

FHWA's Livable Communities Case Study Series

One Bay Area Grant Program – San Francisco Metropolitan Transportation Commission (MTC)

Challenge—Achieve livability goals while providing more flexibility for local jurisdictions

State and regional transportation agencies must spend public dollars in ways that are consistent with the goals of the communities they serve. Often, agencies seek to advance specific goals through competitive programs that award funds based on established criteria. However, local recipients must often use multiple funding sources in order to carry out a large or complex project; if the funding programs have contradictory requirements, it can jeopardize the project or compromise the agency's ability to develop flexible and holistic solutions.

The Metropolitan Transportation Commission (MTC), the Metropolitan Planning Organization (MPO) for the San Francisco Bay Area, sought to integrate its funding programs to increase local jurisdictions' flexibility while supporting State and regional livability and sustainability goals, such as reducing greenhouse gas emissions and promoting health, safety, and equity. In order to fund projects that would support these goals, MTC recognized the need for coordination between transportation and other sectors, such as housing.

Solution—Combine discretionary transportation funding streams into one program

The MTC combined funding from two Federal programs (Surface Transportation Program and Congestion Mitigation and Air Quality Improvement Program) into the [One Bay Area Grant Program \(OBAG\)](#), which supports the State's greenhouse gas reduction goals set forth in [California law SB375](#). OBAG contributes to these goals by linking transportation investments to local land use and housing policies through two mechanisms: 1) distributing funds based in part on commitments to develop housing, including affordable units; and 2) requiring that funds primarily support Priority Development Areas. These mechanisms are explained below.

Housing Production – OBAG funds are distributed to county Congestion Management Agencies (CMAs) based on population, past housing production, and future housing commitments, as determined by the [Regional Housing Need Allocation](#) process. This process identifies the number of housing units at each affordability level that local jurisdictions should include in the housing element of their general plan. The distribution formula is weighted to acknowledge local efforts to produce low-income housing.

Priority Development Areas (PDAs) – PDAs are areas identified by local jurisdictions for development and are well-served by existing transportation infrastructure, particularly public transit. Prioritizing development in PDAs helps create communities where residents can satisfy most day-to-day needs on foot, bicycle, or transit, thus reducing the need to drive. OBAG requires CMAs to invest a specific percentage of their distributed share in projects located in PDAs (70 percent for large counties; 50 percent for smaller counties).

The CMAs may allocate OBAG funds to transportation improvements in any of the following categories:

- Local Streets and Roads Preservation
- Bicycle and Pedestrian Improvements

Creating more livable communities through transportation choices



- Transportation for Livable Communities
- Safe Routes to School/Transit
- Priority Conservation Areas
- Planning and Outreach Activities

The CMAs have the authority to develop selection criteria (within regionally established goals, priorities, and parameters) and allocate funds to local projects. To be eligible for funding, local jurisdictions must: 1) comply with the complete streets policy (State legislation or locally adopted resolution) and 2) receive State Department of Housing and Community Development (HCD) certification of the housing element of their general plan. Furthermore, to encourage development in PDAs, CMAs must complete a PDA investment and growth strategy and periodically update it to reflect how OBAG expenditures have addressed the program's performance objectives. The CMAs also must assess local efforts in changing policies to achieve performance objectives.

Complementing OBAG's focus on PDAs, Priority Conservation Areas (PCAs) were established to support local and regional land use policies that protect open spaces for recreation, natural resources, and agriculture. PCA designations are community-identified areas of regional significance in need of protection. The region's plan, Plan Bay Area, directed funds to the pilot PCA Grant Program, which were used to fund various projects in the region that support these objectives. The CMAs may also use OBAG funding for PCA supporting projects.

Although projects were just entering implementation at the time of this publication, the February 2014 [OBAG Report Card](#) shows that the program has already successfully met many of its objectives:

- Investments in PDAs exceeded the minimum investment targets
- All funded jurisdictions met the complete streets requirement
- All but one of the jurisdictions requesting OBAG funding have current housing elements approved by HCD (one jurisdiction was denied funding for not having a HCD-approved housing element).
- Over 60 percent of OBAG funds were invested in active transportation projects
- Compared to the prior funding cycle:
 - Funding made available for local decision making by the CMAs grew from 20 percent to 40 percent of the total discretionary funds available
 - Total funding grew by 150 percent
 - Average grant amount and project size increased by 50 percent

Conclusion

In addition to improvements at the regional level, OBAG has also led to better integration at the local level, because the program requirements compel local departments (e.g. public works, housing, transportation) to engage with one another. In some cases, there has been a learning curve as local agencies outside of transportation have adjusted their activities to support local transportation policies, in order to obtain OBAG funding. OBAG has provided local jurisdictions with more funding and flexibility to invest in multiple types of transportation projects by combining previously separate programs. Resulting projects have been more complex and multimodal and have included more complete streets elements than in the past. These achievements have advanced the region towards its livability goals through increased investment in multimodal projects that promote housing for all income levels, and reward focused development and preservation of open space resources.

