</b>		
<b>October 1</b>	Regional & County	First year of OBAG 2 funding availability for capital projects (FY2018-19).
<b>2021</b>		
<b>October 1</b>	Regional	Local housing production incentive challenge grant, "80,000 by 2020," winners announced; projects submitted by grantees.