

**Metropolitan Transportation Commission
Programming and Allocations Committee**

November 13, 2024

Agenda Item 4a-24-1303

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

Subject:

Update on regional Housing Element certifications and implementation of MTC's related policies for One Bay Area Grant (OBAG 2 and 3) recipients.

Background:

The One Bay Area Grant (OBAG) and other regional discretionary programs support implementation of MTC's long-range Regional Transportation Plan (RTP) and Sustainable Communities Strategy (SCS), collectively known as *Plan Bay Area 2050*.

To achieve the region's long-term goals, MTC requires that jurisdictions achieve and maintain certification of their Regional Housing Needs Allocation (RHNA) 6th cycle (2023-31) Housing Elements from the California Department of Housing and Community Development (HCD) by December 31, 2024 in order to be eligible for the following grant programs:

- OBAG 3 County & Local Program (per MTC Resolution No. 4505),
- OBAG 3 Priority Development Area (PDA) Planning Grants (per PDA Planning Grant Administrative Requirements), and
- OBAG 2 Housing Incentive Pool (HIP) (per MTC Resolution No. 4348).

MTC originally established certification deadlines of December 31, 2023 for the OBAG 3 program. For reference, Bay Area jurisdiction Housing Elements were due to HCD by January 31, 2023. However, in December 2023, only 53 of 109 Bay Area jurisdictions had achieved certification. Accordingly, that same month the Commission approved a one-year grace period (until December 31, 2024) for Housing Element compliance, during which funds from the grant programs listed above would be withheld from jurisdictions that did not meet the original deadline, with limited exceptions as detailed in the accompanying staff report.

As requested by the Commission, staff provided an update on Housing Element requirements and related OBAG grants in June 2024. At that time, 32 Bay Area jurisdictions did not have HCD-certified housing elements, of which seven had OBAG funds withheld by MTC. In response to the June 2024 update, Commissioners requested a follow-up report specifically on non-compliant jurisdictions at the November meeting.

Noncompliant Jurisdictions

As of this writing, 20 Bay Area jurisdictions do not have HCD-certified Housing Elements. MTC is currently withholding a total of \$16.1 million in OBAG funds from five projects in four jurisdictions without HCD-certified Housing Elements (**Table 1**). Under current adopted policies, MTC will rescind these funds from any jurisdiction that does not have an HCD-certified housing element by December 31, 2024.

Table 1. OBAG Funding Withheld Due to Housing Element Noncompliance

Sponsor	Project Name	Amount
Alameda County	Upper San Lorenzo Creekway Trail	\$9,621,000
Alameda County	San Lorenzo Village Specific Plan	\$600,000
Daly City	Housing Incentive Pool (Projects TBD)	\$1,304,000
San Mateo County	Bay Road Complete Street Rehabilitation	\$3,807,000
Vallejo	Sacramento Street Road Diet - Phase II	\$850,000

MTC staff met with staff from each jurisdiction listed above to determine the reasons for delayed Housing Element certification. Local staff reported common challenges relating to staffing and consultant shortages as well as some unique circumstances that delayed certification. These are summarized in **Attachment A**. All four jurisdictions started their Housing Element update processes relatively late, submitting first drafts to the state between six and sixteen months later than recommended by ABAG. Only San Mateo County submitted a first draft to the state before January 31, 2023, the state mandated deadline for final adoption of the Housing Elements.

Based on the timelines provided by jurisdiction staff, Alameda County, Daly City, and Vallejo may receive HCD Housing Element certification by MTC's December 31, 2024 deadline only with expedited HCD review and approval of submissions. San Mateo County will not meet the deadline based on the timelines provided. MTC staff have communicated these timelines with HCD staff, who have agreed to expedite review of submissions and offered to preview any rezoning proposals from these three jurisdictions.

Staff will return to the Commission in January or February, with a final update, and to recommend any programming actions necessary to rescind OBAG funds from non-compliant sponsors.

Issues:

- If a jurisdiction listed above does not receive HCD certification by the December 31, 2024 deadline, MTC will rescind any applicable OBAG awards. While necessary to implement regional policies incentivizing timely Housing Element certification, such rescissions could delay or prevent implementation of beneficial local priority projects.
- The OBAG 3 funded Bay Road Complete Streets Rehabilitation project is a joint project between San Mateo County and Redwood City and is located on the boundary between the two jurisdictions. The City/County Association of Governments of San Mateo County (C/CAG), San Mateo County, and Redwood City have jointly requested that MTC transfer sponsorship of the project from the County (currently not compliant with the Housing Element requirement) to the City (currently compliant). Given these unique circumstances, staff are considering the change in sponsorship and will return to the Commission next month with any related recommendations.

Recommendations:

Information.

Attachments:

- Attachment A – Reasons for Delayed Certification of Housing Elements
- Housing Compliance Letter Request
- Presentation



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