

Housing Element Compliance and Related One Bay Area Grant (OBAG 2 and 3) Policies

June 12, 2024

Programming and
Allocations Committee

Agenda Item 3b-24-0703



**METROPOLITAN
TRANSPORTATION
COMMISSION**



Background

- Various One Bay Area Grant (OBAG) programs require compliant Housing Elements
- In anticipation of delays due to new legal requirements and a shortage of local staff, OBAG 3 originally required compliance by 12/31/23 (nearly one year beyond the state deadline of 1/31/23)
- In December 2023, only 53 of 109 Bay Area jurisdictions had achieved compliance
- Accordingly, MTC approved a one-year grace period (until 12/31/24) and requested this 6-month update

Housing Element Procedure

- Initial draft: HCD has 90 days to review
- Subsequent drafts and adopted: HCD has 60 days to review
- Statutory certification deadline: 1/31/23
- Rezoning deadlines (if needed to meet RHNA):
 - If certified by 5/31/23: complete rezoning in 3 years (2026)
 - If not certified by 5/31/23: complete rezoning by 1/31/24
 - At this point, rezoning must be completed before certification
- Decertification: HCD can decertify for failure to timely implement any policies or programs in the Housing Element, including required rezoning

Housing Element Status (as of 5/2/24)

| | Certified | In Substantial compliance | At least 2 Drafts | Only 1 Draft | Decertified |
|----------------------|------------------|----------------------------------|--------------------------|---------------------|--------------------|
| Alameda | 14 | 0 | 0 | 1 | |
| Contra Costa | 14 | 0 | 5 | 1 | |
| Marin | 8 | 1 | 3 | 0 | |
| Napa | 3 | 0 | 2 | 0 | 1 |
| San Francisco | 1 | 0 | 0 | 0 | |
| San Mateo | 11 | 1 | 6 | 2 | 1 |
| Santa Clara | 9 | 0 | 7 | 0 | |
| Solano | 7 | 0 | 0 | 1 | |
| Sonoma | 10 | 0 | 0 | 0 | |
| 109 | 77 | 2 | 23 | 5 | 2 |

HCD Disciplinary Procedure

The process is not necessarily linear and may include simple monitoring, as well as multiple conversations and letters. Local governments have the opportunity to respond to HCD each time a letter is issued. Typical steps in the disciplinary process can include:

- Monitoring
- Letter of Inquiry
- Letter of Corrective Action
- Notice of Potential Violation
- Letter acknowledging completion of corrective action, or notice of de-certification

HCD Disciplinary Actions (as of 5/2/24)

| | HCD Monitoring | Letters of Inquiry | Letters of Corrective Action | Decertified | Successful Completion of Corrective Action |
|----------------------|----------------|--------------------|------------------------------|-------------|--|
| Alameda | 1 | 3 | 2 | 0 | 1 |
| Contra Costa | 3 | 5 | 1 | 0 | 1 |
| Marin | 0 | 3 | 1 | 0 | 1 |
| Napa | 0 | 2 | 2 | 1 | 0 |
| San Francisco | 0 | 0 | 1 | 0 | 1 |
| San Mateo | 1 | 6 | 1 | 1 | 0 |
| Santa Clara | 0 | 2 | 0 | 0 | 0 |
| Solano | 0 | 0 | 0 | 0 | 0 |
| Sonoma | 0 | 2 | 0 | 0 | 0 |
| | 5 | 23 | 8 | 2 | 4 |

Funding Status and Exceptions

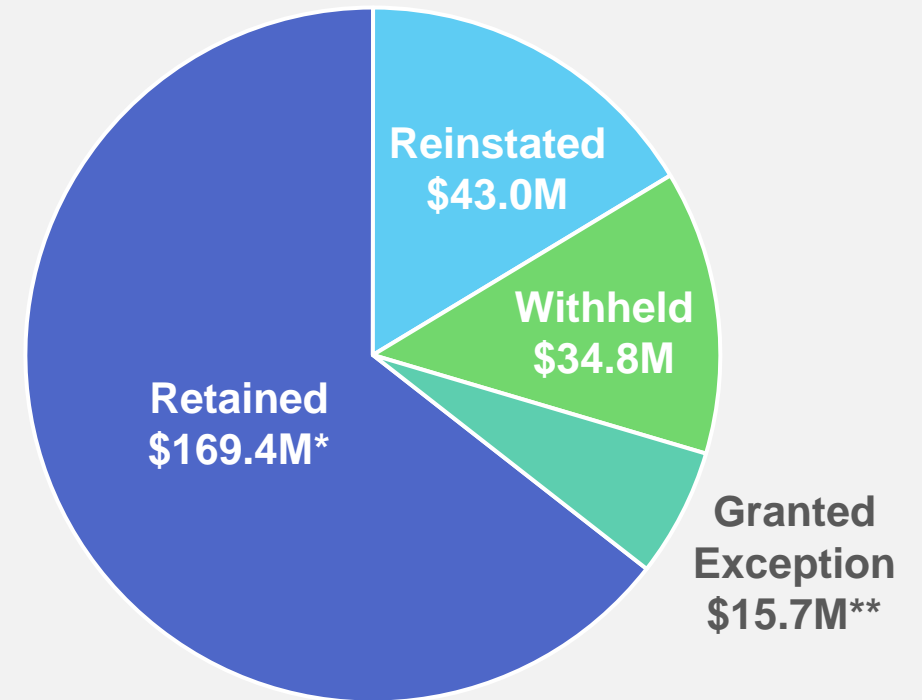
Applicable programs

- OBAG 3 County & Local
- OBAG 3 PDA Planning Grants
- OBAG 2 Housing Incentive Pool (HIP)

Exceptions

- \$5M Alameda County: Mission Blvd
- \$750k Lafayette: School St
- \$5M Menlo Park: Middle Ave
- \$5M San Jose: Story-Keys
(reduced from \$33M May 2024)

Funding status



**Includes 2 projects/\$6.3 million retained by sponsors that met the 2023 deadline but lost certification in 2024*

***Includes 2 projects/\$10 million to sponsors that received certification in 2024*