

Metropolitan Transportation Commission
Administration Committee

October 11, 2023

Agenda Item 3a - 23-1218

Public Hearing: Application to HUD PRO Housing Grant Program

Subject:

Public hearing to receive comments on MTC's proposed application to the U.S. Department of Housing and Urban Development's (HUD) new Pathways to Removing Obstacles to Housing (PRO Housing) grant program.

Background:

HUD has released a [Notice of Funding Opportunity \(NOFO\)](#) for its new [Pathways to Removing Obstacles to Housing \(PRO Housing\) program](#) to identify and remove barriers to affordable housing production and preservation. \$85 million is available nationwide via a competitive process to Metropolitan Planning Organizations (MPOs) and state and local governments, with maximum individual awards of \$10 million. Among the eligible activities are establishing policies as well as designing/constructing housing and housing-supportive infrastructure. The inclusion of MPOs as eligible entities is novel for HUD programs and is the result of MTC's 2023 federal advocacy.

The NOFO includes various public participation requirements, including holding a public hearing, posting a draft application online with a 15-day comment period, and ensuring access to application materials for limited English proficiency populations and people with disabilities. MTC's draft application was posted to MTC's website on October 6, 2023 and is included as **Attachment A**. Comments will be accepted until 5:00 p.m. on Monday, October 23, 2023. The deadline for the final application is October 30, 2023.

Discussion

The draft application proposes that MTC and its partners request \$10 million to help launch the [Priority Sites Program](#) to support equitable transit-oriented communities at regionally significant sites throughout the Bay Area and unlock two catalytic mixed-use, mixed income housing projects that together will create 1,000 new homes, including 400 new deed-restricted affordable homes. As such, the application seeks federal funding to accelerate a new Commission-approved program that is central to implementation of Plan Bay Area 2050 and will support the

construction of new affordable housing that will help local governments to meet their Regional Housing Needs Allocation (RHNA) targets.

Staff's ability to develop an extensive draft application on a short timeline is largely due to prior Commission feedback and approval of the framework for the Priority Sites Program. In March 2023, the Commission adopted Resolution No. 4567 to establish the Priority Sites Program and adopt nomination criteria, while also allocating \$28 million of anticipated funding from the Regional Early Action Planning Grants of 2021 (REAP 2.0) for an initial pilot program to support affordable housing development on adopted Priority Sites. In the same month, the Commission transferred authority to administer pilot funding to the Bay Area Housing Finance Authority (BAHFA) to leverage BAHFA staff's housing finance and real estate development expertise while simultaneously building momentum for the potential \$10-20 billion regional housing bond in November 2024. The draft grant application would build upon and further leverage this commitment.

The draft application proposes the following activities:

1. **Priority Sites Program Launch and Technical Assistance (\$1 million):** Support the launch of the Priority Sites Program, which will provide in-depth technical assistance across the Bay Area to prepare a pipeline of locally-prioritized, regionally significant affordable housing developments in places with frequent public transit. Technical assistance will include support for removing region-wide barriers to transit-oriented development, as well as targeted site-specific technical assistance.
2. **Catalyst Priority Sites Program Projects (\$9 million):** Close funding gaps to unlock two mixed-use, mixed-income projects that will together create 1,000 new homes (40 percent affordable) through a partnership with the Bay Area Rapid Transit District (BART) and the Santa Clara Valley Transportation Authority (VTA), each of which has an experienced transit-oriented development team. Specifically, funding would go to housing-supportive infrastructure on BART's El Cerrito Plaza and VTA's Blossom Hill Station developments. The transit agencies identified these projects in consultation with MTC staff based on the scale and suitability of this HUD fund source, the ability to advance the projects given their delivery timelines and financing strategies, and other

project characteristics that align with the HUD scoring criteria to maximize competitiveness. Additionally, the projects will serve as exemplars for the Bay Area's Priority Sites Program and offer lessons that will be applied to future projects.

Additional information about the proposed activities and the anticipated benefits can be found in the draft application included as **Attachment A**.

Recommendation:

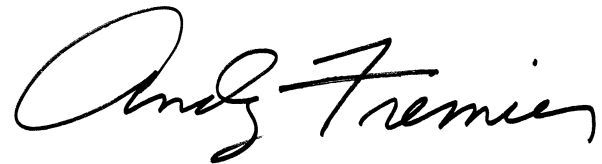
None.

Issues:

The NOFO requires applicants to state a minimum level of funding that would enable the proposal to be carried out in some fashion. Given the complexity of administering HUD funding and the diminishing returns if either of the catalyst projects receives less than the requested \$4.5 million, staff recommend a \$5.5 million award as the minimum to accept funding, if awarded. That level of funding will support the launch of the Priority Sites Program overall, which is expected to benefit all nine counties, while also fully funding one of the catalyst projects. Staff believe that the benefits of a smaller award would be eclipsed by the administrative burden of the funds.

Attachments:

A: MTC Draft PRO Housing Grant Application



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