

Metropolitan Transportation Commission
MTC Planning Committee

May 10, 2024

Agenda Item 7a

Priority Sites: Proposed Awards for Technical Assistance

Subject:

Referral of technical assistance awards to advance equitable transit-oriented development on locally nominated Priority Sites as listed in Attachment B to the Commission to authorize the Executive Director or designee to negotiate and enter into funding agreements and/or all ancillary documents necessary to implement such awards, for a cumulative amount not to exceed \$4.43 million, subject to available funding.

Background:

In November 2023, the Commission and ABAG Executive Board approved MTC Resolution No. 4618 and ABAG Resolution No. 15-2023, respectively, establishing 211 Priority Sites. Priority Sites are locally-identified, regionally significant places that will offer homes affordable to people of all incomes, backgrounds and abilities, supported by local services. Following approval, sites became eligible for ongoing technical assistance and funding opportunities. In late November 2023, staff released a call for Letters of Interest for \$28 million in predevelopment loans and \$2.8 million in technical assistance. Both activities had been approved by the Commission for REAP 2.0 funding in March 2023. The second of these, technical assistance, is the focus of this agenda item, with a parallel item requesting approval to award predevelopment loans slated to be considered by the BAHFA Oversight Committee this month.

Technical Assistance Requests:

To ensure regionwide awareness, staff held two webinars, distributed multiple emails to all Priority Site nominees, and engaged in virtual one-on-one meetings to assist prospective applicants in determining eligibility and crafting applications. This outreach complemented broader engagement during the May 2023 through September 2023 nomination window that included information about the technical assistance call for Letters of Interest.

Staff received 28 Letters of Interest requesting technical assistance for 30 sites with an estimated cost of \$8.6 million by the January 31, 2024 deadline. This was accompanied by another 25 Letters of Interest for predevelopment loans for \$77 million. Together, staff received requests

from eight of the nine Bay Area counties. This included fifteen sites within the BART and VTA transit-oriented development portfolios, a host of local-government owned sites identified in Housing Elements for reuse during the 2023-2031 RHNA period, several major commercial redevelopment sites, and a handful of sites owned by educational or religious organizations. The most frequently requested types of technical assistance included technical studies, concept planning, developer selection, and district finance for infrastructure and affordable housing.

Recommended Awards for Technical Assistance:

MTC/ABAG and BAHFA staff evaluated technical assistance Letters of Interest utilizing criteria based upon MTC's approved REAP 2.0 application to HCD. Overall, applicants submitted a strong set of requests that meet a demonstrated need, provide clear outcomes, and offer well-defined next steps. Despite variation in potential impact and timeliness, all eligible requests for technical assistance advance housing choice and affordability on a locally prioritized site that supports Plan Bay Area implementation. Total need significantly exceeds the \$2.8 million approved for Priority Sites technical assistance.

To address oversubscription of the pilot program, staff have identified \$1.62 million in remaining OBAG Cycle 2 Regional Growth Framework funds that can be reprogrammed for Priority Sites. This would increase the total value of potential funding for technical assistance to \$4.42 million. MTC Resolution No. 4202 would effectuate this reprogramming and is on the May 2024 Programming and Allocations Committee agenda.

However, the availability of the original \$2.8 million programmed from REAP 2.0 is uncertain given the Governor's January budget proposal to cut the REAP 2.0 program in half. The Governor's proposed cut to REAP 2.0 funding occurred *after* staff issued the call for Letters of Interest. The uncertainty regarding REAP 2.0 funding compromises MTC's ability to deliver the full impact of the Priority Sites program as originally envisioned. The status of REAP 2.0 funding will not be resolved until the state budget is adopted in mid-2024.

To fulfill as many of the technical assistance requests as possible while ensuring that the needs of the highest-impact and most time-sensitive proposals are met, staff recommend a two-step approach:

- **Approve \$1.62 million for “Phase 1” to meet the immediate needs of the highest impact, development-ready sites**, including two VTA and two BART sites anticipated to add a total of 2,300 homes at all income levels, three local government owned sites expected to add 850 homes, and a regional shopping center transformation project with capacity for another 3,700 new homes and supportive amenities. These projects can move forward without delay using reprogrammed OBAG Cycle 2 funds as described above.
- **Approve \$2.8 million for “Phase 2” to support the remaining requests for technical assistance eligible for funding under REAP 2.0, contingent upon retention of REAP 2.0 funds in the FY24-25 state budget.** This includes sites in seven of the region’s nine counties with the potential to provide more than 7,000 new homes on sites that range from underutilized Community College land to church parking lots and transit agency-owned land.

See **Attachment B** for a full list of technical assistance applications and recommended awards. For informational purposes, Attachment C lists the applications and recommended awards for predevelopment loans under consideration by the BAHFA Oversight Committee.

Next Steps:

Pending Commission approval of this item as well as Resolution No. 4202 (reprogramming \$1.62 million in remaining OBAG Cycle 2 funds), staff will begin working with Phase 1 recipients identified above to establish detailed scopes of work. Contingent upon the availability of REAP 2.0 funding, staff will engage Phase 2 technical assistance recipients to develop and complete scopes of work. Should REAP 2.0 be reduced in the state budget, staff will explore additional funding opportunities to ensure the Priority Sites program is able to achieve regionwide impact. However, Phase 2 projects are not guaranteed funding absent retention of the full value of MTC’s REAP 2.0 award from the state.

Issues:

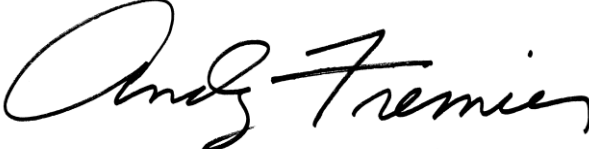
Roughly two-thirds of the recommended funding recommended for approval is contingent upon REAP 2.0 funding. In addition, multiple Priority Sites nominees indicated that they would apply for a future round of technical assistance funding if available. In sum, this speaks to the need for additional resources to support the broader needs of the region’s 211 Priority Sites.

Recommendation:

Refer the recommended Priority Site Technical Assistance awards in **Attachment B** to the Commission for approval as described above. Associated programming revisions to MTC Resolution No. 4202, Revised, for Phase 1 projects, and to MTC Resolution No. 4650 for Phase 2 projects were included in the May Programming and Allocations Committee agenda. Only the applicable recommendations approved by both the Planning Committee and the Programming and Allocations Committee will be referred to the Commission for approval.

Attachments:

- Attachment A: Presentation
- Attachment B: List of Priority Sites Technical Assistance Proposals and Awards
- Attachment C: List of Pilot Project Proposals and Awards



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