

**Metropolitan Transportation Commission
Programming and Allocations Committee**

June 12, 2024

Agenda Item 2f-24-0702

MTC Resolution Nos. 3989, Revised and 4505, Revised

Subject:

Revisions to the One Bay Area Grant (OBAG 3) and MTC exchange programs to program \$5 million in non-federal MTC exchange funds to the Bay Area Housing Finance Authority (BAHFA) for county election cost reimbursement related to the 2024 regional housing bond measure.

Background:

The OBAG 3 program adopted by the Commission establishes 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 FY 2022-23 through FY 2025-26.

MTC's fund exchange program provides greater flexibility to deliver select priority projects within the broader OBAG framework. MTC Resolution No. 3989, Revised, describes the procedures governing MTC's exchange program and details the agreements and commitments that have been made to date. The program facilitates funding agreements with partner agencies to exchange federal STP/CMAQ funds with non-federal local funds. These exchanges do not increase the total amount of funds available to the region but enable MTC to support key investments within the OBAG policy framework that are ineligible for federal STP/CMAQ funds.

This month, staff recommend revisions to the OBAG 3 and MTC exchange programs as detailed below.

Housing Bond Election Costs

In 2019, the California Legislature created the Bay Area Housing Finance Authority (BAHFA) with the authority to raise regional funds via ballot measure for affordable housing production, preservation, and protection. In April 2024, the ABAG Executive Board, acting as the Executive Board to BAHFA, initiated submittal of a ballot measure for an affordable housing general obligation bond. This month, the BAHFA Board will consider submission of the bond measure for the November 2024 election.

State law requires that BAHFA reimburse each county for the incremental cost associated with placing a bond measure of the ballot. In 2022, BAHFA budgeted \$3 million in state funds for this purpose. However, after subsequent discussions with county representatives, staff currently estimate that county election costs for a bond measure may total as much as \$8 million.

To ensure that supplemental funding is available if needed, staff recommend programming an additional \$5 million in non-federal MTC exchange funds to BAHFA for county election costs. If county election costs exceed the \$3 million in state funds currently budgeted, staff will return to the Administration and BAHFA Oversight Committees to authorize MTC and BAHFA to enter into a funding agreement for up to \$5 million in MTC exchange funds. If county election costs exceed the \$8 million upper estimate, staff will return to the BAHFA Board and/or Commission, as appropriate, to recommend additional programming.

Any unspent exchange funds will be returned to MTC for future programming. If a bond measure is submitted by BAHFA and approved by voters, BAHFA will repay any exchange funds spent on county election costs back into the MTC exchange fund using bond proceeds as allowed by state law. However, if the bond measure is not approved by voters, BAHFA may not be able to reimburse any exchange funds spent on county election costs back to MTC.

The proposed bond measure, if successful, would fund the production and preservation of approximately 40,000-80,000 affordable homes across the region and dramatically accelerate implementation of the Plan Bay Area Regional Growth Framework. The use of MTC exchange funds to support this effort, even if unreimbursed, is consistent with OBAG 3 priorities to advance the Regional Growth Framework and support the Plan's interconnected climate, transportation, equity, and affordability goals.

Issues:

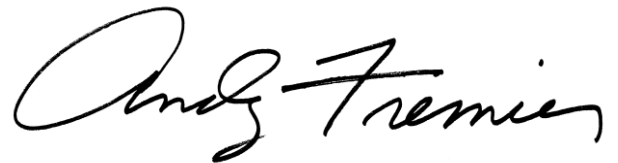
If a bond measure is submitted by BAHFA but is not approved by voters, BAHFA may not be able to reimburse any exchange funds spent on county election costs back to MTC. In this case, any unreimbursed funds would not be recovered, reducing the Commission's capacity to fund future OBAG eligible projects by up to \$5 million.

Recommendations:

Refer MTC Resolution Nos. 3989, Revised and 4505, Revised to the Commission for approval.

Attachments:

- MTC Resolution No. 3989, Revised
 - Attachment B
- MTC Resolution No. 4505, Revised
 - Attachment B-1



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