



METROPOLITAN  
TRANSPORTATION  
COMMISSION

Bay Area Metro Center  
375 Beale Street  
San Francisco, CA 94105  
TEL 415.778.6700  
WEB www.mtc.ca.gov

## *Memorandum*

TO: Commission

DATE: October 17, 2018

FR: Executive Director

RE: MTC Resolution Nos. 4348, and 4308, Revised – Approval of the Housing Incentive Pool (HIP) Program Criteria

At the Programming and Allocations Committee meeting on October 10, 2018, the Committee considered staff's proposal for the HIP program criteria and voted to move the item forward to the full Commission for approval, with several amendments to staff's proposal.

Committee amendments include:

- Set aside \$5 million of the \$76 million in funding proposed for HIP, to pilot a competitive program to help finance eligible infrastructure that will support affordable housing projects in Priority Development Areas and Transit Priority Areas. The county Congestion Management Agencies (CMAs) would work with cities and developers to identify candidate projects. MTC/ABAG staff would develop guidelines for this pilot program;
- Eliminate the requirement that every county be represented in the funding distribution;
- Require moderate-income affordable units to be deed restricted in order to be eligible;
- Use the California Department of Housing and Community Development's determination of jurisdictions that are in compliance with State Housing Element laws rather than allowing jurisdictions to self-certify. Compliance with the surplus lands, accessory dwelling units, and density bonus laws would still be jurisdiction self-certified through local resolution.
- MTC will notify CMAs about awards to jurisdictions in their counties and encourage jurisdictions to coordinate with their CMAs on projects using HIP funds.

The Committee recommends approval of MTC Resolution Nos. 4348, and 4308, Revised, as amended.

  
\_\_\_\_\_  
Steve Heminger

SH:tr

**Attachments:** MTC Resolution No. 4348  
Appendix A: Summary of Qualifying HIP Units by Jurisdiction  
Correspondence Received

Date: October 24, 2018  
W.I.: 1511  
Referred by: PAC

ABSTRACT

Resolution No. 4348

This resolution approves the framework and qualifying criteria of the Housing Incentive Pool, an incentive program to reward San Francisco Bay Area local jurisdictions that produce or preserve the most affordable housing.

Further discussion of this action is contained in the MTC Programming and Allocations Summary Sheet dated October 10, 2018.

Date: October 24, 2018  
W.I.: 1511  
Referred by: PAC

RE: Housing Incentive Pool Framework and Qualifying Criteria

METROPOLITAN TRANSPORTATION COMMISSION  
RESOLUTION NO. 4348

WHEREAS, the Metropolitan Transportation Commission (MTC) is the regional transportation planning agency for the San Francisco Bay Area pursuant to Government Code Section 66500 *et seq.*; and

WHEREAS, the availability of affordable housing in the San Francisco Bay Area has been highlighted as a regional issue in Plan Bay Area 2040 and other plans; and

WHEREAS, pursuant to MTC Resolution 4308, MTC has developed a framework and criteria for the distribution of funds to incentivize desired housing outcomes across the region; now, therefore, be it

RESOLVED, that MTC approves the Housing Incentive Pool (HIP) framework and qualifying criteria as set forth in Attachment A to this resolution, attached hereto and incorporated by reference; and, be it further

RESOLVED, that MTC may allocate funds to local agencies per the approved HIP framework and criteria as set forth in Attachment A to this resolution; and be it further

RESOLVED, that agencies receiving funds allocated by MTC per this resolution must adhere to any and all conditions, guidelines, and eligibility requirements prescribed by the type of funding received.

METROPOLITAN TRANSPORTATION COMMISSION

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Jake Mackenzie, Chair

The above resolution was entered into by the Metropolitan Transportation Commission at a regular meeting of the Commission held in San Francisco, California, on October 24, 2018.

Date: October 24, 2018  
W.I.: 1511  
Referred by: PAC

Attachment A  
Resolution No. 4348  
Page 1 of 2

## **Housing Incentive Pool Framework and Qualifying Criteria**

This framework and qualifying criteria guides the distribution of funding for the Housing Incentive Pool (HIP), a funding program intended to provide incentive for the building and preservation of affordable housing units by local jurisdictions in the San Francisco Bay Area.

### HIP Eligible Time Period:

The eligible time period for the production or preservation of housing units that meet the qualifying criteria listed below is calendar years 2018 through 2022.

HIP grants will only be distributed after the fifth year of the eligible time period.

### HIP Housing Unit Qualifying Criteria:

1. Total HIP units = new built units + preserved units;
2. New or preserved units must be affordable to households at the very low-, low- and moderate-income levels;
3. New and preserved units must be located in Priority Development Areas (PDAs) or in Transit Priority Areas (TPAs) to qualify for the incentive;
4. Preserved units must be either:
  - a. Multi-family units that receive governmental assistance consistent with the funding sources in Government Code Section 65863.10(a)(3) that are identified as “very-high risk” or “high risk” of converting to market-rate rents by the California Housing Partnership Corporation (CHPC) or,
  - b. The acquisition/preservation of existing unrestricted multi-family affordable housing units upon which restrictions are newly placed;
5. A preserved unit that has deed restrictions for at least 55 years will be counted as one HIP unit. Units with deed restrictions for a shorter duration will receive a pro-rated share of one unit based on the 55-year standard;
6. All new units must be deed restricted;
7. To be eligible for the HIP program, jurisdictions must be compliant with state housing laws related to Surplus Lands, Accessory Dwelling Units, Density Bonuses, and Housing Element by the end of December, 2022. Compliance with the Housing Element will be determined by the California Department of Housing and Community Development. Jurisdictions must certify by council or board resolution that they are compliant with the other three laws.

### Funding Distribution:

Five million dollars will be set aside from funds available for the HIP to pilot a competitive program to help finance eligible infrastructure that will support affordable housing projects in Priority Development Areas and Transit Priority Areas. The county Congestion Management

Agencies will work with cities and developers to identify candidate projects. MTC/ABAG staff will develop guidelines for this pilot program;

Remaining HIP funds will be distributed to the 15 jurisdictions with the greatest number of total HIP units within the eligible time period.. Funds will be distributed among the top 15 jurisdictions on a per unit basis. MTC/ABAG staff will alert Congestion Management Agencies of grant awards to jurisdictions in their counties and encourage jurisdictions to coordinate with their Congestion Management Agencies on projects to receive HIP funds.

**SUMMARY OF HIP UNITS\* BY JURISDICTION  
 (For Information Only)  
 2015-2017 Permit Data (as of 9/30/18)**

<b>Alameda County</b>	<b>PDA/TPAs</b>			<b>All Units</b>
	<i>New</i>	<i>Preserved</i>	<i>Total</i>	
<i>Jurisdiction</i>				
Alameda	105	0	105	105
Albany	0	0	0	0
Berkeley	120	0	120	120
Dublin	71	0	71	79
Emeryville	86	0	86	111
Fremont	454	0	454	533
Hayward	59	0	59	59
Livermore	456	0	456	506
Newark	0	0	0	0
Oakland	433	8	441	441
Piedmont	1	0	1	7
Pleasanton	71	0	71	244
San Leandro	84	0	84	84
Union City	245	0	245	249
Alameda County	188	0	188	207
<b>Alameda County Total</b>	<b>2,373</b>	<b>8</b>	<b>2,381</b>	<b>2,745</b>

<b>Contra Costa County</b>	<b>PDA/TPAs</b>			<b>All Units</b>
	<i>New</i>	<i>Preserved</i>	<i>Total</i>	
<i>Jurisdiction</i>				
Antioch	0	0	0	104
Brentwood	0	0	0	6
Clayton	0	0	0	0
Concord	0	0	0	5
Danville	2	0	2	12
El Cerrito	81	0	81	81
Hercules	0	0	0	0
Lafayette	21	0	21	31
Martinez	0	0	0	0
Moraga	0	0	0	0
Oakley	75	0	75	283
Orinda	0	0	0	10
Pinole	0	0	0	1
Pittsburg	5	0	5	238
Pleasant Hill	0	0	0	12
Richmond	79	552	631	631
San Pablo	4	0	4	13
San Ramon	2	0	2	266
Walnut Creek	59	0	59	66
Contra Costa Co,	5	0	5	127
<b>Contra Costa County Total</b>	<b>333</b>	<b>552</b>	<b>885</b>	<b>1,886</b>

<b>Marin County</b>	<b>PDA/TPAs</b>			<b>All Units</b>
<i>Jurisdiction</i>	<i>New</i>	<i>Preserved</i>	<i>Total</i>	
Belvedere	0	0	0	2
Corte Madera	0	0	0	5
Fairfax	0	0	0	2
Larkspur	0	0	0	1
Mill Valley	5	0	5	9
Novato	14	0	14	15
Ross	0	0	0	4
San Anselmo	0	0	0	5
San Rafael	2	0	2	10
Sausalito	3	0	3	4
Tiburon	0	0	0	0
Marin County	3	0	3	7
<b>Marin County Total</b>	<b>27</b>	<b>0</b>	<b>27</b>	<b>64</b>

<b>Napa County</b>	<b>PDA/TPAs</b>			<b>All Units</b>
<i>Jurisdiction</i>	<i>New</i>	<i>Preserved</i>	<i>Total</i>	
American Canyon	202	0	202	203
Calistoga	0	0	0	32
Napa	0	0	0	12
St Helena	0	0	0	8
Yountville	0	0	0	4
Napa County	0	0	0	37
<b>Napa County Total</b>	<b>202</b>	<b>0</b>	<b>202</b>	<b>296</b>

<b>San Francisco</b>	<b>PDA/TPAs</b>			<b>All Units</b>
<i>Jurisdiction</i>	<i>New</i>	<i>Preserved</i>	<i>Total</i>	
San Francisco	2,859	122	2,981	2,981
<b>San Francisco Total</b>	<b>2,859</b>	<b>122</b>	<b>2,981</b>	<b>2,981</b>

<b>San Mateo County</b>	<b>PDA/TPAs</b>			<b>All Units</b>
<i>Jurisdiction</i>	<i>New</i>	<i>Preserved</i>	<i>Total</i>	
Atherton	3	0	3	5
Belmont	1	0	1	4
Brisbane	0	0	0	7
Burlingame	0	0	0	0
Colma	0	0	0	0
Daly City	227	0	227	255
East Palo Alto	12	0	12	42
Foster City	0	0	0	48
Half Moon Bay	0	0	0	11
Hillsborough	0	0	0	7
Menlo Park	44	0	44	82
Millbrae	0	0	0	0
Pacifica	0	0	0	15

Portola Valley	0	0	0	5
Redwood City	7	7	14	14
San Bruno	42	0	42	42
San Carlos	25	0	25	25
San Mateo	73	16	89	103
South San Francisco	105	7	112	119
Woodside	0	0	0	0
San Mateo County	2	0	2	22
<b>San Mateo County Total</b>	<b>541</b>	<b>30</b>	<b>571</b>	<b>806</b>

Jurisdiction	PDA/TPAs			All Units
	New	Preserved	Total	
Campbell	25	0	25	26
Cupertino	12	0	12	33
Gilroy	260	0	260	310
Los Altos	0	0	0	2
Los Altos Hills	0	0	0	7
Los Gatos	5	0	5	11
Milpitas	0	0	0	0
Monte Sereno	0	0	0	4
Morgan Hill	27	0	27	271
Mountain View	138	0	138	255
Palo Alto	108	0	108	116
San Jose	699	159	858	1,018
Santa Clara	3	0	3	4
Saratoga	0	0	0	37
Sunnyvale	144	195	339	410
Santa Clara County	0	0	0	5
<b>Santa Clara County Total</b>	<b>1,421</b>	<b>354</b>	<b>1,775</b>	<b>2,509</b>

Jurisdiction	PDA/TPAs			All Units
	New	Preserved	Total	
Benicia	1	0	1	1
Dixon	0	0	0	0
Fairfield	0	0	0	346
Rio Vista	0	0	0	0
Suisun City	0	0	0	0
Vacaville	0	0	0	921
Vallejo	0	0	0	1
Solano County	0	0	0	17
<b>Solano County Total</b>	<b>1</b>	<b>0</b>	<b>1</b>	<b>1,286</b>



Sonoma County <i>Jurisdiction</i>	PDA/TPAs			All Units
	<i>New</i>	<i>Preserved</i>	<i>Total</i>	
Cloverdale	3	0	3	5
Cotati	15	0	15	18
Healdsburg	0	0	0	80
Petaluma	3	0	3	199
Rohnert Park	0	0	0	2
Santa Rosa	3	0	3	58
Sebastopol	0	0	0	0
Sonoma	0	0	0	10
Windsor	0	0	0	23
Sonoma County	77	0	77	237
<b>Sonoma County Total</b>	<b>101</b>	<b>0</b>	<b>101</b>	<b>632</b>
<b>Bay Area Total</b>	<b>7,858</b>	<b>1,066</b>	<b>8,924</b>	<b>13,205</b>

*Shaded jurisdictions do not have Priority Development Areas or Transit Priority Areas*

\*Note: The proposed HIP program will be applied to built and preserved units (not permitted) in calendar years 2018-2022. Information above is based on permits from 2015-2017 and is presented for information only.

HIP Unit Qualifying Criteria:

- The HIP program is for calendar years 2018 - 2022.
- Newly built or preserved units must be affordable to households at the very low-, low- and moderate-income levels;
- Newly built and preserved units must be located in Priority Development Areas (PDAs) or in Transit Priority Areas (TPAs) to qualify for the incentive;
- Preserved units must be either:
  - a) Multi-family units that receive governmental assistance consistent with the funding sources in Government Code Section 65863.10(a)(3) that are identified as "very-high risk" or "high risk" of converting to market-rate rents by the California Housing Partnership Corporation (CHPC) or,
  - b) The acquisition/preservation of existing unrestricted multi-family affordable housing units upon which restrictions are newly placed;
- All new and preserved units must be deed restricted
- A preserved unit that has deed restrictions for at least 55 years will be counted as one HIP unit. Units with deed restrictions for a shorter duration will receive a pro-rated share of one unit based on the 55-year standard;

Executive Director  
Amie Fishman

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Kevin Zwick  
Housing Trust  
Silicon Valley

September 12, 2018

Commissioner Nick Josefowitz, Chair, Programming and Allocations  
Bay Area Metro  
375 Beale St, San Francisco, CA 94105

**Re: Item 3b MTC Resolution 4348 - "Approval of Housing Incentive Pool (HIP) criteria and update on local compliance with affordable housing laws"**

Dear Chair Josefowitz,

We write to convey our enthusiastic support for the Housing Incentive Pool (HIP) program. MTC's leadership in using regional transportation funding to incentivize better affordable housing and anti-displacement outcomes has been an innovative and effective tool for furthering regional objectives. MTC's conditioning OBAG funds on possession of a state-certified housing element, for instance, resulted in 28 previously noncompliant jurisdictions coming into compliance (we look forward to continuing those conversations in November). Linking transportation funding to local housing outcomes is a key strategy to achieve successful implementation of the Plan Bay Area 2040 Action Plan and CASA recommendations.

NPH believes that staff's HIP program proposal is robust and wishes to make it even more impactful through a few modest changes:

**1. Only jurisdictions that are compliant with the four State housing laws surveyed, and housing laws in general, should be eligible for HIP Program funding:** For eligibility for HIP funding, jurisdictions should have reported their compliance with the various state housing laws tracked by MTC (Surplus Land Act, ADU, Density Bonus, and Housing Element rezonings) AND have no outstanding housing law compliance letters from the Department of Housing and Community Development (HCD). According to MTC, eleven jurisdictions failed to report compliance with the four tracked housing laws while another four jurisdictions have outstanding issues with their required rezoning of housing element sites. As HCD is now empowered to monitor compliance with state housing laws, only jurisdictions with no outstanding compliance issues, as demonstrated by publicly-available HCD compliance letters, should be eligible for HIP funding.

**2. Moderate-income housing units (affordable to households making between 80-120% AMI) that are reported for the HIP program should be deed-restricted:** Between 2007 and 2014, the Bay Area permitted just 28% of its moderate-income housing need. HIP incentive funding should be used to encourage jurisdictions to deed-restrict these valuable units so that the Bay Area can house more of our middle class including our teachers, nurses, and government employees. Without deed-restriction, such units, which may be affordable to moderate-income households when built, very quickly become unaffordable due to market turnover.

- 3. Jurisdictions that report units built (as attested by certificates of occupancy) should receive heavier weighting in the HIP funding formula than jurisdictions that report units permitted:** Plan Bay Area 2040 and CASA both envision a future where all Bay Area residents have a place to live. While permitting is a useful indicator of the intent to build, until the jurisdiction issues a certificate of occupancy, that unit is not truly available for anyone to live in. Given the complexity of tracking housing units throughout the Bay Area, MTC should encourage jurisdictions to track units *built* by income level by giving additional weighting to jurisdictions that can report on units built by income level while still considering jurisdictions that report units permitted, albeit at a lower incentive amount.

With these modest changes, NPH believes that the HIP program will be strengthened and will better help MTC achieve the objectives of Plan Bay Area and CASA to house the Bay Area. We very much appreciate staff's work in bringing forward this thoughtful proposal and look forward to continuing to work with you.

Sincerely,



Amie Fishman  
Executive Director  
Non-Profit Housing Association of Northern California



The Voice of  
Affordable Housing

nonprohousing.org

Executive Director  
Amie Fishman

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Burbank Housing

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City of San José

Matt Schwartz  
California Housing  
Partnership

Smitha Seshadri  
BRIDGE Housing

Joseph Villarreal  
Contra Costa  
Housing Authority

Dan Wu  
Charities Housing

Kevin Zwick  
Housing Trust  
Silicon Valley

October 10, 2018

Commissioner Nick Josefowitz  
Chair, Programming and Allocations  
Bay Area Metro  
375 Beale St, San Francisco, CA 94105

**Re: Item 3a. MTC Resolution 4348 - "Approval of Housing Incentive Pool (HIP) criteria and update on local compliance with affordable housing laws"**

Dear Chair Josefowitz,

This letter is a follow up to NPH's previous letter to the Programming and Allocations Committee dated September 12, 2018. NPH remains strongly supportive of the Housing Incentive Pool (HIP) program. We are also pleased by a number of changes that MTC staff have proposed to address issues brought up in our previous letter. We are writing to respectfully request both your support for the HIP program and to propose a few changes to strengthen it:

- Moderate-income housing units (affordable to households making between 80-120% AMI) that are reported for the HIP program should be deed-restricted:** Between 2007 and 2014, the Bay Area permitted just 28% of its moderate-income housing need. Given the Bay Area's red-hot real estate market, these units are very likely to become unaffordable almost as soon as they are built due to a lack of restrictions on rents charged. HIP incentive funding should be used to encourage jurisdictions to deed-restrict these valuable units so that the Bay Area can durably house more of our middle class including our teachers, nurses, and government employees.
- We support staff's proposed HIP program changes requiring compliance with the four State housing laws for program eligibility but request that the California Department of Housing and Community Development (HCD) should monitor compliance with Housing Element Law (not jurisdictions).** NPH supports having jurisdictions adopt local resolutions attesting compliance with the State Surplus Land Act, the various ADU bills, and the State Density Bonus Law. While self-certification is a less than ideal tool the lack of a statewide monitoring body for such laws means that self-certification provides at least one check on whether a jurisdiction is aware of the law and is taking local action to comply. This is not the case for Housing Element Law where, in 2017, HCD received authority through AB 72 to monitor ongoing compliance by jurisdictions. MTC should rely on HCD's online portal to verify compliance with Housing Element Law and only allow those jurisdictions with no outstanding compliance issues to be eligible for HIP funding.
- We support staff's proposal to count units built by shifting the dates for HIP program eligibility from 2015-2020 to 2018-2022.** With this change, staff will be able to monitor units built by income level that jurisdictions are now required to track due to changes in reporting requirements.

With these modest changes, NPH believes that the HIP program will be strengthened and will better help MTC achieve the objectives of Plan Bay Area and CASA to house the Bay Area. We very much appreciate staff's work in bringing forward this thoughtful proposal and incorporating our input. We look forward to continuing to work with you.

Sincerely,



Amie Fishman  
Executive Director  
Non-Profit Housing Association of Northern California

**Metropolitan Transportation Commission  
Programming and Allocations Committee**

October 10, 2018

Item Number 3a

**MTC Resolution Nos. 4348 and 4308, Revised**

**Subject:** Approval of Housing Incentive Pool (HIP) criteria and update on local compliance with affordable housing laws.

**Background:** In October 2017, the Commission adopted MTC Resolution 4308, the 2018 Regional Transportation Improvement Program (RTIP) Policies, Procedures and Project Selection Criteria. That resolution augmented funding for a “race to the top” housing production and preservation incentive program that was initially contained in MTC Resolution 4202 – The One Bay Area Grant (OBAG 2) program. MTC Resolution 4308 also required that staff return in July to present recommendations to the MTC Programming and Allocations Committee on how incentive funds were to be distributed among the top affordable housing-producing and preserving cities, and to survey local jurisdictions for compliance with four different state housing laws. Staff presented a proposal in September, and the Committee took no action but requested that staff return in October with additional information – presented here.

**Considerations from September Programming and Allocations Committee**

At the Programming and Allocations Committee meeting on September 12, 2018, Committee members had a robust discussion on staff’s initial HIP proposal and asked staff for follow-up on several key considerations summarized below.

1. *Consider including units outside PDA/TPAs as well those within.*

Appendix A of this item provides information by jurisdiction on permitted new and preserved units both within and outside PDA/TPAs. A summary is below. Note that continued data review has resulted in some updates since September.

**2015-2017 Permit Data**

Unit Type	PDA/TPA	Non-PDA/TPA	Total
<b>New</b>	7,858	3,872	11,730
<b>Preserved</b>	1,066	409	1,475
<b>Total</b>	<b>8,924</b>	<b>4,281</b>	<b>13,205</b>

Staff recommends retaining the requirement that eligible HIP units be located within PDA or TPAs in order to remain consistent with Plan Bay Area’s principles and policies.

2. *Consider revising years of the HIP program to increase the incentive value.* The originally proposed HIP program period was set as calendar years 2015-2020. Alternatively, the program years could be revised to 2018-2022 (calendar year) in order to be completely forward-looking. Changing to this period clearly would make HIP an incentive rather than reward-based program. Staff recommends this change.

3. *Consider tracking built units instead of permitted units.*  
Revising the program years to calendar years 2018-2022 as recommended in item 2 also would allow staff to count “built” units rather than permitted units, as the California Department of Housing and Community Development (HCD) will be collecting information on built units (via annual housing reports) starting with the reports due in 2019 (covering the 2018 calendar year). Staff recommends this change.
  
4. *Consider requiring compliance with the four housing laws as a condition for HIP funding eligibility.*  
In regard to making compliance with housing laws a HIP eligibility requirement, staff recommends requiring jurisdictions to submit a City Council or Board resolution confirming compliance as a requisite for receiving HIP funds. Resolutions would be due by December 31st of the final year of the program, or 2022 based on staff’s recommendation.

The Committee also asked about progress on assessing PDAs (a map of the PDAs is attached). Planning staff is currently assessing PDA successes and shortcomings through the *Horizon* Perspective Paper series. Some high-level findings are:

- In terms of planning, PDA plans are either underway or complete in 75% of PDAs.
- About a quarter of PDAs are not well served by transit as defined by program guidelines.
- The share of the region’s housing growth in PDAs has increased dramatically since the last recession while development outside the urban footprint has slowed significantly.
- PDA progress on housing varies by county and by transit corridor.
- Only 60% of recent housing growth has been in PDAs vs. Plan Bay Area’s goal of 77%.
- Additional information about the *Regional Growth Framework* Perspective Paper will be presented at the October 12 Joint MTC Planning Committee/ABAG Administrative Committee meeting.

### **Housing Incentive Pool Revised Proposal for Program Rules**

Based on input from September’s Committee meeting and further consideration, following are staff’s revised recommendations for how to distribute HIP program funds and for which type of units would count towards the program.

#### HIP Funding Distribution

Funding for the program is \$76 million, comprised of \$46 million in regionally-controlled RTIP funds in addition to \$30 million in funds set aside for this incentive program in OBAG 2. The RTIP funds are conditioned on them not being required for Caltrain’s Peninsula Corridor Electrification Project, for which

they had been previously committed as project contingency if needed. Both RTIP and OBAG funds must be used for eligible transportation purposes.

Under the staff proposal, HIP grants would be distributed to the 15 jurisdictions with the greatest number of total HIP units. For counties that do not have a jurisdiction in the top 15, a county guarantee award will be given to the jurisdiction from that county with the greatest number of total HIP units. Each HIP grant award is at least \$250,000, which includes the county guarantees. After accounting for the \$250,000 floor, the remaining funds would be distributed among the top 15 jurisdictions on a per unit basis.

#### HIP Housing Unit Qualifying Criteria

In order to count toward the HIP program, housing units must meet the following criteria:

1. Total HIP units = new built units + preserved units;
2. New or preserved units must be affordable to households at the very low-, low- and moderate-income levels;
3. New and preserved units must be located in Priority Development Areas (PDAs) or in Transit Priority Areas (TPAs) to qualify for the incentive;
4. Preserved units must be either:
  - a. Multi-family units that receive governmental assistance consistent with the funding sources in Government Code Section 65863.10(a)(3) that are identified as “very-high risk” or “high risk” of converting to market-rate rents by the California Housing Partnership Corporation (CHPC) or,
  - b. The acquisition/preservation of existing unrestricted multi-family affordable housing units upon which restrictions are newly placed;
5. A preserved unit that has deed restrictions for at least 55 years will be counted as one HIP unit. Units with deed restrictions for a shorter duration will receive a pro-rated share of one unit based on the 55-year standard;
6. New very low and low income units must be deed restricted; no deed restriction is required for new moderate units; preserved units in all affordability levels must be deed-restricted;
7. A jurisdiction from each county must be represented in the funding distribution;
8. To be eligible for the HIP program, jurisdictions must certify by council or board resolution that they are compliant with state housing laws related to Surplus Lands, Accessory Dwelling Units, Density Bonuses, and Housing Element by the end of December, 2022.
9. The program is for calendar years 2018 through 2022.

#### **Affordable Housing Law Compliance**

The Commission also requested that the MTC/ABAG integrated staff survey local jurisdictions for compliance with four different state housing laws including:

- Surplus Lands Act: status of required local implementation ordinances;
- Accessory Dwelling Unit Streamlining (SB 1069, AB 2299, AB 2406): status of required local accessory dwelling unit streamlining ordinances;



- State Density Bonus Law (AB 2135): status of required local density bonus implementation ordinances; and
- State Housing Element Law: status of required rezoning of housing sites identified in local housing elements at appropriate minimum densities.

The results are summarized in the table below and listed for each jurisdiction in Appendix C.

	Surplus Lands	ADU	Density Bonus	Housing Element
In Compliance	94	83	83	109*
In Process	2	15	1	
Charter City	2	N/A	N/A	
Noncompliant	0	0	14	
Not Reported	11	11	11	

*\*Four jurisdictions are currently working with HCD to confirm compliance and HCD considers these jurisdictions to be in compliance while this work proceeds.*

Currently, under staff’s recommendation, roughly 38 jurisdictions would be ineligible for HIP funds because they are either noncompliant, in process, or have not reported. These jurisdictions would need to come into compliance by the end of 2022 in order to be eligible for HIP funds. In addition, jurisdictions would be required to certify compliance through a local resolution.

**Funding Conditioning Look-Ahead:**

Another element of the October 2017 Commission direction was to have staff evaluate all funding sources for opportunities to link housing performance to MTC funding decisions. That work is currently in process, and staff expects to return to the Commission for further discussion at a workshop tentatively scheduled for November 28-29, 2018 in Sonoma.

**Issues:**

1. MTC/ABAG staff has been working in earnest with jurisdictions to record the most accurate data possible for qualifying HIP housing units. The data presented here was collected from jurisdictions, with attempts made to verify the information provided and to map it as well. Jurisdictions often record housing/permit information in different formats and at varying levels of detail. Given that there currently is no regular system in place to scrutinize housing data submitted by jurisdictions to state agencies, MTC/ABAG staff expect that this new process of determining eligible HIP units will be a work in progress over the next few years.
2. At the September Committee meeting, the Committee members asked specifically about the number of units counted for Solano County. Staff has investigated further and found that Solano County’s permitted HIP units were accurately recorded. Fairfield has 100 units under construction but they do

not meet the HIP criteria for affordability. Vacaville may have building permits issued by 2020 for several hundred units that may be affordable.

3. A substantial amount of the program funds, \$46 million, is from the STIP, which is funded through SB1. If Proposition 6 were to be approved in November, STIP funding would be drastically reduced and it is likely that most or all of the \$46 million would not be available for the HIP program.

**Recommendation:** Refer MTC Resolution Nos. 4348 and 4308, Revised to the Commission for approval.

**Attachments:** MTC Resolution No. 4348  
MTC Resolution No. 4308, Revised (Changes are on Attachment A, pgs. 6-7)  
Appendix A: Summary of Qualifying HIP Units by Jurisdiction  
Appendix B: Affordable Housing Law Compliance Summary  
Appendix C: Housing Unit Definitions  
PDA/TPA Map  
Power Point Presentation: *Housing Incentive Pool (HIP) and Affordable Housing Law Compliance*  
Correspondence Received

**MTC Resolution No. 4348, with its attachment, has been updated and is attached to the Commission memo in this packet.**

Date: October 25, 2017  
W.I.: 1515  
Referred by: PAC  
Revised: 12/20/17-C  
04/25/18-C  
10/24/18-C

ABSTRACT

Resolution No. 4308, Revised

This resolution adopts the policies, procedures, project selection criteria, and program of projects for the 2018 Regional Transportation Improvement Program (RTIP) for the San Francisco Bay Area, for submission to the California Transportation Commission (CTC), consistent with the provisions of Senate Bill 45 (Chapter 622, Statutes 1997).

- Attachment A – Policies, Procedures and Project Selection Criteria for the 2018 RTIP (with appendices)
- Attachment B – 2018 RTIP Program of Projects
- Attachment C – STIP Amendment / Extension Rules and Procedures

This resolution was revised by Commission Action on December 20, 2017 to update Attachment B – 2018 RTIP Program of Projects with the final project listing.

This resolution was revised by Commission Action on April 25, 2018 to update Attachment B – 2018 RTIP Program of Projects with the final project listing as approved by the California Transportation Commission.

This resolution was revised by Commission action on October 24, 2018 to revise page 6 of Attachment A – 2018 RTIP Policies and Procedures to include the statement that final housing production and preservation incentive criteria and requirements are contained in the Housing Incentive Pool Program (HIP) - MTC Resolution No. 4348

Further discussion of these actions is contained in the Summary Sheet to the MTC Programming and Allocations Committee dated October 11, 2017, December 13, 2017, April 11, 2018 and October 10, 2018.

Date: October 25, 2017  
W.I.: 1515  
Referred by: PAC

RE: Adoption of 2018 Regional Transportation Improvement Program (RTIP)  
Program Policies, Procedures, Project Selection Criteria, and Program of Projects

METROPOLITAN TRANSPORTATION COMMISSION  
RESOLUTION NO. 4308

WHEREAS, the Metropolitan Transportation Commission (MTC) is the regional transportation planning agency for the San Francisco Bay Area pursuant to Government Code Section 66500 *et seq.*; and

WHEREAS, MTC has adopted and periodically revises, pursuant to Government Code Sections 66508 and 65080, a Regional Transportation Plan (RTP); and

WHEREAS, MTC shares responsibility with the Association of Bay Area Governments (ABAG) for developing and implementing a Sustainable Communities Strategy (SCS) that integrates transportation, land use, and housing to meet greenhouse gas (GHG) reduction goals (Government Code Section 65080(b) 2(B)).

WHEREAS, MTC adopts, pursuant to Government Code Section 65082, a Regional Transportation Improvement Program (RTIP) when additional State Transportation Improvement Program funding is available, that is submitted, pursuant to Government Code Section 14527, to the California Transportation Commission (CTC) and the California Department of Transportation (Caltrans); and

WHEREAS, MTC has developed, in cooperation with Caltrans, operators of publicly owned mass transportation services, congestion management agencies, countywide transportation planning agencies, and local governments, policies, procedures and project selection criteria to be used in the development of the 2018 RTIP, and a five-year program for the funding made available for highways, roadways and state-funded mass transit guideways and other transit capital improvement projects, to include projects programmed in fiscal years 2018-19 through 2022-23; and

WHEREAS, using the process and criteria set forth in the Attachments to this resolution, attached hereto as though set forth at length, a set of capital priorities for the 2018 Regional Transportation Improvement Program (RTIP) was developed; and

WHEREAS, the 2018 RTIP has been developed consistent with the policies and procedures outlined in this resolution, and with the STIP Guidelines adopted by the CTC on August 16, 2017; and

WHEREAS, the 2018 RTIP will be subject to public review and comment; now, therefore, be it

RESOLVED, that MTC approves the process and criteria to be used in the evaluation of candidate projects for inclusion in the 2018 RTIP, as set forth in Attachment A of this resolution, and be it further

RESOLVED, that MTC adopts the 2018 RTIP Program of Projects, attached hereto as Attachment B and incorporated herein as though set forth at length, and finds it consistent with the RTP; and, be it further

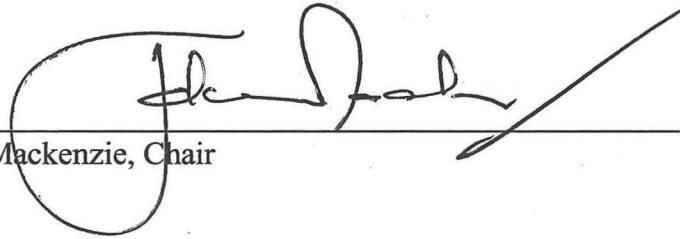
RESOLVED, that MTC approves the STIP Amendment / Extension Rules and Procedures to be used in processing STIP amendment and extension requests, as set forth in Attachment C of this resolution, and be it further

RESOLVED, that the Executive Director may make adjustments to Attachment B in consultation with the respective Congestion Management Agency (CMA) or County Transportation Planning Agency, to respond to direction from the California Transportation Commission and/or the California Department of Transportation; and, be it further

RESOLVED, that MTC's adoption of the programs and projects in the 2018 RTIP is for planning purposes only, with each project still subject to MTC's project review and application approval pursuant to MTC Resolution Nos. 3115 and 3757; and, be it further

RESOLVED, that the Executive Director shall forward a copy of this resolution, and such other information as may be required to the CTC, Caltrans, and to such other agencies as may be appropriate.

METROPOLITAN TRANSPORTATION COMMISSION

A handwritten signature in black ink, appearing to read "Jake Mackenzie", is written over a horizontal line. The signature is stylized with a large initial "J" and a long, sweeping stroke at the end.

Jake Mackenzie, Chair

The above resolution was entered into by the Metropolitan Transportation Commission at a regular meeting of the Commission held in San Francisco, California, on October 25, 2017.

### **Public Involvement Process**

MTC is committed to having the CMAs as full partners in development of the RTIP. That participation likewise requires the full commitment of the CMAs to a broad, inclusive public involvement process consistent with MTC's adopted Public Participation Plan (available online at <http://mtc.ca.gov/about-mtc/public-participation/public-participation-plan>) and federal regulations, including Title VI of the Federal Civil Rights Act of 1964. Federal regulations call for active outreach and public comment opportunities in any metropolitan planning process, and such opportunities an important step to any project selection process for the RTIP. CMAs shall document their public involvement opportunities, including how they included communities covered under Title VI, and submit the documentation along with their list of candidate projects.

### **RTIP Projects in the Transportation Improvement Program (TIP)**

In accordance with state and federal requirements, RTIP-funded projects must be programmed in the TIP prior to seeking a CTC allocation. In addition, a federal authorization to proceed (E-76) request must be submitted simultaneously with the RTIP allocation request to Caltrans and the CTC when the request includes federal funds. In the 2018 RTIP, all projects are subject to be a mix of federal and state funds, and may require a federal authorization to proceed. Additionally, all STIP projects are to be included in the TIP and must have funds escalated to the year of expenditure, in accordance with federal regulations.

## **Regional Policies**

### **Regional Set-Aside Programming**

In order to expedite obligation and expenditure of American Recovery and Reinvestment Act of 2009 (ARRA) funds, and to address the State's lack of funding at the time, MTC programmed \$31 million in ARRA funds to backfill unavailable STIP funds for the Caldecott Tunnel Fourth Bore project. Of the \$31 million, \$29 million came from Contra Costa's STIP county share, and \$2 million from Alameda's STIP county share. Further, in 2012, MTC programmed \$15 million to the Improved Bicycle/Pedestrian Access to the San Francisco-Oakland Bay Bridge project from a portion of each county's STIP share (from former Transportation Enhancement (TE) funds). To address lack of funding in the 2016 STIP, MTC de-programmed both the \$31 million and \$15 million commitments to regional projects (total \$46 million). In January 2017 MTC committed the \$46 million to additional contingency for the Caltrain Peninsula Corridor Electrification Project (PCEP), through MTC Resolution No. 4267. If any of the funds are de-programmed, the RTIP funds will be re-programmed to another regional priority project(s) at MTC's discretion. These funds have the highest priority for funding in the RTIP, after GARVEE, AB 3090, and PPM projects.

### **Housing Production and Preservation Incentive**

The One Bay Area Grant (OBAG 2) program (MTC Resolution No. 4202) includes a challenge grant program for the production of affordable housing. The purpose of the program is to reward local jurisdictions that produce the most housing at the very low, low, and moderate levels. This challenge grant program sets a six year target for production of low and moderate income housing units (2015 through 2020), based on the housing unit needs identified through the Regional Housing Needs Allocation (RHNA) for 2015-2022. The target for the proposed challenge grant period is



approximately 80,000 very low, low and moderate income units (35,000 very low, 22,000 low and 25,000 moderate units, for a total of 82,000 units, derived from the years of the current RHNA cycle). The units must be located in Priority Development Areas (PDAs) or in Transit Priority Areas (TPAs). Additionally, to be credited towards reaching the production targets, very low and low income units must be deed restricted; moderate income units do not require deed restriction to be credited in the program. In addition, the number of existing affordable housing units a jurisdiction preserves is also included for the purposes of this incentive program. At the end of the production and preservation challenge cycle, MTC will distribute grant funds to the jurisdictions that contribute the most toward reaching the regional production target.

As part of the 2018 RTIP, the OBAG 2 Housing Production Incentive challenge grant program described immediately above (also known as ‘80k by 2020’) is augmented with \$46 million of regionally-controlled RTIP funds identified in the regional set-aside programming section above, conditioned on these funds not being needed for Caltrain’s project contingency, either because the project can be completed within budget or because substitute contingency funds are identified. The increased incentive amount at \$76 million allows the ‘80k by 2020’ top ten producers of affordable housing to be increased to the top fifteen producers and preservers of affordable housing among the region’s 109 local jurisdictions. Further, at least one top city housing producer from each of the nine counties will be included in the top 15. Staff will provide progress reports on production of affordable housing units as part of OBAG 2 implementation updates.

The RTIP funding provided may be either federal or state funds, must be used only for federally- or State Highway Account-eligible transportation purposes, and must meet CTC STIP Guideline requirements.

By July 1, 2018, MTC/ABAG integrated staff will present recommendations to the MTC Programming and Allocations Committee on defining how these funds are distributed among the top 15 affordable housing-producing/preserving cities, and how to further develop the expanded ‘80k by 2020’ housing challenge to work in concert with other funding criteria recommendations to incentivize housing outcomes across the region.

**Final housing production and preservation incentive criteria and requirements are contained in the Housing Incentive Program (HIP) - MTC Resolution No. 4348**

### **Supplemental Housing Condition Criteria Development**

As the Regional Transportation Planning Agency (RTPA) for the Bay Area, MTC is responsible for developing RTIP project priorities consistent with the region’s Regional Transportation Plan and also shares responsibility with the Association of Bay Area Governments (ABAG) for developing and implementing a Sustainable Communities Strategy (SCS) that integrates transportation, land use, and housing policies to meet greenhouse gas (GHG) reduction goals (Government Code Section 65080(b) 2(B)). A key component of the combined RTP/SCS, per state statutory requirements, is that the plan demonstrate how the region can house 100% of the region’s projected growth at all income levels. MTC’s statutory responsibilities also require the RTP to consider the impact of transportation systems on a variety of facets of the region, including housing (Government Code

**SUMMARY OF HIP UNITS\* BY JURISDICTION  
(For Information Only)  
2015-2017 Permit Data (as of 9/30/18)**

<b>Alameda County</b>	<b>PDA/TPAs</b>		<b>All Units</b>
<i>Jurisdiction</i>	<i>New</i>	<i>Preserved</i>	<i>Total</i>
Alameda	105	0	105
Albany	0	0	0
Berkeley	120	0	120
Dublin	71	0	79
Emeryville	86	0	111
Fremont	454	0	533
Hayward	59	0	59
Livermore	456	0	506
Newark	0	0	0
Oakland	433	8	441
Piedmont	1	0	7
Pleasanton	71	0	244
San Leandro	84	0	84
Union City	245	0	249
Alameda County	188	0	207
<b>Alameda County Total</b>	<b>2,373</b>	<b>8</b>	<b>2,745</b>

<b>Contra Costa County</b>	<b>PDA/TPAs</b>		<b>All Units</b>
<i>Jurisdiction</i>	<i>New</i>	<i>Preserved</i>	<i>Total</i>
Antioch	0	0	104
Brentwood	0	0	6
Clayton	0	0	0
Concord	0	0	5
Danville	2	0	12
El Cerrito	81	0	81
Hercules	0	0	0
Lafayette	21	0	31
Martinez	0	0	0
Moraga	0	0	0
Oakley	75	0	283
Orinda	0	0	10
Pinole	0	0	1
Pittsburg	5	0	238
Pleasant Hill	0	0	12
Richmond	79	552	631
San Pablo	4	0	13
San Ramon	2	0	266
Walnut Creek	59	0	66
Contra Costa Co,	5	0	127
<b>Contra Costa County Total</b>	<b>333</b>	<b>552</b>	<b>1,886</b>

<b>Marin County</b>	<b>PDA/TPAs</b>		<b>All Units</b>
<i>Jurisdiction</i>	<i>New</i>	<i>Preserved</i>	<i>Total</i>
Belvedere	0	0	2
Corte Madera	0	0	5
Fairfax	0	0	2
Larkspur	0	0	1
Mill Valley	5	0	9
Novato	14	0	15
Ross	0	0	4
San Anselmo	0	0	5
San Rafael	2	0	10
Sausalito	3	0	4
Tiburon	0	0	0
Marin County	3	0	7
<b>Marin County Total</b>	<b>27</b>	<b>0</b>	<b>64</b>

<b>Napa County</b>	<b>PDA/TPAs</b>		<b>All Units</b>
<i>Jurisdiction</i>	<i>New</i>	<i>Preserved</i>	<i>Total</i>
American Canyon	202	0	203
Calistoga	0	0	32
Napa	0	0	12
St Helena	0	0	8
Yountville	0	0	4
Napa County	0	0	37
<b>Napa County Total</b>	<b>202</b>	<b>0</b>	<b>296</b>

<b>San Francisco</b>	<b>PDA/TPAs</b>		<b>All Units</b>
<i>Jurisdiction</i>	<i>New</i>	<i>Preserved</i>	<i>Total</i>
San Francisco	2,859	122	2,981
<b>San Francisco Total</b>	<b>2,859</b>	<b>122</b>	<b>2,981</b>

<b>San Mateo County</b>	<b>PDA/TPAs</b>		<b>All Units</b>
<i>Jurisdiction</i>	<i>New</i>	<i>Preserved</i>	<i>Total</i>
Atherton	3	0	5
Belmont	1	0	4
Brisbane	0	0	7
Burlingame	0	0	0
Colma	0	0	0
Daly City	227	0	255
East Palo Alto	12	0	42
Foster City	0	0	48
Half Moon Bay	0	0	11
Hillsborough	0	0	7
Menlo Park	44	0	82
Millbrae	0	0	0
Pacifica	0	0	15

Portola Valley	0	0	5
Redwood City	7	7	14
San Bruno	42	0	42
San Carlos	25	0	25
San Mateo	73	16	103
South San Francisco	105	7	119
Woodside	0	0	0
San Mateo County	2	0	22
<b>San Mateo County Total</b>	<b>541</b>	<b>30</b>	<b>806</b>

<b>Santa Clara County</b>	<b>PDA/TPAs</b>		<b>All Units</b>
<i>Jurisdiction</i>	<i>New</i>	<i>Preserved</i>	<i>Total</i>
Campbell	25	0	26
Cupertino	12	0	33
Gilroy	260	0	310
Los Altos	0	0	2
Los Altos Hills	0	0	7
Los Gatos	5	0	11
Milpitas	0	0	0
Monte Sereno	0	0	4
Morgan Hill	27	0	271
Mountain View	138	0	255
Palo Alto	108	0	116
San Jose	699	159	1,018
Santa Clara	3	0	4
Saratoga	0	0	37
Sunnyvale	144	195	410
Santa Clara County	0	0	5
<b>Santa Clara County Total</b>	<b>1,421</b>	<b>354</b>	<b>2,509</b>

<b>Solano County</b>	<b>PDA/TPAs</b>		<b>All Units</b>
<i>Jurisdiction</i>	<i>New</i>	<i>Preserved</i>	<i>Total</i>
Benicia	1	0	1
Dixon	0	0	0
Fairfield	0	0	346
Rio Vista	0	0	0
Suisun City	0	0	0
Vacaville	0	0	921
Vallejo	0	0	1
Solano County	0	0	17
<b>Solano County Total</b>	<b>1</b>	<b>0</b>	<b>1,286</b>

<b>Sonoma County</b>	<b>PDA/TPAs</b>		<b>All Units</b>
<i>Jurisdiction</i>	<i>New</i>	<i>Preserved</i>	<i>Total</i>
Cloverdale	3	0	5
Cotati	15	0	18
Healdsburg	0	0	80
Petaluma	3	0	199
Rohnert Park	0	0	2
Santa Rosa	3	0	58
Sebastopol	0	0	0
Sonoma	0	0	10
Windsor	0	0	23
Sonoma County	77	0	237
<b><i>Sonoma County Total</i></b>	<b>101</b>	<b>0</b>	<b>632</b>

<b>Bay Area Total</b>	<b>7,858</b>	<b>1,066</b>	<b>13,205</b>
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*Shaded jurisdictions do not have Priority Development Areas or Transit Priority Areas*

\* HIP Unit Qualifying Criteria:

- The HIP program is for calendar years 2018 - 2022. (The information above is permit information from 2015 - 2017 and is presented for information only);
- Newly built or preserved units must be affordable to households at the very low-, low- and moderate-income levels;
- Newly built and preserved units must be located in Priority Development Areas (PDAs) or in Transit Priority Areas (TPAs) to qualify for the incentive;
- Preserved units must be either:
  - a) Multi-family units that receive governmental assistance consistent with the funding sources in Government Code Section 65863.10(a)(3) that are identified as “very-high risk” or “high risk” of converting to market-rate rents by the California Housing Partnership Corporation (CHPC) or,
  - b) The acquisition/preservation of existing unrestricted multi-family affordable housing units upon which restrictions are newly placed;
- A preserved unit that has deed restrictions for at least 55 years will be counted as one HIP unit. Units with deed restrictions for a shorter duration will receive a pro-rated share of one unit based on the 55-year standard;
- New very low and low income units must be deed restricted; no deed restriction is required for new moderate units; preserved units in all affordability levels must be deed-restricted.

**AFFORDABLE HOUSING COMPLIANCE SUMMARY**

		<b>Surplus Public Lands Accessory Dwelling Units Density Bonus Ordinance</b>		
<b>Jurisdiction</b>		<b>Jurisdiction complies with Act</b>	<b>Jurisdiction has adopted an ordinance</b>	<b>Jurisdiction has adopted an ordinance</b>
<b>Alameda</b>	Alameda	✓	✓	✓
	Albany		✓	✓
	Berkeley	✓	✓	✓
	Dublin	✓	✓	✓
	Emeryville	✓	✓	✓
	Fremont	✓	✓	✓
	Hayward	✓	✓	✓
	Livermore	✓		✓
	Newark	✓	✓	✓
	Oakland	✓	✓	✓
	Piedmont	✓	✓	✓
	Pleasanton	✓	✓	✓
	San Leandro	✓	✓	✓
	Union City	✓		✓
	Alameda County	✓	✓	In Progress
<b>Contra Costa</b>	Antioch	✓	✓	✓
	Brentwood	✓	✓	✓
	Clayton	✓		✓
	Concord		✓	✓
	Danville			
	El Cerrito	✓	✓	✓
	Hercules	✓		✓
	Lafayette	✓	✓	✓
	Martinez	✓		✓
	Moraga	✓	✓	✓
	Oakley	✓	✓	✓
	Orinda	✓	✓	✓
	Pinole	✓	✓	✓
	Pittsburg	✓	✓	✓
	Pleasant Hill	✓	✓	✓
	Richmond	✓	✓	✗
	San Pablo	✓	✓	✓
	San Ramon	✓	✓	✓
	Walnut Creek	✓	✓	✓
Contra Costa County	✓	✓	✓	
<b>Marin</b>	Belvedere	✓	✓	✓
	Corte Madera	✓	✓	✓
	Fairfax	✓	✓	✗
	Larkspur			✓
	Mill Valley	✓	✓	✓
	Novato	✓	✓	✓
	Ross	✓	✓	✓
	San Anselmo	✓	✓	✓
	San Rafael	✓		✓
	Sausalito			
	Tiburon	✓	✓	✓
	Marin County	✓	✓	✓
	<b>Napa</b>	American Canyon	✓	✓
Calistoga				
Napa		✓	✓	✓
St. Helena		✓	✓	✓
Yountville		✓	✓	✓
Napa County		✓	✓	✓
<b>SF</b>	San Francisco	✓	✓	✓

		<b>Surplus Public Lands Accessory Dwelling Units Density Bonus Ordinance</b>		
<b>Jurisdiction</b>		<b>Jurisdiction complies with Act</b>	<b>Jurisdiction has adopted an ordinance</b>	<b>Jurisdiction has adopted an ordinance</b>
San Mateo	Atherton	✓	✓	✓
	Belmont	✓	✓	✓
	Brisbane	✓	✓	✓
	Burlingame	✓		✓
	Colma	✓	✓	✓
	Daly City			
	East Palo Alto	✓	✓	✗
	Foster City	✓	✓	✓
	Half Moon Bay	✓		✓
	Hillsborough	✓	✓	✓
	Menlo Park	✓	✓	✓
	Millbrae			
	Pacifica	✓	✓	✗
	Portola Valley	✓	✓	✗
	Redwood City	✓	✓	✗
	San Bruno			
	San Carlos	✓		✗
	San Mateo	✓	✓	✓
	South San Francisco	✓	✓	✓
	Woodside	✓	✓	✗
San Mateo County	✓	✓	✓	
Santa Clara	Campbell	✓	✓	✓
	Cupertino	✓	✓	✓
	Gilroy	✓	✓	✓
	Los Altos	✓	✓	✓
	Los Altos Hills			
	Los Gatos	✓	✓	✓
	Milpitas			
	Monte Sereno	✓	✓	✓
	Morgan Hill	✓	✓	✓
	Mountain View	✓	✓	✓
	Palo Alto	✓	✓	✓
	San Jose		✓	✗
	Santa Clara			
	Saratoga	✓	✓	✓
	Sunnyvale	✓	✓	✓
	Santa Clara County			
Solano	Benicia	✓		✓
	Dixon	✓		✗
	Fairfield	✓	✓	✓
	Rio Vista			
	Suisun City	✓	✓	✓
	Vacaville	✓	✓	✗
	Vallejo	✓		✗
	Solano County	✓		✗
Sonoma	Cloverdale	✓	✓	✓
	Cotati	✓		✓
	Healdsburg	✓	✓	✗
	Petaluma	✓	✓	✓
	Rohnert Park	✓	✓	✓
	Santa Rosa	✓	✓	✓
	Sebastopol	✓	✓	✓
	Sonoma	✓	✓	✓
	Windsor	✓	✓	✓
	Sonoma County	✓	✓	✓
	<b>Bay Area Totals*</b>	<b>94</b>	<b>83</b>	<b>83</b>

\*Totals are aggregates of all cells with check marks.

<b>Legend</b>	
	Charter City, not subject to Surplus Lands Act
	No surplus land, in compliance by default
	Ordinance update in progress
	Jurisdiction did not respond
✓	Compliant
✗	Not compliant

## Housing Unit Definitions

### ***Built vs. permitted***

The current MTC/ABAG staff recommendation for the HIP program proposes to use data about housing units constructed as opposed to housing units permitted by local jurisdictions. It will be possible to exclusively use data on built units instead of permitted units provided the years of the HIP program are revised to calendar years 2018 through 2022. The California Department of Housing and Community Development (HCD) currently only asks for building permits issued in the Housing Element Annual Progress Report (APR) that jurisdictions are required to submit, however, HCD is now developing guidelines for a new APR form to be consistent with the requirements of SB 35. Starting with the 2019 APR (which covers calendar year 2018) jurisdictions will be required to report on the issuance of entitlements, building permits, and certificates of occupancy.

### ***Definition of preserved***

To qualify for HIP, preserved units must be deed-restricted very low-, low-, and moderate-income units and located within a TPA or PDA. The preserved units must be either:

- Multi-family units that receive governmental assistance consistent with the funding sources in Government Code Section 65863.10(a)(3) that are identified as “very-high risk” or “high risk” of converting to market-rate rents by the California Housing Partnership Corporation (CHPC) or,
- The acquisition/preservation of existing unrestricted multi-family affordable housing units upon which restrictions are newly placed;

A preserved unit that has deed restrictions for at least 55 years will be counted as one HIP unit. Units with deed restrictions for a shorter duration will receive a pro-rated share of one unit based on the 55-year standard;

To verify whether an at-risk home (as defined above) was preserved in a jurisdiction, ABAG/MTC staff can either a) request a report from California Housing Partnership Corporation’s (CHPC) Preservation Database to confirm the property was at-risk or b) request the regulatory agreement, covenant, or contract that expired or is expiring in the next five years from the jurisdiction.

### ***ADUs***

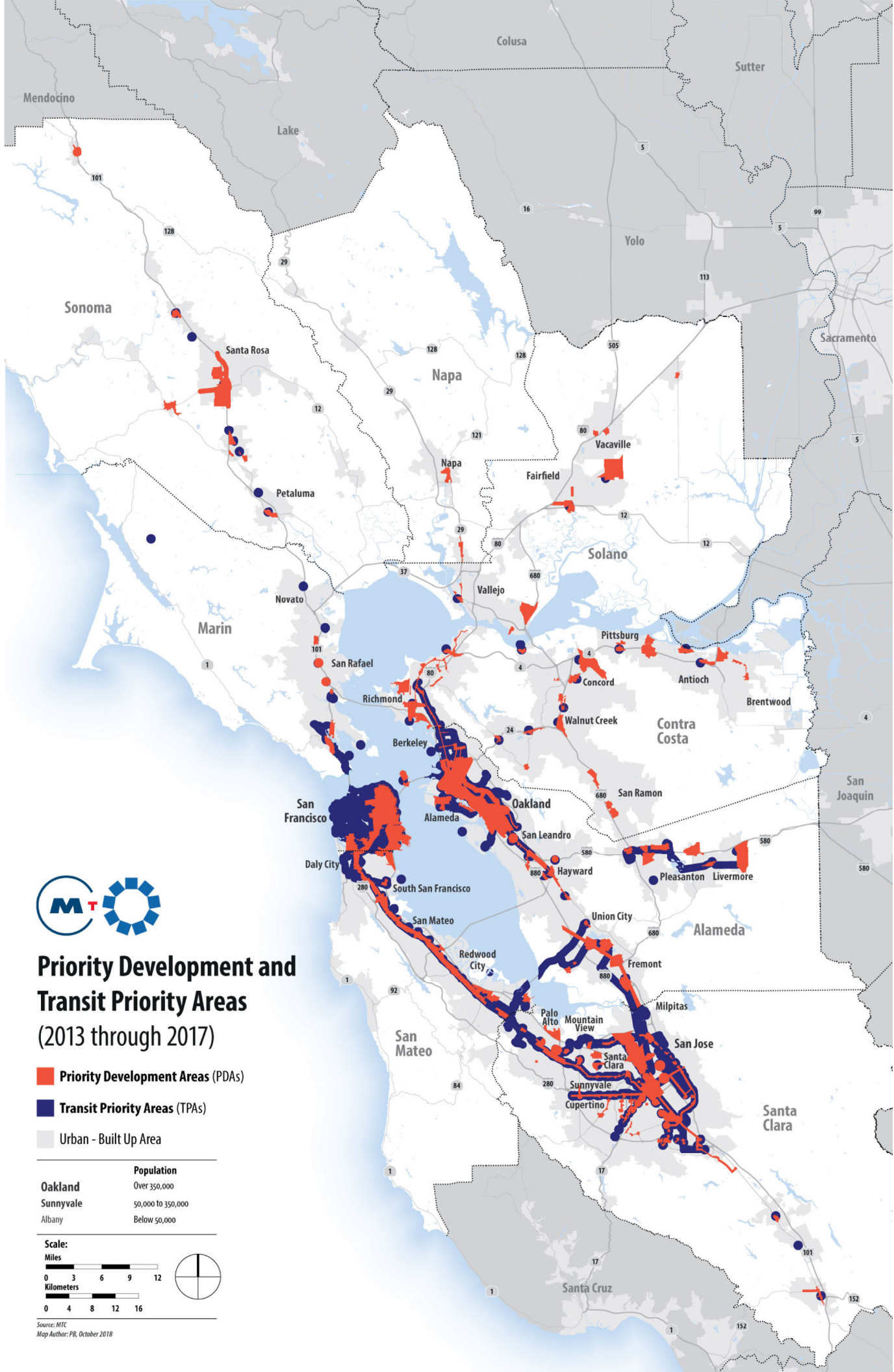
The HIP formula includes all types of housing units (including accessory dwelling units) when counting permits issued for new homes. For preserved units, only multi-family units (those in buildings with two or more units) are counted.

### ***Compliance is self-reported***

The summary of local jurisdictions’ compliance with state housing laws related to surplus public lands, accessory dwelling units (ADUs), and the density bonus is based on information submitted by local jurisdictions in response to a survey administered by ABAG/MTC staff. ABAG/MTC staff relies on the veracity of the self-reported data.

Information about whether or not jurisdictions have successfully completed any re-zonings required as part of the Housing Element process comes from the California Department of Housing and Community Development (HCD). ABAG/MTC staff does not independently track this information, and relies on HCD’s determination as the state authority for overseeing local jurisdictions’ compliance with Housing Element law.

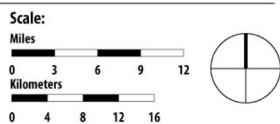




# Priority Development and Transit Priority Areas (2013 through 2017)

- Priority Development Areas (PDAs)
- Transit Priority Areas (TPAs)
- Urban - Built Up Area

	Population
Oakland	Over 350,000
Sunnyvale	50,000 to 350,000
Albany	Below 50,000



Source: MTC  
Map Author: PB, October 2018

# Housing Incentive Pool (HIP) and Affordable Housing Law Compliance

Programming and Allocations Committee

October 10, 2018

# Housing Incentive Pool (HIP)

## Proposed Program Rules – from September PAC

- ❖ Calendar years **2015 - 2020**
- ❖ **15 jurisdictions** with greatest number of qualifying housing units
- ❖ County guarantee - at least one jurisdiction from **each county represented** (could add to 15 noted above as necessary)
- ❖ Grants distributed on **sliding scale**
  - \$250,000 floor
  - Balance distributed among top 15 on per unit basis
- ❖ Grants must be spent on eligible **transportation projects** (STP/CMAQ/STIP rules apply)
- ❖ Grants distributed **after 2020** units tabulated



Credit Martin Klemek

# Housing Incentive Pool (HIP)

## Distribution Concept – from September PAC

2015-2017 permit data, as of 9/30/18

Rank	Jurisdiction	County	Total HIP Units	Illustrative Grant Distribution
1	San Francisco	San Francisco	2,981	\$28.1
2	San Jose	Santa Clara	858	\$8.3
3	Richmond	Contra Costa	631	\$6.1
4	Livermore	Alameda	456	\$4.5
5	Fremont	Alameda	454	\$4.5
6	Oakland	Alameda	441	\$4.4
7	Sunnyvale	Santa Clara	339	\$3.4
8	Gilroy	Santa Clara	260	\$2.7
9	Union City	Alameda	245	\$2.5

\$ in millions

Rank	Jurisdiction	County	Total HIP Units	Illustrative Grant Distribution
10	Daly City	San Mateo	227	\$2.4
11	American Canyon	Napa	202	\$2.1
12	Alameda County	Alameda	188	\$2.0
13	Mountain View	Santa Clara	138	\$1.5
14	Berkeley	Alameda	120	\$1.4
15	South San Francisco	San Mateo	112	\$1.3
22	Sonoma County	Sonoma	77	\$0.25
35	Novato	Marin	14	\$0.25
56	Benicia	Solano	1	\$0.25
<b>HIP Program Total</b>			<b>7,652</b>	<b>\$76.0</b>

County Guarantee Awards

Data for new and preserved units gathered by surveying the Bay Area's 101 cities and 9 counties

Actual grant distribution subject to change until all program data is received and analyzed

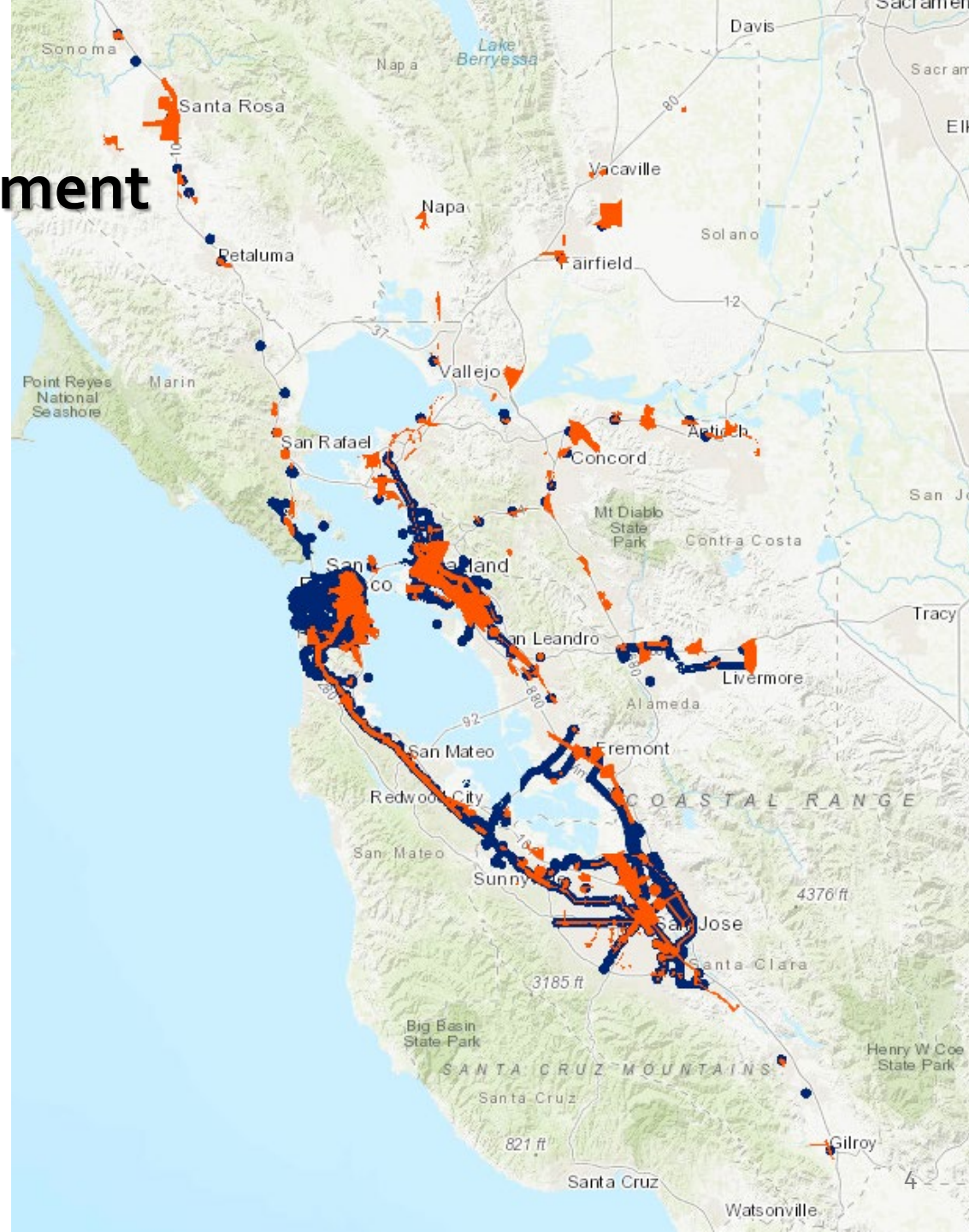
# Context Setting

## Priority Development Area (PDA) Assessment

### ❖ PDA assessment currently underway, through Horizons Perspective Paper - Regional Growth Strategies

- PDA housing share has increased while development outside the urban footprint has slowed
- PDA progress on housing varies by county and by transit corridor
- Only 60% of housing growth has been in PDAs vs. PBA goal of 77%

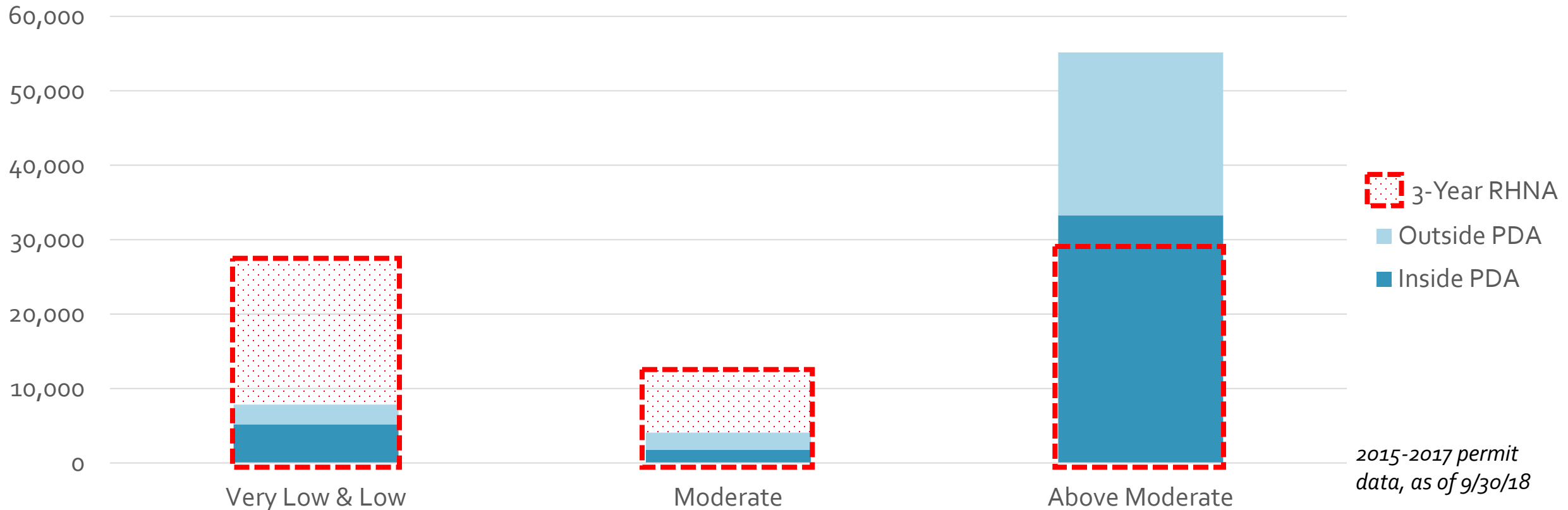
### ❖ Staff to provide overview at **Friday's Planning Committee meeting**



# PDA Assessment

## Currently Not Meeting RHNA Needs – Inside or Outside of PDAs

Housing Units Permitted by Affordability Level, 2015-2017



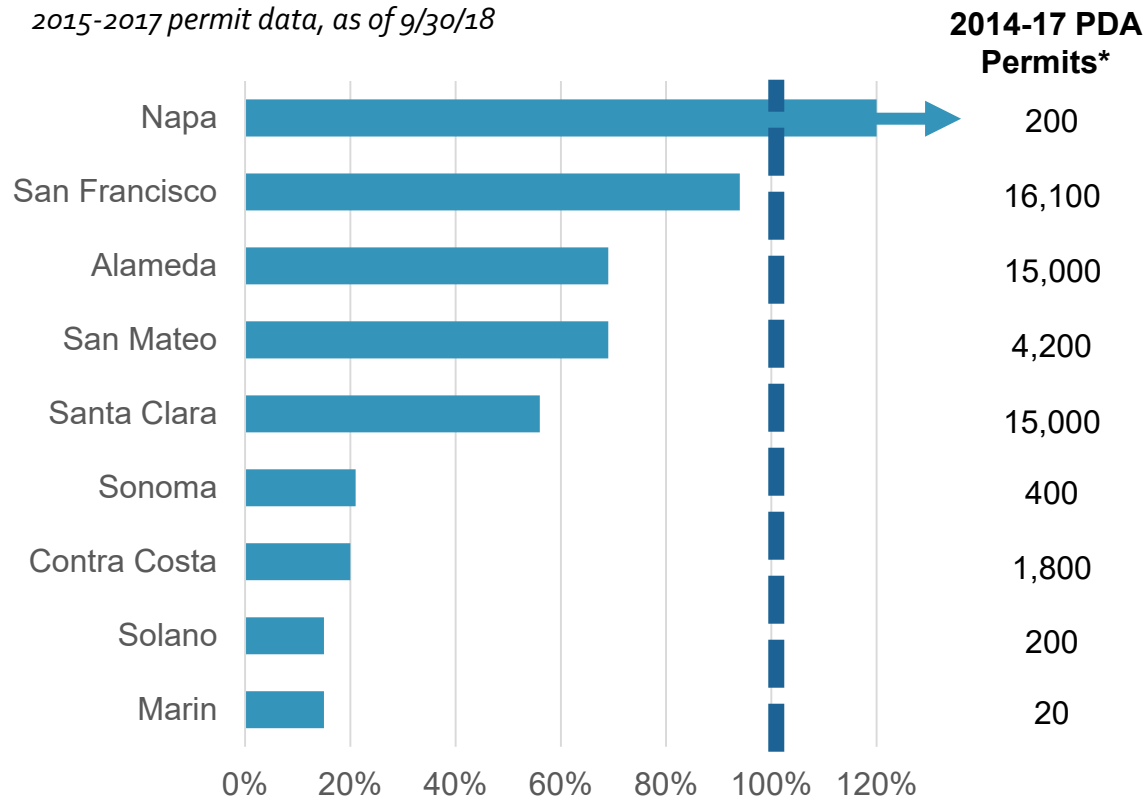
2015-2017 permit data, as of 9/30/18

# PDA Assessment

## Housing & Transportation Investment

### Percentage of Plan Bay Area 2040 PDA Housing Targets Achieved

2015-2017 permit data, as of 9/30/18



\*Rounded to nearest 100, except Marin

### Transportation Investments in PDAs

OBAG 2 County Program (FY2018-22)

2019 Transportation Improvement Program (FY2019-222)

\$ in millions

County	OBAG 2 PDA Supportive Investments		2019 TIP Investments within PDAs*	
	\$	%	\$	%
Alameda	\$65	90%	\$1,937	78%
Contra Costa	\$43	85%	\$907	78%
Marin	\$6	55%	\$47	41%
Napa	\$5	64%	\$10	19%
San Francisco	\$44	96%	\$1,105	77%
San Mateo	\$28	94%	\$1,039	87%
Santa Clara	\$70	77%	\$3,082	95%
Solano	\$9	50%	\$16	12%
Sonoma	\$15	68%	\$116	91%
<b>Total</b>	<b>\$284</b>	<b>82%</b>	<b>\$8,259</b>	<b>83%</b>

\* Values reflect estimated proportion of map-able projects located within or directly adjacent to a PDA; includes all fund sources programmed within the 2019 TIP period (FY2019-2022)

# Housing Incentive Pool (HIP)

## Policy Considerations

- 1. Consider housing units outside PDAs/TPAs as well as those within**
  - Value in each new and preserved housing unit
  - Growth around quality transit is central to adopted regional growth strategy
  - Affordability even more important in PDAs/TPAs, to maintain neighborhood stability against market pressure

**Affordable Housing Permits by Location**  
*2015-2017 data, as of 9/30/18*

Unit Type	PDA/TPA	Non PDA/TPA	Total
New	7,858	3,872	11,730
	67%	33%	100%
Preserved	1,066	409	1,475
	72%	28%	100%
Total	8,924	4,281	13,205
	68%	32%	100%

**Staff Recommendation: Retain PDA/TPA focus**



# Affordable Housing by Location

2015-2017 data, as of 9/30/18

## HIP Units in PDAs/TPAs

Rank	Jurisdiction	County	Total
1	San Francisco	San Francisco	2,981
2	San Jose	Santa Clara	858
3	Richmond	Contra Costa	631
4	Livermore	Alameda	456
5	Fremont	Alameda	454
6	Oakland	Alameda	441
7	Sunnyvale	Santa Clara	339
8	Gilroy	Santa Clara	260
9	Union City	Alameda	245
10	Daly City	San Mateo	227
11	American Canyon	Napa	202
12	Alameda County	Alameda	188
13	Mountain View	Santa Clara	138
14	Berkeley	Alameda	120
15	So. San Francisco	San Mateo	112
22	Sonoma County	Sonoma	77
35	Novato	Marin	14
56	Benicia	Solano	1

## HIP Units in Any Location

Rank	Jurisdiction	County	Total
1	San Francisco	San Francisco	2,981
2	San Jose	Santa Clara	1,018
3	Vacaville	Solano	921
4	Richmond	Contra Costa	631
5	Fremont	Alameda	533
6	Livermore	Contra Costa	506
7	Oakland	Alameda	441
8	Sunnyvale	Santa Clara	410
9	Fairfield	Solano	346
10	Gilroy	Santa Clara	310
11	Oakley	Contra Costa	283
12	Morgan Hill	Santa Clara	271
13	San Ramon	Contra Costa	266
14	Daly City	San Mateo	255
15	Mountain View	Santa Clara	255
19	Sonoma County	Sonoma	237
21	American Canyon	Napa	203
53	Novato	Marin	15

### Added to Top 15:

- Vacaville
- Fairfield
- Oakley
- Morgan Hill
- San Ramon

### No Longer in Top 15:

- Union City
- American Canyon
- Alameda County
- Berkeley
- South San Francisco

# Housing Incentive Pool (HIP) Policy Considerations

## 2. Consider revising program start year

- Forward focus to strengthen incentive
- Allow time for jurisdictions to affect housing outcomes
- Clears the board – no current indication of potential winners

**HIP Grant Distribution - TBD**  
*2018-2022 data*

Rank	Jurisdiction	County	Total HIP Units	Grant
1				
2				
3				
<hr/>				
14				
15				
<b>HIP Program Total</b>				<b>\$76 million</b>

**Staff Recommendation: Shift program years to 2018-2022**

# Housing Incentive Pool (HIP)

## **Policy Considerations**

### **3. Consider tracking built units, rather than permits**

- Built units reflect the end goal
- HCD requirement to start tracking built units in 2018; data quality uncertain as it is a new requirement

**Staff Recommendation: Base HIP program on built units instead of permits**

# Housing Incentive Pool (HIP)

## Policy Considerations

4. **Consider requiring compliance with the four housing laws as condition to receive funds**
  - Each law is important in the effort to produce and preserve affordable housing
  - OBAG precedent shows that eligibility for funding is a strong carrot for compliance

**Status of Required Local Implementation Ordinances**

	Surplus Lands	Accessory Dwelling Unit	Density Bonus	Housing Element
In Compliance	94	83	83	109*
In Process	2	15	1	
Charter City	2	N/A	N/A	
Noncompliant	0	0	14**	
Not Reported	11	11	11	

\* 4 jurisdictions are currently working with HCD to confirm compliance: Fairfax, Los Altos, Los Gatos, San Bruno. HCD considers these jurisdictions to be in compliance while this work proceeds.

\*\* 14 jurisdictions are not currently in compliance: Richmond, Fairfax, East Palo Alto, Pacifica, Portola Valley, Redwood City, San Carlos, Woodside, San Jose, Dixon, Vacaville, Vallejo, Solano County, and Healdsburg.

**Staff Recommendation: Require compliance through board resolution certification by last year of program (December 31, 2022)**

# Housing Incentive Pool (HIP)

## Revised Recommendation

### Qualifying Units

- ❖ New Units + Preserved Units
- ❖ Affordable at the very low-, low- and moderate- income levels
- ❖ Located in **PDA/TPAs**
- ❖ Deed restriction
  - Required for **new units** affordable at the very low- and low- income levels
  - Required for **preserved units** at all affordability levels
- ❖ Preserved Units
  - At risk of conversion to market rate – OR – newly placed affordability restrictions on currently unrestricted unit
  - HIP credits based on length of deed restriction, 55-year deed restriction equates to 1 HIP credit

### Program Rules

- ❖ Years are **2018-2022**
- ❖ Compliance required for 4 **state housing laws**
- ❖ Track **built units** instead of permitted units

**Blue text** = policy considerations raised at September PAC

# Housing Incentive Pool (HIP)

## Remaining Issues

- ❖ Housing data verification iterative
- ❖ Relies on support from local jurisdiction staff and state partners
- ❖ Funding availability (SB 1, Caltrain Electrification project contingency)
- ❖ Funds must be spent on STP/CMAQ or STIP eligible projects, follow program rules



Credit: Karl Nielsen

# Next Steps

October 2018 ○ MTC considers HIP Program Proposal

November 2018 ○ Discussion and consideration of comprehensive approach  
*Workshop* to linking transportation funding to housing performance

Fall/Winter ○ Coordination with CASA recommendations

# Recommendation

***Refer MTC Resolutions 4348 and 4308, Revised to the Commission for approval***

- Outlines HIP program rules, qualifying housing units, distribution concept
- HIP grants to be awarded through future Commission action (following tabulation of housing units in eligible years)



Credit: Noah Berger



# OBAG2 County Program Funding

FY18-FY22

County	Amount
(\$ millions)	
Alameda	\$76.7
Contra Costa	\$56.1
Marin	\$10.9
Napa	\$8.2
San Francisco	\$48.2
San Mateo	\$32.5
Santa Clara	\$104.1
Solano	\$21.2
Sonoma	\$27.7
<b>Total:</b>	<b>\$385.5</b>