

Metropolitan Transportation Commission Programming and Allocations Committee

June 9, 2021

Agenda Item 2c - 21-0719

Regional Cap and Trade Priorities: Affordable Housing and Sustainable Communities

Subject: Recommended priorities, based on the Commission's adopted criteria, for Round 6 of the statewide Cap and Trade-funded Affordable Housing and Sustainable Communities (AHSC) program.

Background: The Affordable Housing and Sustainable Communities Program (AHSC) is a statewide competitive program to provide grants and loans for affordable housing and transportation infrastructure connecting the housing projects to transit, with an emphasis on infill and compact transit-oriented development. The State Strategic Growth Council (SGC) is responsible for the overall administration of the program, including project evaluation and the approval of funding awards. Round 6 of the program was announced with a funding availability of approximately \$405 million. Applications were due in early June, and the SGC will announce awards in October.

Applications from the Region

There were 16 applications submitted from the Bay Area for Round 6 of the AHSC program. Table 1 summarizes the region's applications. Application details were being finalized at the time of mailout prior to the June 8th application deadline. Further details of the applications are provided in Attachments A and B.

Table 1: Affordable Housing and Sustainable Communities Applications

	Bay Area Applications	Statewide Program Requirements
Number of applications	16	
Total \$ requested	\$378 million	
Total affordable units proposed	1,734	
% funds in Disadvantaged Communities	37%	50% min. required
% funds in Transit Oriented Development (TOD)	53%	35% min. set-aside
% funds in Integrated Connectivity Projects (ICP)	47%	45% min. set-aside
% funds in Rural Innovation Project Area (RIPA)	0	10% min. set-aside

Nearly all of the AHSC applications from the region restrict nearly 100% of units to incomes of 60% of the area median income (AMI) or lower. Together, the applications would result in 1,788 new units, 1,734 of them affordable.

In total, the transportation components of the proposed projects would fund 16 new BART cars and upgraded faregates at six BART stations; seven electric traincars for Caltrain, three electric SamTrans buses, construction on the SMART infill station in Petaluma North; many miles of sidewalks,

bike lanes, and multi-use paths; and amenities at bus stops and rail stations. Affordable housing developments would implement a variety of programs, including free and discounted transit passes for residents, job training programs and bicycle education classes.

Applications from the region for Round 6 show a greater geographic diversity than in previous rounds, which favored San Francisco and Alameda County. This year, half of the applications from the Bay Area, and more than half of the AHSC funding request, are in other counties (Contra Costa, Santa Clara, San Mateo, and Sonoma). Staff believes it would be beneficial to continue to increase the spread of applications from throughout the region and will continue to work with partners to encourage this.

Regional Endorsement

Following awards made from project category set-asides totaling 80% of the program, the remaining 20% of the program is discretionary. The state's AHSC Steering Committee and SGC's Council will take factors including geographic balance and MPO prioritization into account when awarding from the discretionary amount. The regional criteria adopted by the Commission in November 2017 (Attachment C) recommend prioritizing applications for roughly 60% of the overall program funding (which would be \$243 million of the \$405 million available), with an award target of at least 40% (\$162 million), based on the region's performance in previous funding rounds. The region's funding requests totaling up to \$378 million are well above the 60% target, however, all applications adhere strongly to the regional criteria.

Therefore, for the state's consideration of projects for the 10% discretionary funds, staff recommends that the Commission endorse all projects as worthy of funding to the AHSC Steering Committee and Strategic Growth Council. Attachment D presents evaluation issues and highlights relative to the regional criteria.

Issues:


Applications in Disadvantaged Communities: The program has a 50% set-aside for projects located in and benefitting Disadvantaged Communities (DACs). This year, six applications totaling 37% of the region's funding request are located in DACs, lower than the statewide minimum but similar to last year's AHSC request. Although many projects will serve DACs through the purchase of additional transit vehicles or connections to regional trails, starting this round DAC status is determined exclusively by the location of the affordable housing developments. Staff believe that while investment in DACs is important, concentrating affordable housing in lower-opportunity areas could reinforce or worsen economic disparities

and concentration of poverty. Staff will continue to advocate to SGC to adapt the program to encourage an equitable mix of housing throughout the region.

State scoring process: State scoring panels are currently reviewing applications against various threshold requirements, and it is possible that not all applications will pass the thresholds and move on to further scoring where MPO input is considered.

Recommendation: Refer regional endorsement to the Commission for approval, and direct MTC staff to submit list to SGC

Attachments: Attachment A: AHSC Project Detail Table
Attachment B: AHSC Project Descriptions
Attachment C: Regional Criteria for Prioritizing Final Applications under the Affordable Housing and Sustainable Communities Program
Attachment D: Evaluation Issues and Highlights



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Attachment A

Affordable Housing and Sustainable Communities Program Round 6 -- MTC Endorsements

(sorted alphabetically by County, City, Project Title)

Project Title	City	County	Project Type	DAC	AHSC Funds Requested (\$ millions)	Total Project Cost (\$ millions)	Funding Leverage	Total Units	Total Restricted Affordable Units	Transit Station Emphasis
Nellie Hannon Gateway Affordable Housing and Sustainable Transportation Improvements	Emeryville	Alameda	ICP	Yes	20.0	89.6	348%	90	89	BART MacArthur
Lake Merritt BART Senior Affordable Housing	Oakland	Alameda	TOD	Yes	24.4	96.8	297%	97	97	BART Lake Merritt
Longfellow Corner	Oakland	Alameda	TOD	Yes	19.6	89.3	356%	77	76	N/A (benefits BART service)
Lazuli Landing	Union City	Alameda	ICP	No	21.1	91.3	332%	81	74	BART Union City
Mayfair El Cerrito	El Cerrito	Contra Costa	TOD	No	26.9	54.7	103%	69	68	BART El Cerrito Del Norte
Metrowalk Richmond	Richmond	Contra Costa	TOD	Yes	29.9	31.5	5%	150	149	BART Richmond
699 YVR Affordable Housing and Sustainable Transportation Improvements	Walnut Creek	Contra Costa	ICP	No	20.4	83.6	310%	97	96	BART Walnut Creek
Balboa Reservoir	San Francisco	San Francisco	TOD	No	30.0	118.8	296%	123	87	BART Balboa Park
Sunnydale HOPE SF Block 3A	San Francisco	San Francisco	ICP	No	21.7	78.4	261%	80	80	N/A (benefits to Caltrain service)
Sunnydale HOPE SF Block 3B	San Francisco	San Francisco	ICP	No	16.4	89.3	445%	90	90	Multiple stops on SFMTA 29-Sunset line
The Kelsey Civic Center	San Francisco	San Francisco	TOD	No	29.3	120.8	313%	112	111	Multiple SFMTA stops on Mission and Folson St
965 Weeks Street	East Palo Alto	San Mateo	ICP	Yes	19.8	120.3	508%	136	135	N/A (benefits Caltrain and SamTrans service)
Middlefield Junction	Redwood City	San Mateo	ICP	No	25.5	152.4	498%	179	179	N/A (benefits Caltrain service)
Dupont Apartments	San Jose	Santa Clara	TOD	No	12.8	110.6	763%	141	139	N/A (benefits Caltrain service)
Tamien Station ToD	San Jose	Santa Clara	TOD	Yes	29.9	124.9	318%	135	134	VTA Tamien Station
Meridian at Corona Station	Petaluma	Sonoma	ICP	No	30.0	84.0	180%	131	130	SMART Petaluma North

Note: Information is as provided by applicants prior to the application due date. Minor changes to the project details would not affect staff's recommendation of endorsement.

Attachment B

Affordable Housing and Sustainable Communities Program Round 6 – Application Details

(sorted alphabetically by County, City, Project Title)

Project Title	Applicant Organization(s)	City	County	Total AHSC Funds Requested
Nellie Hannon Gateway Affordable Housing and Sustainable Transportation Improvements	Resources for Community Development	Emeryville	Alameda County	\$20.0 million
Housing Development	90-unit development, 100% affordable			
Sustainable Transportation Infrastructure	Purchase of 2 BART train cars; Bi-directional cycle track on 40 th St; New/improved sidewalks on 40th St and adjacent local streets			
Transportation-Related Amenities	Green infrastructure and landscaping along 40th St; Pedestrian-scale lighting at MacArthur BART Station			
Programs	Free transit passes for residents; workforce development			
Lake Merritt BART Senior Affordable Housing	East Bay Asian Local Development Corporation and Oakland Department of Transportation	Oakland	Alameda County	\$24.4 million
Housing Development	97-unit development, 100% affordable			
Sustainable Transportation Infrastructure	Purchase of 2 BART train cars; Bicycle & Pedestrian improvements on 14th St.			
Transportation-Related Amenities	NextGen Faregates for the Lake Merritt BART Station; Urban Greening on 14th St. and at Lake Merritt BART Station parking lot			
Programs	Free transit passes for residents; bicycle and pedestrian education program; workforce development			
Longfellow Corner	Resources for Community Development	Oakland	Alameda County	\$19.6 million
Housing Development	77-unit development, 100% affordable			
Sustainable Transportation Infrastructure	Purchase of 2 BART train cars; 27th Complete Street improvements			
Transportation-Related Amenities	MacArthur 40th St. Underpass Safety Improvement project (installation of lighting)			
Programs	Bicycle education classes			
Lazuli Landing	MidPen Housing Corp	Union City	Alameda County	\$21.1 million
Housing Development	81-unit development; 90% affordable			
Sustainable Transportation Infrastructure	Purchase of 2 BART train cars; Class 4 bike way on Decoto Road; Pedestrian improvements on Decoto Road			
Transportation-Related Amenities	NextGen Faregates for Union City BART Station			
Programs	Transit passes for residents			
Mayfair El Cerrito	Bridge Housing Corporation and City of El Cerrito	El Cerrito	Contra Costa County	\$26.9 million
Housing Development	69-unit development, 100% affordable			

Sustainable Transportation Infrastructure	Purchase of 2 BART train cars; Buildout of bicycle and pedestrian network along San Pablo, and around the El Cerrito Norte BART Station.			
Transportation-Related Amenities	NextGen Faregates for the El Cerrito Norte BART station			
Programs	BART transit passes for residents			
Metrowalk Richmond	Pacific West Communities and City of Richmond	Richmond	Contra Costa County	\$29.9 million
Housing Development	150-unit development, 100% affordable			
Sustainable Transportation Infrastructure	Purchase of 2 BART train cars; Buildout of Phase II of the Richmond Wellness Trail (RWT) connecting Richmond BART to the new Richmond Ferry Terminal			
Transportation-Related Amenities	NextGen Faregates for the Richmond BART Station; Transit related amenity components of the Richmond Wellness Trail			
Programs	Transit passes for residents			
699 YVR Affordable Housing and Sustainable Transportation	Resources for Community Development	Walnut Creek	Contra Costa County	\$20.4 million
Housing Development	97-unit development, 100% affordable			
Sustainable Transportation Infrastructure	Purchase of 2 BART train cars; North Broadway Road diet project; Class IV buffered bicycle lanes; Enhanced pedestrian connections throughout the corridor			
Transportation-Related Amenities	NextGen Faregates for Walnut Creek BART station; Wayfinding improvements at the Walnut Creek BART station			
Programs	Workforce development			
Balboa Reservoir	Bridge Housing and the City of San Francisco	San Francisco	San Francisco County	\$30.0 million
Housing Development	123-unit development, 70% affordable			
Sustainable Transportation Infrastructure	Purchase of 2 BART train cars; Buildout of bicycle and pedestrian network on the Balboa Reservoir campus			
Transportation-Related Amenities	NextGen Faregates for the Balboa Park BART station; Buildout of lighting and urban greening within the Balboa Reservoir Campus			
Programs	Discounted BART passes			
Sunnydale HOPE SF Block 3A	The Related Companies of California and Mercy Housing	San Francisco	San Francisco County	\$21.7 million
Housing Development	80-unit development, 100% affordable			
Sustainable Transportation Infrastructure	Purchase of 2 new Caltrain vehicles; Class IV bike lane southbound between Mansell & Hahn Street; Class I bike path on Visitacion Ave.; new sidewalks, curb ramps, and a crosswalk on Visitacion Ave; curb ramp improvement at Hanh Street and Sunnydale Ave			
Transportation-Related Amenities	Lighting, seating, planting, and wayfinding in McLaren Park; Traffic control signs on Visitacion Ave			
Programs	Transit passes for residents; TDM coordinator; workforce development			

Sunnydale HOPE SF Block 3B	The Related Companies of California and Mercy Housing	San Francisco	San Francisco County	\$16.4 million
Housing Development	90-unit development, 100% affordable			
Sustainable Transportation Infrastructure	Class IV bike lane on Sunnydale Ave.; Class I repurposed multi-use path; Sidewalks on the north side of Sunnydale Ave; San Francisco MTA transit priority improvements to the 29 Sunset route			
Transportation-Related Amenities	San Francisco MTA transit stop improvements to the 29 Sunset route to reduce travel times including bus bulbs, bus pads, and sidewalk pads			
Programs	Transit passes for residents; TDM coordinator; workforce development			
The Kelsey Civic Center	Mercy Housing and City/County of San Francisco	San Francisco	San Francisco County	\$29.3 million
Housing Development	112-unit development, 100% affordable			
Sustainable Transportation Infrastructure	SFMTA's Folsom Streetscape Project (complete streets treatment); Mission SoMa transit project including red transit only lanes on Mission Street and a bus bulb.			
Transportation-Related Amenities	Folsom Streetscape Project (new transit boarding islands and bus pads)			
Programs	Transit passes			
965 Weeks Street	Mid-Peninsula The Farm, Inc. and East Palo Alto Community Alliance Neighborhood Development Organization	East Palo Alto	San Mateo County	\$19.8 million
Housing Development	136-unit development, 100% affordable			
Sustainable Transportation Infrastructure	Purchase 1 Caltrain electric rail cars; purchase 3 SamTrans electric buses; City of East Palo Alto bike route improvements; SamTrans bus route expansion of service between core of East Palo Alto to the Palo Alto Caltrain Station			
Transportation-Related Amenities	City of East Palo Alto Pedestrian Lighting and Urban Greening Improvements			
Programs	Workforce development; transit passes			
Middlefield Junction	Mercy Housing	Redwood City	San Mateo County	\$25.5 million
Housing Development	179-unit development, 100% affordable			
Sustainable Transportation Infrastructure	Partially fund 2 Caltrain electric rail cars; Class III bike routes within the project area providing; new crosswalks, raised crosswalks, rectangular rapid flash beacons and curb extensions at several intersections			
Transportation-Related Amenities	Increased pedestrian lighting, signage, urban greening, bike racks; new "smart tech" transit passenger amenities.			
Programs	Workforce development			
Dupont Apartments	First Community Housing	San Jose	Santa Clara County	\$12.8 million
Housing Development	141-unit development, 100% affordable			
Sustainable Transportation Infrastructure	Partially fund 1 Caltrain electric rail car; Two new bike boulevards and improvement of existing facilities to a Class II bikeway and a Class IV/protected intersection; Pedestrian facilities, safety improvements, and ADA accessibility throughout the area			

Transportation-Related Amenities	Wayfinding; secure bike parking; micro-mobility infrastructure; urban greening			
Programs	TBD			
Tamien Station TOD	The Core Companies	San Jose	Santa Clara County	\$29.9 million
Housing Development	135-unit development, 100% affordable			
Sustainable Transportation Infrastructure	Purchase of 2 Caltrain electric train cars; Buildout of bicycle and pedestrian network around Tamien Station			
Transportation-Related Amenities	Transit plaza amenities at Tamien Station; urban greening and lighting			
Programs	Transit passes for residents			
Meridian at Corona Station	Danco Communities and SMART	Petaluma	Sonoma County	\$30.0 million
Housing Development	131-unit development, 100% affordable			
Sustainable Transportation Infrastructure	New SMART Infill Rail Station (Petaluma North @ Corona Road); SMART Pathway McDowell Street Crossing Enhancement; Marin-Sonoma Bike Share expansion parking hubs (2); City of Petaluma Active Transportation Improvements			
Transportation-Related Amenities	Intersection and crosswalk pedestrian safety improvements; Improvements to nearby bus stops within 1 mile of station (six locations); SMART Petaluma North station amenities			
Programs	Petaluma/Sonoma County Transit enhancement of bus service frequencies to allow for departures every 15 minutes; Marin-Sonoma Bike Share operating support; Transit pass subsidy program for housing residents.			

Note: Information is as provided by applicants prior to the application due date. Minor changes to the project details would not affect staff's recommendation of endorsement.

Attachment C

Regional Criteria for Prioritizing Applications under the Affordable Housing and Sustainable Communities Program (Adopted November 15, 2017 by MTC Commission)

Overview

The Affordable Housing and Sustainable Communities (AHSC) final guidelines provide regional agencies an opportunity to advise on AHSC project selection. After an initial screening of applications for Plan Bay Area 2040 supportive elements, MTC staff will review applications and make project recommendations to the Commission for approval and transmittal to the Strategic Growth Council (SGC). The role for regional agencies in this process is advisory, meaning that SGC has the ultimate project selection authority.

Regional Bid Target

Based on program results thus far, MTC proposes a regional program target of 40%, and will prioritize applications for up to 60% of the available funding.

Project Prioritization Process

MTC staff proposes to conduct a **project prioritization process** to provide SGC with a set of regional priority projects, based on the following principles. Although these criteria are not “thresholds” that must be achieved, staff will look most favorably on applications achieving most to all of the following elements, which are listed here roughly in rank order of importance:

- 1. Significant Greenhouse Gas Reduction (GHG).** Prioritize projects that demonstrate significant GHG reduction. While the SGC will employ a statewide methodology in the final applications for quantifying GHG benefits, MTC staff also reserves the right to conduct additional GHG analysis as needed using a regional methodology.
- 2. Support Plan Bay Area 2040’s Focused Growth Investment Strategies.** Develop priorities for each of the three project area types: Transit Oriented Development (TOD), Integrated Connectivity Project (ICP), and Rural Innovation Project Area (RIPA). Prioritize projects including affordable housing developments. Where applicable, prioritize ready-to go projects within Priority Development Areas (PDAs) in high growth jurisdictions and corridors that provide access to jobs and services. Prioritize projects providing both a greater share and total number of affordable units, while also considering unit size, to address concerns about community stability and displacement. When applicable, also prioritize projects that provide funds for active Transit Oriented Affordable Housing (TOAH) projects, all of which have a strong nexus to transit and PDAs and have ownership of land for development. Projects that meet the criteria for TOAH and are at the same state of readiness will also be considered favorably.

3. **Level of Housing Affordability.** For proposals including an affordable housing development as a capital project, prioritize projects in a manner consistent with the Strategic Growth Council's AHSC scoring criteria, which places the highest priority on rental restricted units for households at lower percentages of Area Median Income.
4. **Communities of Concern/Disadvantaged Communities.** Prioritize projects located in or providing benefits to the region's Communities of Concern as well as CalEPA's defined Disadvantaged Communities. Prioritize projects that provide affordable housing in High Opportunity Areas.
5. **Support for the Region's Adopted Transit Priorities.** Prioritize projects that support the Commission's adopted transit priorities. These include the Regional Transit Expansion program of projects (Resolution 3434), Plan Bay Area 2040's regional transit funding priorities, projects under the Core Capacity Challenge Grant program, projects that support the implementation of the Transit Sustainability Project, and recommendations of the Coordinated Public Transit-Human Services Plan.
6. **Funding Leverage/Cost Effectiveness.** Prioritize projects leveraging other funding sources for local match, and projects providing greater amounts of housing at lower costs.
7. **OBAG Policy.** When applicable, OBAG's policy requirements should be applied to help determine a project's alignment with the SCS. These requirements include adherence with state and regional Complete Streets policies, General Plan Housing Element adoption and certification, and Surplus Land requirement. These policies should be applied based on the jurisdiction of where the project is located (rather than whether the local jurisdiction is listed as co-applicant).

Attachment D

**Affordable Housing and Sustainable Communities Program Round 6
Evaluation Issues and Highlights**

- *Significant Greenhouse Gas Reduction:* GHG reduction estimates for each application are calculated based on affordable housing development, provision of transit passes or bike share to residents, amount of new bicycle facilities or walkways, new or expanded transit service, and solar energy generation. GHG reductions were still being determined for most applications at the time of this writing, but combined the application are expected to result in significant GHG reductions for the region. Further, several proposed housing developments are located near existing, high-capacity rail stations and bus lines and have the opportunity to reduce vehicle miles traveled and increase opportunity in a way that is not fully captured in the program's greenhouse gas reduction analysis. These transit stations are noted in the right-most column of Attachment A, "Transit Station Emphasis".
- *Supporting Plan Bay Area's Focused Growth Investment Strategies:* Most applications are for projects in already-developed areas and are near high-capacity rail stations or bus lines. Together, the projects would add 1,788 new housing units in these areas.
- *Level of Housing Affordability:* In general, the region's applications would increase the accessibility and affordability of housing. In total, Bay Area projects would help construct 1,734 units of restricted affordable housing rental units.
- *Communities of Concern/Disadvantaged Communities:* The program has a 50% set-aside for projects located in and benefitting Disadvantaged Communities. Six Bay Area projects totaling 37% of the region's funding request are located in Disadvantaged Communities, while all applications benefit Communities of Concern through supporting improved transit amenities and/or service, including investment in regional transit.
- *Support for the Region's Adopted Transit Priorities:* In general, the region's applications support the region's priorities (Regional Transit Expansion program of projects, Plan Bay Area's Next Generation Transit program, etc.)
- *Funding Leverage/Cost Effectiveness:* Funding leverage for this program is calculated by dividing the total non-AHSC project costs (as submitted by the applicant) by the AHSC request amount. Applications in the region have a funding leverage range of 104%-1,033%. Cost effectiveness may be considered by assessing the amount of AHSC dollars requested compared to the amount of affordable housing and extent of transit improvements.
- *OBAG Policy:* All projects are located in jurisdictions that adhere with state and regional Complete Streets policies, General Plan Housing Element adoption and certification, and Surplus Land requirement.