Transportation Funding / Housing Linkages

January 2020

Discussion & Event Timeline

October 2017

2018 RTIP Development:

- Commission discusses potential housing linkages
- Directs staff to provide **comprehensive review of transportation fund** sources and how those may be leveraged to improve housing performance

October 2018

Commission approves $76 million **Housing Incentive Pool (HIP)** program

November 2018

Commission Workshop:

- Staff presents review of transportation funds and potential linkages to housing performance
- Commission directs staff to evaluate the **One Bay Area Grant (OBAG)** program in supporting housing objectives & Priority Development Areas

Discussion & Event Timeline, continued

July 2019

Staff presents update on state legislation and budget trailer bill providing **new opportunities** for housing funding and housing supportive transportation investments

Staff also presents **refresher on discussions to-date** re: transportation funding/housing performance linkages

October 2019

Commission approves guidelines for the $5 million **Sub-HIP** set-aside from the HIP program

2020-2021

Coming Soon:*

- PDA/OBAG Assessment
- TOD Policy update
- OBAG 3 Development

**Additional detail on upcoming programming and policy decision-making milestones on slide 17*

Highlight: MTC's Existing Housing Linkages

*A quick reminder of two **existing** transportation programs with strongest ties to housing*

OBAG County Program

- Distributed to counties based, in part, on housing performance
  - RHNA
  - Building permits
  - Affordability

- Focused within PDAs (50%-70% targets)
- $77M/year – Federal STP/CMAQ

+ Housing Law Compliance

In addition to the other linkages to housing noted here, **both** programs also require compliance with state housing laws

Housing Incentive Pool (HIP)

HIP Race to the Top

- Distributed to top 15 cities with highest production of affordable housing units
- Based on units produced 2018 through 2022
- Units must be in PDAs/TPAs & meet other requirements (deed-restriction, affordability)
- $71M total – Federal STP/CMAQ

North Bay Sub-HIP

- Distributed to transportation projects in PDAs/TPAs that support affordable housing, recommended by CTAs
- $5M total – Federal STP/CMAQ

Prior Evaluation of Additional Transportation Funds to Condition

Per Commission direction during 2018 RTIP discussions, staff conducted a comprehensive review of transportation fund sources

- Goal: Identify **additional opportunities** to connect transportation revenues to housing outcomes
- Approach: Suitability for conditioning funds based on housing performance depends on **three main factors**

Focus on fund sources that:

1. Are large enough to matter
2. MTC has discretion over
3. Are directed to cities and counties

Outcome: Proposed Short List

Staff presented this short list at the November 2018 Commission Workshop for consideration

Fund Source	Annual Revenue	Major Funding Purpose	CTA Role
OBAG County Program	$77*	Multiple	Project list submittals
RTIP	$50-80	Highway Capital	Project sponsor/Co-sponsor
ATP, RM3-SR2T, TDA3	$41	Bike/Ped	Varies
ATP – Regional Share	*$19*	*Bike/Ped*	*Limited*
RM3 – Safe Routes to Transit	*$15*	*Bike/Ped*	*Limited*
TDA Article 3 (Bike/Ped)	*$7*	*Bike/Ped*	*Some: Project list submittals*
Total	**$247-$277**		

*Potential to expand funding envelope

Outcome: Proposed Conditioning Approaches

In addition to identifying the proposed short list of transportation funds, staff proposed a few possible approaches to fund conditioning for consideration

1. **Compliance Eligibility** – must be in compliance with state housing laws to receive funds
   - Existing Example – OBAG County Program, HIP
   - Potential Refinement/Expansion – expand the number of laws based on recent legislation; apply to other fund sources

2. **Performance Incentive** – funding amounts based, all or in part, on housing performance relative to other jurisdictions and/or goals
   - Existing Example – OBAG 2 County Program distribution formula, HIP Race to the Top
   - Potential Refinement/Expansion – increase share of formula distributed on housing performance; strengthen connection between performance and funding (ex. weighting/points); apply to other fund sources

3. **Performance Threshold** – must meet specific performance thresholds to receive funds
   - Existing Example – none
   - Potential Refinement/Expansion – establish threshold requirements (ex. RHNA progress); exclude strong market + weak performance jurisdictions (ex. bubble chart)

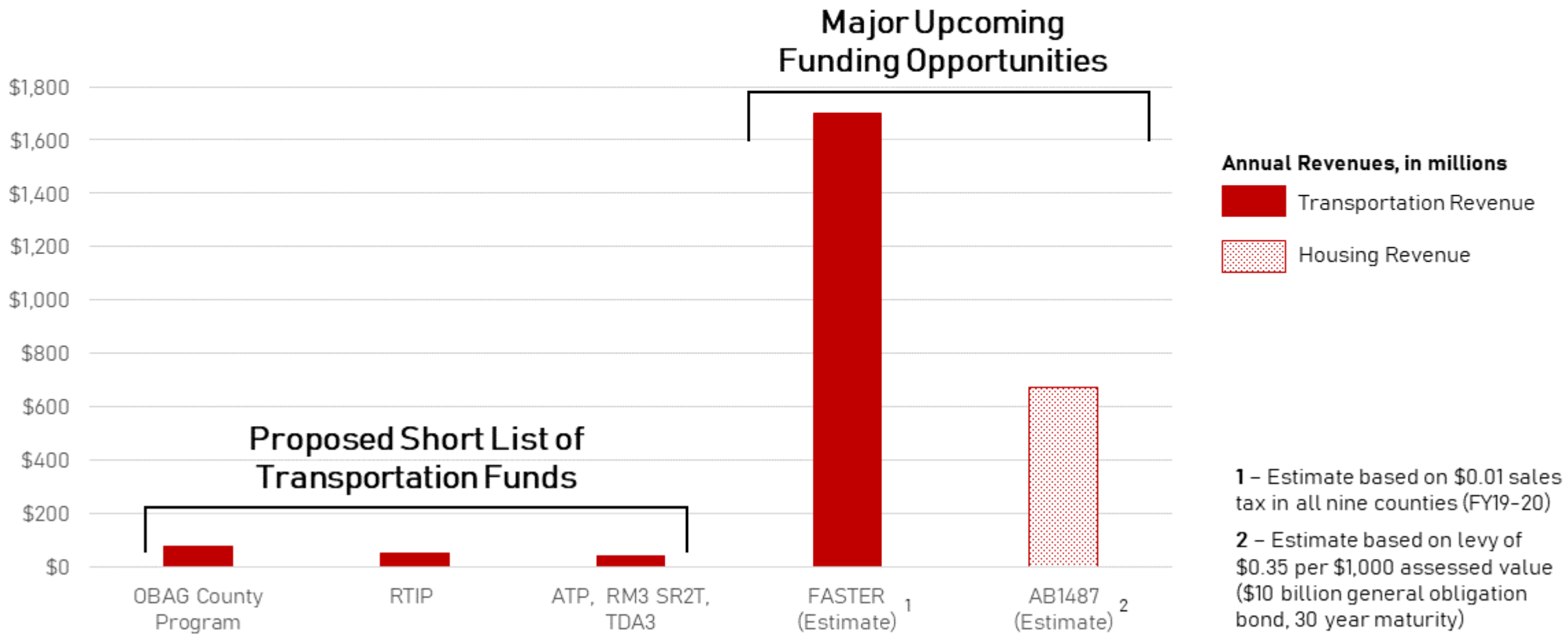
What We Heard: Proposed Short List & Options

Staff compiled the following feedback at the 2018 Commission Workshop

- Focus on **OBAG County Program**, refine approach for OBAG 3
  - Evaluate existing OBAG program effectiveness
  - Mixed feedback on changing formula for OBAG 3 to favor housing production
  - Consider larger funding envelope/relationship to OBAG Regional Programs
- Concern about conditioning RTIP, SB1, RM3
- Some support for conditioning Bike-Ped funds to local jurisdictions
- 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

Updates: New Opportunities on Horizon

Since the 2018 Commission Workshop, two major funding opportunities for transportation and housing are now being discussed



1 – Estimate based on $0.01 sales tax in all nine counties (FY19-20)

2 – Estimate based on levy of $0.35 per $1,000 assessed value ($10 billion general obligation bond, 30 year maturity)

For Commission Consideration:

1. *Should we **update compliance eligibility** for the OBAG County Program?*

2. *Should we **revise the county/regional split** for OBAG 3?*

3. *Should we **add new compliance eligibility conditioning approaches** to any of the following programs?*

4. *Should we **add performance threshold conditions** to any of the following programs?*

Funding Programs
OBAG County Program
RTIP
ATP, RM3-SR2T, TDA3
ATP – Regional Share
RM3 – Safe Routes to Transit
TDA Article 3 (Bike/Ped)

Up Next…
Schedules for Key Transportation Programs/Policies

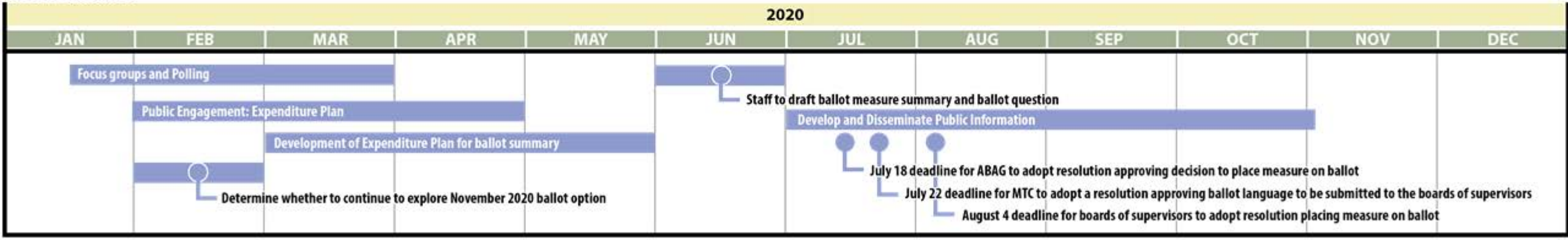
Program/Policy	Guidelines Discussion
ATP Cycle 5 – Regional Share	Early 2020
North Bay Sub-HIP*	Spring 2020
TOD Policy Update	Late 2020
PDA & OBAG Assessment**	Late 2020
OBAG County Program	Early 2021
2022 RTIP	Late 2021
HIP – Race to the Top***	Late 2023
TDA Article 3 (Bike/Ped)	Rolling
RM 3 – Safe Routes to Transit	TBD

Notes:
*Programming action - guidelines have been adopted. Call for projects underway.

** Results of program assessment.

*** Programming action - guidelines have been adopted.

Up Next…
AB1487 Implementation Discussions

*Should we **discuss housing-related conditioning**, in partnership with ABAG, as part of the AB1487 discussions?*

AB1487 Timeline