



**IMPLEMENTATION GUIDELINES FOR SANDAG REGIONAL HOUSING NEEDS ASSESSMENT FUNDING INCENTIVES**

**Purpose**

Board Policy No. 033 sets forth specific provisions regarding the allocation by SANDAG of discretionary funding to local agency projects, e.g., the Smart Growth Incentive Program and Active Transportation Grant Program, in relation to local jurisdiction housing element compliance and factors related to lower income housing.

This policy shall be reviewed and evaluated annually or as necessary to determine if amendments are needed. Issues to be considered during the review include but are not limited to the relationship between the Regional Housing Needs Assessment (RHNA) allocation and achievement of SANDAG smart growth goals and new or changed funding sources.

Board Policy No. 033 was initially approved by the SANDAG Board in April 2006, following the adoption of the RHNA for the fourth housing element cycle. The policy was first amended in November 2008. The second set of amendments to Board Policy No. 033 (January 2012) was undertaken following the adoption of the RHNA for the fifth housing element cycle, which occurred on October 28, 2011.

1. "Discretionary funding allocated to local agency projects by SANDAG" shall be defined as: those funds allocated by SANDAG through a competitive process to local jurisdictions only (i.e., cities or the County). These funds are listed in Table 1 (Exhibit 1) and include the *TransNet* Smart Growth Incentive Program and Active Transportation Grant Program (formerly known as the Transportation Development Act (TDA) Non-motorized Program, and *TransNet* Bicycle Program).
2. The following funds are not subject to the provisions of Board Policy No. 033:
  - 2.1 Formula funds allocated by population or number of miles because they are not allocated on a competitive basis.
  - 2.2 Discretionary funds allocated to Caltrans, the two transit agencies (Metropolitan Transit System and North County Transit District), or SANDAG as they are not considered local jurisdictions.
  - 2.3 Funds allocated directly by Caltrans to local jurisdictions because SANDAG is not involved in their allocation.
  - 2.4 Funds that can be allocated to entities other than local jurisdictions (e.g., *TransNet* Environmental Mitigation Program Regional Habitat Conservation Fund and the Senior Transportation Mini-grant Program).

Table 2 (Exhibit 2) provides a more detailed list of funding sources/programs that are not subject to Board Policy No. 033.

3. As new funding sources become available, the Regional Planning Committee (RPC) shall review and make a recommendation to the Board of Directors if these new funding sources should be subject to Board Policy No. 033.
4. To be eligible to apply for future discretionary funding (see examples in Table 1) allocated by SANDAG to local jurisdiction projects, local jurisdictions shall meet the following thresholds:
  - 4.1 Housing Element Compliance: In order to qualify for points under Board Policy No. 033, a jurisdiction must have an adopted Housing Element found to be in compliance by the California Department of Housing and Community Development (HCD) or its equivalent at the time of the funding program's application deadline. No Board Policy No. 033 points will be awarded to projects in jurisdictions that have not received a letter of compliance from HCD prior to the funding program's application deadline. A court-upheld Housing Element qualifies a jurisdiction to receive Board Policy No. 033 points.
  - 4.2 Annual Housing Element Progress Reports: Jurisdictions shall be required to submit an annual report with the information described below in order to be eligible for funding programs for the following calendar year. This annual report shall include the same information that HCD requests in the Annual Housing Element Progress reports required by housing element law, as well as the information described below, and shall be submitted to SANDAG by the deadline in state law, which is April 1 of each year. SANDAG will prepare a report with this information for review by the Regional Planning Technical Working Group, and Regional Planning Committee each year. Funding applications subject to this Policy shall be evaluated based on the annual report for the preceding year that was submitted to SANDAG and HCD.
  - 4.3 The annual report shall provide information regarding the number of building permits issued for new residential construction by income category (very low, low, moderate, and above moderate) using the forms provided by HCD for its Annual Housing Element Progress Report. If the report is submitted for the first time in years two, three, four, or five of the housing element cycle, it shall include the total number of building permits issued for new residential construction by income category during each year of the housing element cycle (including the two and a half years preceding the housing element due date). The annual report also shall indicate how many acquired/rehabilitated/deed restricted units were permitted and how many "at risk" units were preserved during each year.
5. Board Policy No. 033 ties the allocation of funding to four criteria related to each local jurisdiction's efforts to plan for and produce lower income housing through the award of incentive points (a minimum of 25 points out of 100, or 25 percent of the total points in a funding program). Each criterion is assigned a value of one-fourth of the total points. The four criteria are: (1) Greater RHNA Share Taken, (2) Regional Share of Cumulative Total of Lower Income Units Produced, (3) Total Number of Affordable Housing Units, and (4) Percent of Lower Income Households.

5.1 The Scoring Criteria in Exhibit 3 describes in detail how the incentive points are calculated for each of the four criteria.

- Exhibits: 1. Table 1, Discretionary Funding Programs Subject to Board Policy No. 033 (Local Jurisdiction Projects)
2. Table 2, Funding Programs Not Subject to Board Policy No. 033
  3. Scoring Criteria Concerning Calculation of Board Policy No. 033 Incentive Points

Adopted April 2006

Amended November 2008

Amended January 2012

Amended November 2015

**EXHIBIT 1**

<b>TABLE 1 DISCRETIONARY FUNDING PROGRAMS SUBJECT TO BOARD POLICY NO. 033 (LOCAL JURISDICTION PROJECTS)</b>		
<b>Funding Programs</b>	<b>Total Funding</b>	<b>Timeframe Available</b>
<b>Current</b>		
Federal • Transportation Enhancements (TE) Program	TBD	TBD
State • Transportation Development Act (TDA) Article 3- Non-motorized Program	TBD	TBD
Local • <i>TransNet</i> Bicycle, Pedestrian and Neighborhood Safety Program • <i>TransNet</i> Smart Growth Incentive Program	\$280 M* \$285 M*	2009 to 2048
<b>Local</b>		
Regional Rail Grade Separation Program (Funding source TBD)	TBD	TBD

\* In 2002 dollars

**EXHIBIT 2**

<b>TABLE 2</b> <b>FUNDING PROGRAMS NOT</b> <b>SUBJECT TO BOARD POLICY NO. 033</b>
<b>Funding Programs</b>
Federal <sup>1</sup> <ul style="list-style-type: none"> <li>• Regional Surface Transportation Program (RSTP)<sup>2</sup></li> <li>• Congestion Mitigation &amp; Air Quality (CMAQ)<sup>2</sup></li> <li>• Transportation Enhancement (TE) Program<sup>2</sup></li> <li>• Federal Transit Administration (FTA) Urbanized Area Formula Program (Section 5307)</li> <li>• FTA Fixed Guideway Modernization Program (Section 5309 Rail Mod)</li> <li>• FTA Section 5310 Elderly &amp; Disabled Program</li> <li>• FTA New Freedom Program</li> <li>• FTA Job Access and Reverse Commute (JARC) Program</li> </ul>
State <sup>2</sup> <ul style="list-style-type: none"> <li>• State Transportation Improvement Program (STIP) – Regional Improvement Program (RIP)<sup>2</sup></li> <li>• STIP – Interregional Improvement Program (IIP)</li> <li>• State Highway Operation and Protection Program (SHOPP)</li> <li>• TDA Article 4 – General Public Transit Services (Fixed Transit Route Services)</li> <li>• TDA Article 4.5 – Community Transit Service (Accessible Service for the Disabled)</li> <li>• TDA Article 8 – Special Provisions (Express Bus and Ferry Services)</li> <li>• TDA Planning and Administration</li> <li>• State Transit Assistance (STA)</li> </ul>
Local <ul style="list-style-type: none"> <li>• <i>TransNet</i> Senior Transportation Mini-grant Program</li> <li>• <i>TransNet</i> Congestion Relief Program – Major Transportation Corridor Improvements               <ul style="list-style-type: none"> <li>○ Highway &amp; transit capital projects</li> <li>○ Operating support for bus rapid transit (BRT) &amp; rail transit capital improvements</li> </ul> </li> <li>• <i>TransNet</i> Congestion Relief Program – Transit System Services Improvements &amp; Related Programs</li> <li>• <i>TransNet</i> Congestion Relief Program – Local System Improvements &amp; Related Programs               <ul style="list-style-type: none"> <li>○ Local Street &amp; Road Program</li> </ul> </li> <li>• Environmental Mitigation Program (EMP)<sup>2</sup></li> <li>• <i>TransNet</i> Administration and Independent Taxpayer Oversight Committee (ITOC)</li> </ul>

<sup>1</sup> There are a variety of federal and state discretionary funding programs allocated directly by Caltrans that provide funding to local jurisdictions (e.g., Highway Bridge Repair & Replacement (HBRR), Safe Routes to School, etc.) Because SANDAG does not have decision-making authority over these funding programs, they would not be subject to the Board Policy No. 033.

<sup>2</sup> With the exception of the EMP funds, these funds (STIP-RIP, RSTP, CMAQ, TE) are being used to match the *TransNet* Early Action Program (EAP) and other high-priority regional projects. If, however, some portion of these funds were allocated by the SANDAG Board of Directors to local jurisdictions through a competitive process, they would be subject to Board Policy No. 033.

## EXHIBIT 3

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### SCORING CRITERIA

#### Concerning Calculation of Board Policy No. 033 Incentive Points

The following four criteria, weighted equally, will be used to calculate the incentive points (25 percent of the total points) for each program subject to Board Policy No. 033.

1. Greater RHNA Share Taken: Jurisdictions with an assigned Lower Income RHNA percentage that is higher than the regional average of lower income households shall eligible to receive these points using the following percentages.
  - Jurisdictions at or above 39.6 percent (the regional average) shall be eligible for the total number of points for this criterion
  - Jurisdictions below 39.6 percent shall not be eligible for any points for this criterion
2. Regional Share of Cumulative Total of Lower-Income\* Units Produced: Jurisdictions shall be eligible to receive up to one-fourth of the total Board Policy No. 033 points awarded based on each jurisdiction's share of the total number of lower-income units produced in the region over the most recent five years using the following percentages:
  - 0 percent share or no units produced (0 points)
  - >0 – 5 percent (1/3 of the points)
  - >5 – 10 percent (2/3 of the points)
  - greater than 10 percent (the total number of points available for this criterion)

Units that are acquired/rehabilitated and deed restricted at affordable levels for lower income households or "at risk" units that are preserved for a period of 30 years or longer shall be included for the purposes of the above calculation at full credit (i.e., one unit each).

\*Units will be counted that are deed restricted to lower income households at affordable prices as defined in the instructions for the HCD Annual Housing Element Progress Report. This number will be taken from the "Deed Restricted" rows in HCD Annual Housing Element Progress Report Table B.

3. Total Number of Affordable Housing Units: This criterion will be based on the actual number of Lower Income Housing Units\*\* in a jurisdiction as a percentage of the total number of housing units in a jurisdiction. Jurisdictions shall be eligible to receive up to one-fourth of the total Board Policy No. 033 points for this criterion using the following percentages:
  - >0 – 3 percent (1/4 of the points)
  - >3 – 6 percent (1/2 of the points)

- >6 – 10 percent (3/4 of the points)
- Greater than 10 percent (the total number of points available for this criterion)

\*\*This number will be taken from the most current version of the Affordable Housing Inventory as updated by the San Diego Housing Federation, and it will be provided to each local jurisdiction to review for accuracy.

4. Percent of Lower-Income Households: Jurisdictions shall be eligible to receive up to one-fourth of the total Board Policy No. 033 points for this criterion based on the percent of lower-income households residing in each jurisdiction (based on the most recent American Community Survey data) using the following percentages:

- 0 – 40 percent lower-income households (1/3 of the points)
- >40 – 50 percent lower-income households (2/3 of the points)
- >50 percent lower income households (the total number of points available for this criterion)