

Metropolitan Transportation Commission

August 26, 2020

Agenda Item 8b - 20-0426

Transportation Funding and Housing Linkages Consensus

- Subject:** Commissioner consensus on future efforts to link funding for transportation investments to improvements in housing outcomes.
- Background:** At the August 12th Programming and Allocations Committee meeting, Commissioners requested modifications to the language contained in Attachment A: Transportation Funding and Housing Linkages Consensus, to incorporate specific consideration of a potential increase to the County share of third-cycle One Bay Area Grant (OBAG 3) funds in addition to increased flexibility in use of those funds. Commissioners also requested changes to the proposed consensus to incorporate the consideration of regional funding needs related to the COVID-19 pandemic in any future Commission deliberation regarding the use of incremental OBAG 3 funding to incentivize improved housing outcomes.
- Commissioner requested modifications to the consensus are shown in red underline in Attachment A.
- Issues:** None
- Recommendation:** Approval of the Transportation Funding Housing Linkages Consensus.
- Attachments:** Attachment A: Transportation Funding and Housing Linkages Consensus (Revised).



Therese W. McMillan

Transportation Funding and Housing Linkages Consensus

Purpose: This document outlines the consensus of the Commission, as compiled by staff, on five items related to connecting transportation funding to housing. The consensus was reached informally at the January 2020 Commission Workshop and formalized at the July 2020 Commission meeting (pending approval of this agenda item).

Additional information/discussion is provided in *italics*.

- 1) Housing Laws:** To be eligible for funding under the next cycle of the One Bay Area Grant (OBAG 3) grant program, jurisdictions must be compliant with state housing laws.

Consistent with OBAG 2, jurisdictions will be required to have their housing element certified by HCD, submit annual housing progress reports to HCD throughout the funding cycle, adopt a resolution affirming compliance with the Surplus Land Act, and submit to HCD a local inventory of surplus land.

Additionally, as part of OBAG 3, jurisdictions will be required to demonstrate compliance with state laws governing density bonuses, accessory dwelling units, and the Housing Accountability Act.

Housing Element law has changed significantly in recent years, and as such, the OBAG requirements for a city or county to have a certified housing element and submit annual progress reports will be much more meaningful leading up to the OBAG 3 cycle. Compliance with Housing Element law includes the adoption of an HCD-certified Housing Element in compliance with new site inventory and Affirmatively Furthering Fair Housing (AFFH) requirements. Annual progress reports (APRs) must also meet enhanced reporting requirements for rezoning, no net loss, and projects at various stages of the entitlement process.

- 2) Compliance:** Staff will develop a process to determine compliance with the housing laws listed above in the most streamlined and coordinated manner possible.

Staff will continue to verify the status of housing elements and annual housing element progress reports through HCD's existing reporting procedures.

For all other housing laws required through OBAG 3, MTC staff proposes self-certification of compliance, by way of a Council/Board resolution and Opinion of Counsel, unless or until the State develops and maintains applicable compliance data.

Additionally, evidence of a Housing Accountability Act violation may trigger a case specific evaluation of required compliance and funding eligibility by MTC staff, in cooperation with HCD.

- 3) Future OBAG Cycles:** Staff will update the required state housing laws that jurisdictions must comply with to be eligible for OBAG funding prior to each new cycle of program funding.

Should additional housing laws be enacted prior to adoption of the OBAG 3 guidelines, staff will recommend modifications, if any are warranted, to the OBAG 3 compliance requirements to the Commission for approval.

- 4) County/Regional Shares:** Staff will bring to the Commission for consideration potential revisions to the County vs. Regional shares of the OBAG 3 program, specifically, an increase to the County share as compared to OBAG 2- Additionally, the Commission will consider further flexibility for the expenditure of OBAG funds while maintaining federal requirements for project eligibility and consistency with the current Regional Transportation Plan/Sustainability Communities Strategy.

As part of the OBAG 3 guidelines development, staff will provide information on the types of expenditures and programs funded through the OBAG 2 county and regional programs for informational and discussion purposes.

- 5) Incentive Funding:** If the region receives a significant increase in federal transportation revenues above those forecast for the OBAG 3 program horizon, and/or the county share is increased from that of OBAG 2, the Commission will consider using that increment to reward or incentivize jurisdictions based on housing performance. Deliberation regarding the use of incremental funding to incentivize housing outcomes will take into account regional funding needs related to the COVID-19 pandemic.

Staff will provide information and options to inform the Commission's consideration of incentive funds.