Transit-Oriented Communities (TOC): Incentive Program – Commission Action

MTC Commission

Agenda Item 11a 26-0206

February 25, 2026

Agenda

- January 2026 Commission Action
- Proposed TOC Incentive Program
  - *Purpose*
  - *Evaluation Framework & Adjustments*
  - *Eligibility, Awards & Uses*
- Commission Action Requests

Credit: Noah Berger

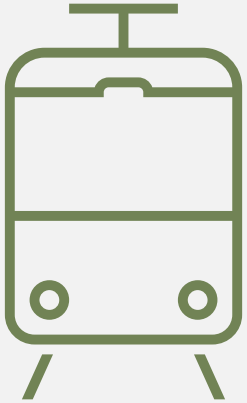
January 2026: OBAG 4 Funding Framework
(MTC Resolution No. 4740)

- Commission approved the OBAG 4 Funding Framework, including **a $45 million TOC Incentive Program and $5 million North Bay set-aside***
- This approval was contingent on action at February Commission meeting on specifics of TOC Incentive Program
- With the exception of this TOC Incentive Program, there are **no requirements for TOC consistency for remaining OBAG 4 dollars** (regional or county)

Credit: Karl Nielsen

** Integrated into North Bay county shares as part of February revisions to MTC Resolution No. 4740.*

TOC Incentive Program: Purpose



Advance regional **climate, housing, and equity goals** by focusing growth near transit.

Incentivize adoption of TOC-consistent policies that **support housing and transit ridership.**

Align discretionary **regional transportation funding with local commitment**.

Target limited funds to jurisdictions **delivering meaningful TOC outcomes**.

TOC Evaluation Framework:
Measuring Progress

100-point evaluation framework across four policy areas in TOC Policy designed as a transparent and consistent method for tracking progress over time.

Density	Housing	Parking	Station Access
25 points	25 points	25 points	25 points

Fall 2025: Prior Revisions to Framework

Based on stakeholder feedback and engagement, staff propose to finalize the evaluation framework with the following adjustments:

***Decrease* points for minimum and maximum office intensity** given post-pandemic office development challenges

***Decrease* points for vehicle parking maximums** given market challenges

***Increase* points for shared and unbundled parking** policies

Allow ***wider variety* of funding sources** to fulfill housing policies

previously shared in fall 2025

Winter 2026: Additional OBAG 4 Revisions

Staff propose ***adjustments across four key topics*** for the purposes of the OBAG 4 incentive programs. Adjustments are based on stakeholder feedback, implementation experience, and market and regulatory conditions.

1. **Submission Deadline**
2. **Work in Progress**
3. **Housing Production: SB 79**
4. **Housing Protection: County Programs**

1 Submission Deadline

Staff propose extending the initial TOC Submission deadline by 18 months, to **July 1, 2027**

2 Work in Progress

Staff propose that given the extension and fully incentive-based approach, **credit would not be given for work-in-progress**

3 SB 79 Credit & Density Standards

Staff propose that TOCs subject to SB 79 would **receive full credit for the TOC Maximum Allowable Residential Density standard**, given that in most cases SB 79 is the same or greater density than TOC requirements.

4 Housing Protection Policies: Menu of Options

The TOC Policy includes ***eleven* Housing Protection options*** under the region's "3 Ps" framework.

This **robust menu of policy options** reflects the diversity of TOC jurisdictions – large and small – and the fact that one size doesn't fit all.

1 – "Just Cause" Eviction

2 – No Net Loss and Right to Return to Demolished Homes

3 – Legal Assistance for Tenants

4 – Foreclosure Assistance

5 – Rental Assistance Program

6 – Rent Stabilization

7 – Preventing Displacement from Substandard Conditions

8 – Tenant Relocation Assistance

9 – Mobile Home Rent Stabilization

10 – Fair Housing Enforcement

11 – Tenant Anti-Harassment Protections

***Jurisdictions must adopt 2 policies** (8 of 100 total points)

4 Housing Protection Policies: State Law Alignment

Some recent state laws strengthen and, in some cases, fully meet TOC protection policy objectives. Others only make partial and time-limited progress toward TOC standards.

TOC Policy Option	State Law	TOC vs. State Law Alignment
No Net Loss and Right to Return	SB 330 *(2020)* / AB 130 *(2025)*	AB 130 (2025) removed the SB 330 (2020) sunset date, therefore, **state law is now fully aligned** with TOC Policy; jurisdictions can no longer use for TOC credit.
"Just Cause" Eviction	AB 1482 *(2019)* / SB 567 *(2024)*	SB 567 (2024) strengthened just cause eviction provisions and requirements but did not remove the sunset date of AB 1482.
Rent Stabilization	AB 1482 *(2019)* / SB 567 *(2024)*	SB 567 (2024) did not modify the rent cap structure of AB 1482 (2019) and sunsets in 2030.

4 Housing Protection Policies: Credit Options

*Two options from ad hoc committee for awarding the **eight (8) points** for TOC Protection Policies*

Option 1

Credit for One Local *or* County Action + One Local Action

- 4 points for implementing one protection policy, either at the local jurisdiction level or through participation in a countywide program
- 4 points for implementing one protection policy at the local jurisdiction level only

Option 2

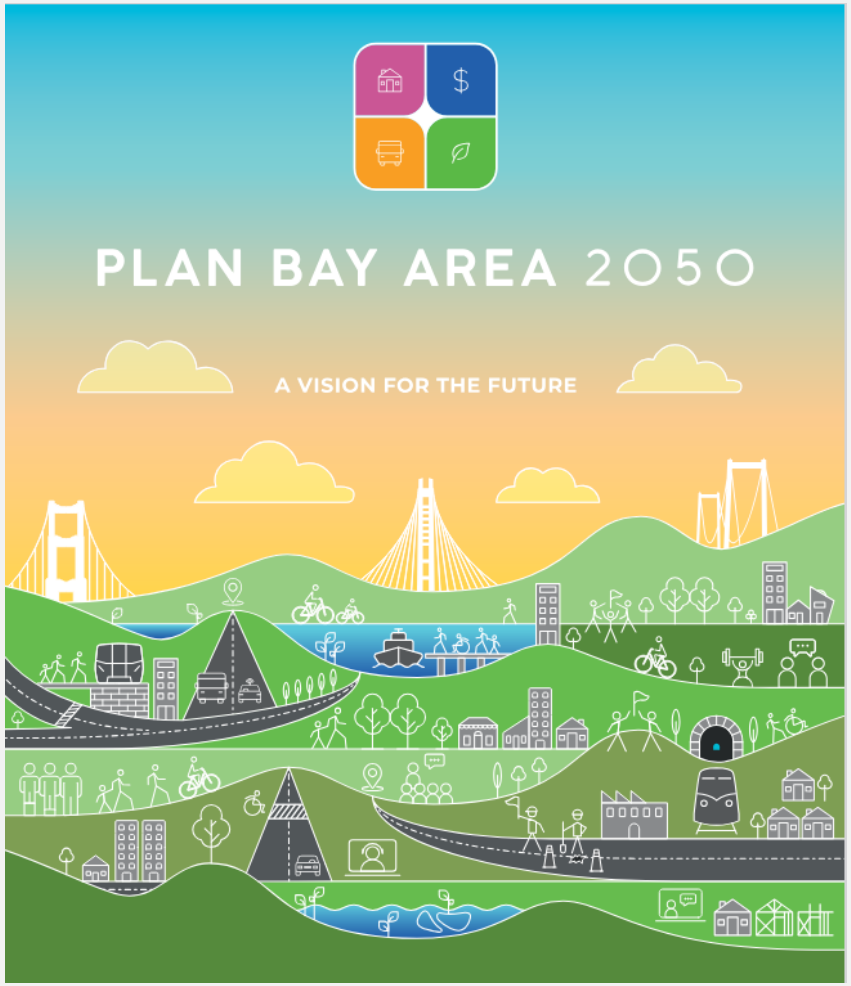
Credit for Two Actions at the Local *or* County Scale

- 4 points for implementing one protection policy, either at the local jurisdiction level *or* through participation in a countywide program
- 4 points for implementing one protection policy, either at the local jurisdiction level *or* through participation in a countywide program

Staff propose credit be limited to county programs where cumulative funding available to TOC jurisdictions meets TOC Policy standards.

TOC Incentive Program: Eligibility

- Staff propose a **minimum threshold of 85 points** for TOC Incentive Program eligibility. *Jurisdictions below 85 remain eligible for all other OBAG county and regional funds.*
- A **clear, relatively-high threshold aligns with the fully incentive-based program design** and rewards meaningful progress toward TOC and Plan Bay Area 2050+ goals.
- **10 to 15 jurisdictions of varying sizes, well-distributed throughout the region,** are reasonably anticipated to receive funding at this threshold.
- Funds could be used towards **any project eligible under the OBAG 4 county program**, including planning and capital projects across roadway, transit, and active transportation.



Proposed Performance-Based Formula Structure

Funds would be distributed through a performance-based formula to qualifying jurisdictions. If final scores differ from current estimates, the Commission could refine this approach in late 2027.

Formula Factors

- Number of designated TOC areas
- Jurisdiction population

Reflects scale of effort, impact, and implementation responsibility

Award Structure

- **Minimum awards by size tier** to create meaningful incentive
- **Maximum awards by size tier** to distribute benefits broadly
- *Qualifying cities would be eligible for grants:*
  - **Big 3 Cities** (*6+TOCs*): $6-8 million each
  - **Large** (*4+ TOCs/200k+ pop*): $4-6 million each
  - **Medium** (*2+ TOCs/100k+ pop*): $2-4 million each
  - **Small** (*at least 1 TOC*): $1-2 million each

Staff Recommendation

Staff recommend the Commission:

1. **Adopt the TOC Incentive Program, including Evaluation Framework** (MTC Resolution No. 4754)
   - *Evaluation framework with proposed adjustments and specific direction on option 1 vs. option 2 for housing protection policies*
   - *Incentive program structure, eligibility, and deadline*
2. **Direct staff to return to the Commission this spring** with amendments to the TOC Policy (MTC Resolution No. 4530):
   - *To provide flexibility to transit extension projects seeking non-OBAG discretionary funding*
   - *To clarify the Commission will further consider the evolving role of the TOC Policy at the start of the next OBAG cycle*

Staff will revise TOC Administrative Guidance to align with adjustments above.