



December 19, 2023

Metropolitan Transportation Commission  
Bay Area Metro Center  
375 Beale Street San Francisco, CA 9410

**RE: Revisions to MTC's One Bay Area Grant (OBAG 3) Program to Update Housing Element Compliance Requirements**

Dear Chairperson Pedroza and Commissioners,

On behalf of the City of San José, we would like to reiterate our gratitude to the Metropolitan Transportation Commission (MTC) for awarding the City \$58.7 million in One Bay Area Grant Cycle 3 (OBAG 3) funding for much needed complete streets and safety improvements in our Equity Priority Communities. We would like to also thank the commission and MTC staff for working to address concerns surrounding the Housing Element compliance requirement in the OBAG 3 funding program. **We support the Program and Allocations Committee's December 13th recommendation of a 12-month grace period for jurisdictions to certify their Housing Elements to maintain critical OBAG 3 funding.**

San José has worked in good faith with the State's Department of Housing and Community Development (HCD) to certify its housing element. The following is the sequence of events:

- **Fall 2019 - Spring 2022:** The City of San José conducted extensive outreach to develop its draft Housing Element update, outlining San José's strategy to implement its RHNA allocation of 62,200 housing units (48% of Santa Clara County).<sup>1</sup>
- **September 16, 2022:** First Draft of the Housing Element was submitted to HCD for its review
- **December 2022– May 2023:** Staff worked with HCD to address comments received in their letter dated December 15, 2022.
- **June 20, 2023:** The San José City Council adopted the 2023-2031 Housing Element and subsequently submits to HCD.
- **August 28, 2023:** HCD responds to the City's adopted Housing Element requesting clarifications and/or revisions.<sup>2</sup>
- **November 29, 2023:** The City worked with housing stakeholders and HCD diligently to address HCD's comments and resubmitted its Housing Element. HDC has 60 days to respond (latest January 28, 2024).

We are hopeful that HCD will respond with a positive affirmation of our recent submittal considering our staff's hard work in addressing their concerns. That said, nothing is certain. We are well-aware of the immense amount of work on

<sup>1</sup> <https://www.sanjoseca.gov/your-government/departments-offices/planning-building-code-enforcement/planning-division/citywide-planning/housing-element>.

<sup>2</sup> <https://www.sanjoseca.gov/home/showpublisheddocument/105129>



SAN JOSE  
**MAYOR**  
**MATT**  
**MAHAN**

HCD's plate, and a response, let alone certification, may not occur by the December 31, 2023 OBAG 3 deadline. Across the Bay Area, about 50% of jurisdictions do not have their housing elements certified yet. To ensure there is ample time for the high volume of jurisdictions, including San José, to work with HCD to certify their housing elements, a 12-month grace period is fair and reasonable.

We appreciate MTC's prioritization of transportation funding to jurisdictions that are doing their part in combatting the Housing Crisis. However, jurisdictions working in good faith to adopt their Housing Elements and have them certified should also not be punished, especially when faced with hurdles beyond their control. We ask that you support the Program and Allocations Committee's recommendation. Thank you for your consideration.

Sincerely,

Mayor Matt Mahan  
City of San Jose