

Metropolitan Transportation Commission

November 19, 2025

Agenda Item 10a - 25-1509

Next Steps: Transit-Oriented Communities (TOC) Policy & One Bay Area Grant (OBAG 4)

Subject:

Next steps for integrating progress on the Transit-Oriented Communities (TOC) Policy into the upcoming cycle of the One Bay Area Grant (OBAG 4) Program.

Background:

First adopted by the Commission in 2012, the One Bay Area Grant (OBAG) program aligns federal discretionary funds with land use and housing priorities identified in Plan Bay Area. Staff are currently developing draft policies for the next OBAG cycle (OBAG 4), which will establish the policy and programming framework for investing federal Surface Transportation Block Grant Program (STP) and Congestion Mitigation and Air Quality Improvement Program (CMAQ) funds for federal fiscal year (FY) 2027 through 2030. Staff are currently developing draft policies for the next OBAG cycle (OBAG 4), encompassing STP/CMAQ programming for FY 2027 through 2030.

In September 2022, the Commission adopted the Transit-Oriented Communities (TOC) Policy (MTC Resolution No. 4530) to better link the region's transit investments with land-use planning and local decision-making. The policy seeks to ensure that areas around transit stations and corridors are well-connected, mixed-use places where residents can live, work, and access daily needs. MTC Resolution No. 4530 also specified that the Commission would "consider funding revisions that prioritize investments in transit station areas that are subject to and compliant with the TOC Policy", including but not limited to OBAG 4.

The TOC Policy applies to the half-mile area surrounding existing and planned fixed-guideway transit stops and stations (including regional and commuter rail, light rail, bus rapid transit, and ferry terminals). Since adoption, staff have held more than 300 meetings with local jurisdictions, released detailed Administrative Guidance, launched an online submission portal to support policy documentation, and awarded \$60 million in TOC-related planning and capital grants.

At the October 2025 workshop, the Commission received additional background information on the OBAG Program and TOC Policy and discussed proposals for implementation in OBAG 4.

October Workshop Summary

Staff's goals for the October workshop were to reaffirm support for Plan Bay Area's emphasis on complete communities near transit, receive input on an incentive-based approach to reward TOC Policy progress, and receive direction on achieving shared priorities in the OBAG 4 program. Commissioners provided input on various topics, with suggestions and requests to staff following common themes:

- **Housing protection policies:** preserve the existing menu of options, reduce or eliminate points for protection policies, allow jurisdictions to choose which "3 P" strategies to emphasize, provide credit for compliance with state laws or existing county programs.
- **Other aspects of the TOC Policy:** maintain robust TOC Policy requirements, reduce complexity for local jurisdictions, consider other issues (e.g. timing, market conditions, effectiveness, and local variation), provide data on impacts and outcomes.
- **OBAG 4 framework:** preserve funding for local projects, provide more information on regional programs to better understand capacity trade-offs, and address rural transportation needs (especially in the North Bay).

Potential Policy Refinements

In response to Commissioner feedback, staff are considering the following policy refinements:

- **2028 incentive for TOC progress:** include up to \$50 million TOC set-aside within the OBAG 4 regional program (subject to other capacity decisions) for future programming in 2028, extending the runway for jurisdictions to demonstrate progress. Remove the proposed incentive for TOC progress within the county program. This would lower the administrative burden on jurisdictions and address concerns about work-in-progress.
- **Align TOC credit for housing protections with state laws and acknowledge county programs:** allow jurisdictions to demonstrate consistency with housing protection components of the TOC Policy through adherence with recent state laws related to just cause eviction and rent stabilization (SB 567, 2023) and no net loss and right to return (AB 130, 2025), while better acknowledging the role of countywide programs that support local jurisdiction progress.

- **Expand North Bay investments:** expand OBAG 4 regional program investments for areas of the North Bay with limited transit service and unique land use and transportation needs, either through an augmentation of the existing Priority Conservation Area (PCA) program or the creation of a new program. Both options would need to be coordinated with related decisions on program capacity.

OBAG 4 Capacity

Decisions related to OBAG 4 capacity (including options for the TOC set-aside and rural transportation investments) will require comprehensive consideration of the OBAG 4 framework, including how to accommodate the Commission's \$100 million OBAG 4 pre-commitment to sustaining transit as part of the SB 125 framework. Staff recommend that the \$100 million for SB 125 be taken off the top of the OBAG 4 program, in recognition of the shared value of sustaining transit and investing in major capital projects. In response to Commissioner requests and to help inform trade-offs related to OBAG 4 program capacity, staff are providing additional details on regional programs in **Attachment A**, including outcomes where available.

Next Steps

Staff will continue engaging with the Commission and other stakeholders on these topics in the coming months, targeting final action on OBAG 4 adoption and TOC Policy implementation in January 2026. In addition, staff expect to take the following related next steps:

- Update the TOC Policy Administrative Guidance prior to Commission action to streamline local documentation, integrate state law considerations (including SB 79), and increase flexibility.
- Recommend a narrowly tailored amendment to the TOC Policy (MTC Resolution No. 4530) to extend the compliance benchmark for transit extensions from 2026 to 2028, which would align with the proposed OBAG 4 TOC set-aside.

Preliminary Fall 2025 & Winter 2026 Milestones

Date	Milestone
November 2025	MTC Commission; <i>information</i>
December 2025*	Connect with county transportation agencies & jurisdiction partners on continued refinements prior to Commission action
Jan/Feb 2026	MTC Commission; <i>action</i>

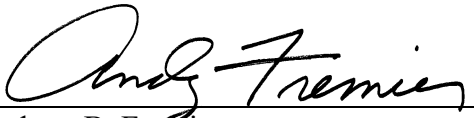
* Limited window to engage jurisdictions and other stakeholders due to holidays.

Recommendations:

Information Only.

Attachments:

- Attachment A: OBAG Regional Program Summaries
- Presentation: Next Steps on TOC Policy and OBAG 4



Andrew B. Fremier