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MTC PLANNING COMMITTEE
January 11, 2013
MINUTES

ATTENDANCE

Chair Sperring called the MTC Planning Committee meeting to order at 9:30 a.m. Planning Committee members in attendance were: Commissioners Haggerty, Halsted, Liccardo, Mackenzie, Pirzynski, and Quan. Commission Vice-Chair Rein-Worth was present in her ex-officio voting member capacity. Other Commissioners present as ad hoc non-voting members of the Committee were Bates, Cortese, and Wiener.

ABAG Administrative Committee members in attendance were: Luce, Cortese, Haggerty, Liccardo, Pierce, and Sperring.

CONSENT CALENDAR: a) Minutes of December 14, 2012

Commissioner Halsted moved approval of the Consent Calendar, Commissioner Haggerty seconded. ABAG Administrative Committee Councilmember Pierce moved approval, Supervisor Gioia seconded. Motion passed unanimously.

REGIONAL PROSPERITY PLAN: Assignment of Sub-Grant Project Selection and Funding Solicitation to the Plan Steering Committee

Mr. Doug Johnson, accompanied by Ms. Sailaja Kurella, ABAG, stated that MTC and ABAG have formed the following committees and working groups to implement the Prosperity Plan, and engage local and regional stakeholders in developing the recommendations, consistent with MTC's grant application and approved work plan: 1) Economic Prosperity Working Group; 2) Housing Working Group, 3) Equity Collaborative; and 4) Plan Steering Committee.

He noted that while the working groups will develop principles for the sub-grants and funding solicitations, the Steering Committee will select the projects and recommend them to MTC for approval.

In conclusion, Mr. Johnson recommended that the MTC Planning Committee and the ABAG Administrative Committee delegate sub-grant project selection and funding solicitations for the Prosperity Plan to the Plan Steering Committee. Recommendations from the Steering Committee would be presented to MTC's Administration Committee for approval of funding agreements with project sponsors.

Commissioner Halsted moved approval of staff's recommendation, Commissioner Rein-Worth seconded. ABAG Administrative Committee Councilmember Pierce moved approval, Supervisor Gioia seconded. Motion passed by both committees unanimously.

**REGIONAL PRIORITY DEVELOPMENT ARE PLANNING (PDA) PROGRAM
AND THE TRANSIT ORIENTED AFFORDABLE HOUSING (TOAH) FUND**

Ms. Miriam Chion, ABAG, provided an overview of the efforts that have supported the Regional PDA Planning Program. She summarized MTC and ABAG's experience with administering the PDA Planning Grant Program, which seeks to intensify land uses in and around transit stations and along corridors in PDAs throughout the region. She stated that the program supports local jurisdictions' efforts to do comprehensive planning and supports the development of the programmatic EIRs to simplify the development process. Lastly, Ms. Chion mentioned that there have been 52 PDA Planning Grants awarded throughout the nine Bay Area counties encompassing planning capacity for 44,000 housing units and 80,000 new jobs.

Mr. Ken Kirkey described the Downtown San Leandro transit oriented development strategy, which served as a model for the program. He then summarized the second major implementation program, Smart Growth Technical Assistance, which awards up to \$60,000 in consultant assistance to jurisdictions on a competitive basis to complete discrete short-term projects to address specific PDA implementation challenges. Such projects include parking and development feasibility.

Mr. Kirkey introduced Mr. Brian Prater, TOAH Fund Manager through LIIF, who summarized the Transit Oriented Affordable Housing (TOAH) Fund. He noted that MTC provided \$10 million as a seed investment and an additional \$40 million was provided by private capital from community development financial institutions, foundations, and private banks to create a \$50 million revolving loan fund for affordable housing projects near transit in PDAs throughout the region.

Mr. Prater described the TOAH fund priorities and stated that 85% of fund capital is targeted to support the creation and preservation of affordable housing. Up to 15% of fund capital may be used to support community facilities, and the fund is committed to deploying capital in Priority Development Areas in all nine Bay Area counties. The types of loans available through TOAH include: redevelopment, acquisition, construction bridge, construction-to-mini-permanent, and leveraged loans. He noted that the fund has closed five loans totaling \$20 million, and an additional four loans totaling \$19 million are expected to be approved within the next three months. The remaining funding pipeline includes an additional 13 projects.

In conclusion, he stated that while funds will return to TOAH as loans are repaid, the larger gap in financing for affordable housing/mixed use in today's environment is in construction and permanent financing.

Committee comments:

- Supervisor Gioia asked if there is a comprehensive set of guidelines that applicants look at, and where could they be found regards to the TOAH fund that exists today. Mr. Prater stated that when the program was started they developed a website (www.Bayareatod.com) which contains information about the fund, guidelines, and profiles of all the projects completed.

- Commissioner Rein-Worth requested staff to amplify how the TOAH money is tied to milestones, and what can staff do to bring in more banks and foundations from around the country with this incredible challenge in California given land costs and population pressures. Mr. Prater stated that when a developer brings a potential project to the TOAH fund, there is a credit committee that looks at the transaction and asks for milestones, and dates of when they expect to hit those milestones. He noted that it is an actively managed process. He also stated that the Ford Foundation and Living Cities and their members are very pleased with how the TOAH funds have been allocated and many other entities will be willing to participate as the fund grows further.
- Commissioner Bates expressed his interest in looking into the ability to acquire sites that would be land-banked for the opportunity for low-income housing. He also asked whether additional investment in TOAH would be leveraged as with the first investment. Mr. Prater believes there will be interest from banks, current TOAH investors, and potentially some additional foundation support. Mr. Kirkey noted that these are transportation dollars and there is a limit in terms of how much money can be exchanged for this purpose.
- Commissioner Quan asked what the criteria are for fund distribution. Mr. Prater stated that if the projects are ready to go, they will be prioritized assuming they meet all the programmatic criteria that are mentioned in the Business Plan. He stated that every project has to be in a PDA, and has a high level of transit accessibility.
- Commissioner Quan noted that many of the affordable housing staffing was cut with the loss of redevelopment funding, and asked if this will keep cities from finishing their existing planning grants. Mr. Kirkey stated that in terms of the PDA planning grants underway in Oakland, staff recently worked with Mr. Fred Blackwell to extend those grant deadlines. He also noted staff had been looking at the potential of using some of the regional PDA planning funding in cities that are taking on a lot of growth to fund planner assistance that could work on a specific set of objectives to implement the Plan.
- Commissioner Liccardo asked what a typical source of local funding would be swapped in order to move forward with housing investments. Mr. Steve Heminger stated that the first big source of funds was the original Santa Clara County sales tax. He stated that staff is in search of another partner like that because in recent years staff has been doing fairly small deals with individual agencies on individual projects and what is really needed is something on the scale of \$25 - \$100 million so there will be funds available for all sorts of projects.
- Commissioner Liccardo asked whether TOAH/LIIF coordinated with local housing trust funds in counties like Santa Clara County in order to identify the most efficient way to use the dollars to build units. Mr. Prater stated that TOAH requires that the developers get a letter of local support from all of the local governmental entities involved in the proposed development.
- Commissioner Liccardo expressed concern with what MTC is doing and hopes that regionally or at the state level, there will be a means through tax increment financing, or housing impact fees where staff can start to come up with a real source of affordable housing commensurate for the need. MTC is spending a lot of time trying to figure out how to exchange federal dollars that are targeted for transportation to serve housing, child

care, retail at the ground floor, etc. He noted that he hopes that there will be a state and regional solution that will take MTC transportation funding out of the housing business.

- Supervisor Luce asked what the motivations are for the banks to participate. Mr. Prater stated that the banks benefit from the Federal Reinvestment Act, as they receive a return on their investment including interest.
- Commissioner Weiner agreed with Commissioner Liccardo's comments about whether or not MTC is the best agency to deal with the affordable housing issue, he sees where transit money gets reallocated to other uses. He mentioned that he is a big supporter of investment in affordable housing, but is very skeptical of efforts to take transit money to use for other purposes even if they are important goals.

Mr. Heminger stated that housing can be a very effective transportation strategy and in this region, some transit projects have not been all that effective because of the lack of alignment with appropriate levels of housing development. MTC is trying to deal with the transportation problems by addressing the housing problem.

Public comment:

- Jeff Hobson, Transform, stated that all three points that have been discussed today are excellent transportation investments – not housing investments that don't do anything for transportation. He stated that MTC's investments in land use linkages are really some of MTC's most important. It's vital to make sure that the \$20 million that did go to the CMAs, that staff provide some really good help to them to make sure that they administer that windfall so that it's as effective as the regional programs.
- Kate White, San Francisco Foundation, stated that they are investing in the TOAH fund through their investment pool. She commented on oversight of the funds, and whether MTC is the appropriate agency to be investing into this fund. She stated that there is an Oversight Committee that makes sure that the money is spent very well, highest and best use, and getting lots of leverage. She also stated that MTC is the appropriate agency to invest in this fund because they have tremendous experience managing very complicated infrastructure investments, and financial programs.

OTHER BUSINESS/PUBLIC COMMENT

There being no other business, the meeting adjourned at 10:42 a.m. The Committee's next meeting is scheduled for Friday, February 8, 2013 at 9:30 a.m. in the Lawrence D. Dahms Auditorium, Joseph P. Bort MetroCenter, Oakland, CA.