

# Metropolitan Transportation Commission Programming and Allocations Committee


July 10, 2019

Agenda Item 4a

## Transportation Funding and Housing Linkages

---

- Subject:** This item will recap the November 2018 Commission Workshop discussion related to linking transportation funding to housing performance and will provide further information on near term opportunities to improve regional housing performance with funding programs and policies.
- Background:** In November 2018, a Commission workshop was convened in part, to discuss the possibility of strengthening the linkages between transportation funding and housing, as a means of improving housing performance in the region.
- Although Commissioner feedback was mixed on the topic of conditioning transportation funds on housing performance, there was general support for providing planning and financial support to encourage local jurisdictions to develop housing. Commissioners were also supportive of updating MTC's Transportation Oriented Development policy and evaluating the effectiveness of the existing OBAG program.
- Near term options to continue the discussion related to transportation funding and housing linkages include the development of the 2020 RTIP Guidelines beginning in September, and development of OBAG 3 in mid-2020.
- In addition, since last November, housing has been a key topic in Sacramento and state budget and legislative initiatives may provide additional funding and policy development opportunities including a substantial grant program for housing planning and infrastructure, and the potential establishment of a regional agency with authority to place revenue measures on the ballot.
- Issues:** None
- Recommendation:** Information only
- Attachments:** Presentation: Transportation Funding and Housing

  
Alix Bockelman

---

# Transportation Funding & Housing:

November, 2018 Commission Workshop Follow-Up

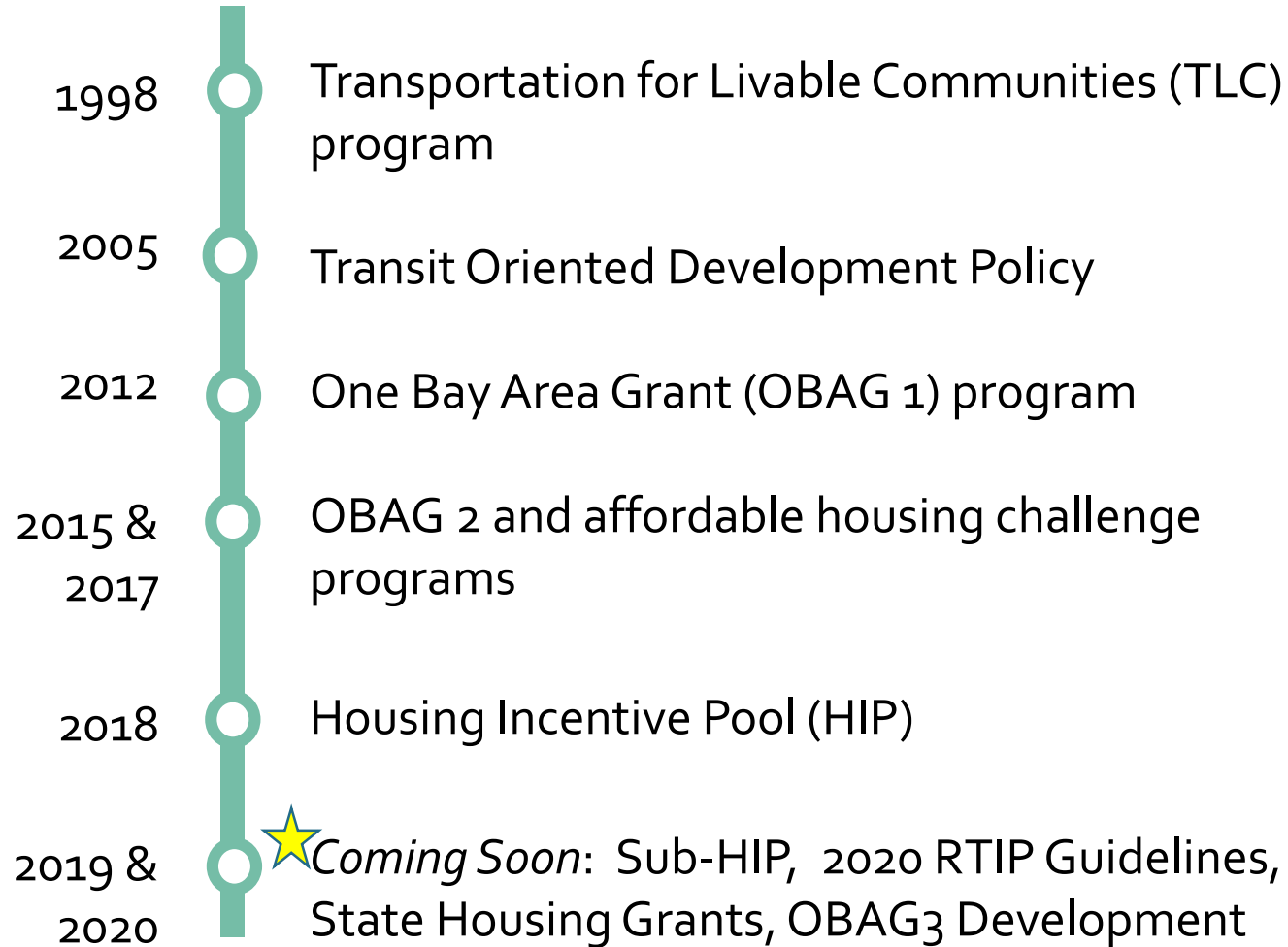
Programming & Allocations  
Committee

July 10, 2019





# MTC Actions to Advance Regional Housing Goals



# November 2018 Commission Workshop Recap

- ❖ Staff presented approaches to:
  - ❖ Condition transportation funding on housing performance
  - ❖ Support public agencies in housing development
  - ❖ Existing and new policy development to encourage housing

## Conditioning Approaches for Consideration

|   |   |                       |
|---|---|-----------------------|
| 1 | Change <b>OBAG3</b> County-Share Formula to be Based Entirely on Housing Production | \$77<br>million/year  |
| 2 | Expand OBAG-Style <b>Conditioning to Other Fund Sources</b> with MTC Discretion     | \$105<br>million/year |
| 3 | Support <b>Public Agencies</b> Developing Housing                                   | TBD                   |
| 4 | Update MTC's <b>TOD Policy</b>  | TBD                   |
| 5 | Develop Policy Framework for " <b>Missing Middle</b> "                              | TBD                   |

# Transportation / Housing Funding Linkage

Comprehensive Approach (as presented in November 2018)

Focus on funds that:

1. Are large enough to matter;
2. MTC has discretion over; and/or
3. Are directed to municipal jurisdictions

*\* Gas Tax conditioning would require change in state law*

Transportation Funding Sources – Matrix of Potential Linkages to Housing

| 1. Large Enough to Matter | 2. MTC Discretion | 3. Municipal Recipient | Fund Source                              | Annual Revenue | Major Funding Purpose |
|---------------------------|-------------------|------------------------|--|----------------|-----------------------|
| ✓                         | ✓                 | ✓                      | STP/CMAQ – County Program                | \$77           | Multiple              |
| ✓                         |                   | ✓                      | Gas Tax Subventions*                     | \$500          | Local Roads           |
| ✓                         | ✓                 |                        | STP/CMAQ – Regional Program              | \$95           | Multiple              |
| ✓                         | ✓                 |                        | STA/SGR/LCTOP – Pop. Based               | \$74           | Transit Ops/Cap       |
| ✓                         | ✓                 |                        | STIP                                     | \$50 - \$80    | Hwy Capital           |
| ✓                         | ✓                 | ✓                      | ATP, SR <sub>2</sub> T, TDA <sub>3</sub> | \$41           | Bike/Ped              |
|                           |                   | ✓                      | SB1-LPP Formula                          | \$23           | Multiple              |
| ✓                         | ✓                 |                        | FTA Formula                              | \$423          | Transit Capital       |
| ✓                         | ✓                 |                        | TDA <sub>4</sub>                         | \$350          | Transit Ops           |
| ✓                         | ✓                 |                        | STA/SGR/LCTOP – Rev. Based               | \$208          | Transit Ops/Cap       |
| ✓                         | ✓                 |                        | AB1107                                   | \$85           | Transit Ops           |
| ✓                         |                   |                        | SB1 Competitive                          |                | Multiple              |

# Commissioner Feedback

- ❖ Focus on OBAG, refine approach for OBAG<sub>3</sub>
  - ❖ Evaluate existing OBAG program effectiveness
  - ❖ Mixed feedback on changing formula for OBAG<sub>3</sub> to favor housing production
  - ❖ Consider larger funding envelope/relationship to OBAG Regional Programs
- ❖ Generally supportive of technical assistance for local agencies to encourage housing
- ❖ Generally supportive of updating the TOD policy - should be reflective of the regional growth framework
- ❖ Include “Missing Middle” – relates to Sub-HIP and PDA Connected Communities
- ❖ Some support for conditioning Bike-Ped funds to local jurisdictions
- ❖ Concern about conditioning STIP, SB<sub>1</sub>, RM<sub>3</sub>

# Landscape Changes – New Developments on Housing/Transportation Funding Linkage

## ❖ State Proposed Transportation Conditioning

### ❖ Governor's May Budget Revise and Proposed Trailer Bill Language:

❖ Beginning FY 2023, SB 1 funding could be conditioned on housing element compliance and annual housing goal zoning and entitlements

❖ **UPDATE: not included in final trailer bill (AB101)**

## ❖ Potential New Funding Linked to Housing

❖ State grants for planning and Infrastructure

❖ New County and FASTER Proposals – could consider performance link or direct investment in housing

# New Proposed Near Term Housing Funding – State Programs

## Resources for Local Jurisdictions to Advance Housing Efforts

### 1. AB1487 (Chiu)

- ❖ Would establish the Housing Alliance for the Bay Area (HABA)
  - ❖ Bill authorizes HABA to place on the ballot a series of revenue raising measures to help produce and preserve affordable housing and pay for tenant protection services (note: amendments proposed by MTC/ABAG – bill still in legislative process)

### 2. Local and Regional Housing Planning & Infrastructure Funding

- ❖ One-time funding in state budget trailer bill for grant programs to be administered by the Dept. of Housing and Community Development (HCD)

| Program                             | Funding  | Intended Use   |
|-------------------------------------|--|--|
| Planning & Technical Assistance     | \$250 Million <ul style="list-style-type: none"><li>• \$125 M – Jurisdictions<ul style="list-style-type: none"><li>• \$26M - Bay Area jurisdictions</li></ul></li><li>• \$125 M – COGs<ul style="list-style-type: none"><li>• \$26M - ABAG</li></ul></li></ul> | Planning, technical assistance, process improvements, etc. to accelerate housing.                    |
| Infill Infrastructure Grant Program | \$500 Million  | Infrastructure that supports higher-density affordable and mixed-income housing in infill locations. |



# Near Term Options

## 3. OBAG 3 – Proposed Work Plan

- ❖ Work with County Transportation Agencies to conduct the OBAG assessment (Coordinate with regional growth framework update)
- ❖ Return with policy principles/scenarios for discussion on changing the OBAG formula to further incentivize housing production
- ❖ Return with information/concepts on how Regional Program fits in

### ❖ Schedule:

| Task   | Timeframe             |
|--|-----------------------|
| OBAG Assessment                                  | Next 9-12 months      |
| OBAG 3 Discussion Starts on Formula and Policies | Late-2019 to Mid-2020 |
| OBAG 3 Framework - Commission Approval           | 2021                  |

# Near Term Options

## 4. 2020 Regional Transportation Improvement Program (RTIP)

- ❖ September 2019 Guideline Adoption, December Program Adoption
- ❖ Funds mainly highway, transit, and active transportation corridor projects
- ❖ About \$50 million expected in new programming capacity (distributed by county share)
- ❖ Commission deferred discussion on conditioning funding based on housing performance from 2018 RTIP
- ❖ *Staff recommends not tying RTIP funding to housing performance*
  - ❖ RTIP projects tend to cross multiple jurisdictions and are sponsored by Caltrans, County Transportation Agencies, or transit operators
  - ❖ Significantly less funding than expected
  - ❖ Option to require housing law compliance as condition of eligibility where jurisdictions are recipients (approved housing element, ADU, Surplus Lands Act, Density Bonus)

# Near Term Options

## 5. “Missing Middle” Focus

- ❖ Return with Sub-HIP Guidelines and missing middle analysis/data
- ❖ Consider in PDA Connected Communities

## 6. TOD Policy Update

- ❖ Harmonize with near-term related efforts:
  - ❖ OBAG/PDA Assessment
  - ❖ PDA Growth Framework
  - ❖ Regional Rail Synthesis
  - ❖ Plan Bay Area 2050
- ❖ Consider modernization and infill transit along with extensions
- ❖ Consider 3P framework

# Updated Conditioning Approaches for Consideration

- ❖ State legislative landscape has changed significantly
- ❖ MTC discretion to condition on housing performance is limited for most fund sources:
  - ❖ Fund sources are not distributed to local jurisdictions (i.e., transit, county, or corridor are primary recipients/projects)
  - ❖ Eligibility is constrained by geography or use
  - ❖ Distribution is set by state law
- ❖ Most suitable source is already linked through OBAG policies (STP/CMAQ)
- ❖ Opportunities still exist for some fund sources to provide incentives for housing and ensure compliance with housing laws

# Updated Conditioning Approaches for Consideration

Staff proposes the following conditioning approaches for the fund sources listed:

- ❖ Performance Incentive – funding amounts are based all or in part on housing *performance* relative to other jurisdictions or goal
- ❖ Compliance Eligibility – jurisdictions must comply with housing element laws or other set criteria to receive funding

We seek your input on this approach. Each funding program will be subject to further discussion.

| MTC Discretionary Transportation Funding | Amount Million/year | Recommended Conditioning Approach | Timing / Next Cycle |
|--|---------------------|-----------------------------------|---------------------|
| OBAG 3 County Program (STP/CMAQ)         | \$77*               | Incentive/Eligibility             | OBAG 3 2021         |
| RTIP                                     | \$50-80             | Eligibility                       | Fall 2019           |
| ATP - Regional Share                     | \$19                | Eligibility                       | 2021                |
| RM3 - Safe Routes to Transit             | ~\$15               | Eligibility                       | TBD                 |
| TDA Article 3                            | \$7                 | Incentive/Eligibility             | FY 2021             |
| <b>Total</b>                             | <b>\$247-277</b>    |                                   |                     |
| <b>One-Time Funding Sources:</b>         |                     |                                   |                     |
| <i>Transportation:</i>                   |                     |                                   |                     |
| Housing Incentive Pool                   | \$76                | Incentive / Eligibility           | 2022                |
| <i>Housing Related:</i>                  |                     |                                   |                     |
| HCD Grants for Housing (ABAG)            | \$26                | Incentive / Eligibility           | 2019                |
| HCD Infrastructure Grants                | TBD                 |                                   |                     |
| <b>Total</b>                             | <b>\$102</b>        |                                   |                     |

\*Potential to expand funding envelope



# Next Steps

- ❖ Adopt 2020 RTIP Guidelines in September
- ❖ Continue work on OBAG Assessment and TOD Policy update
- ❖ Return to Commission regarding:
  - ❖ Budget trailer bill and HCD grant priorities
  - ❖ Sub-HIP Guidelines
  - ❖ OBAG Policy discussion
  - ❖ Conditioning for other sources, as cycles arise

