

# Capitola City Council

## Agenda Report



**Meeting:** November 21, 2023

**From:** Community Development Department

**Subject:** REAP 2.0 Grant

---

**Recommended Action:** 1) Adopt a resolution accepting a funding allocation not to exceed \$128,750 in Regional Early Action Planning 2.0 funds from the Association of Monterey Bay Area Governments to implement land use strategies within the commercial and mixed-use zoning districts and authorizing the City Manager to enter into agreements and take further actions as may be necessary; and 2) adopt a resolution amending the Fiscal Year 2023-24 adopted budget to appropriate the awarded funds.

**Background:** The Regional Early Action Planning (REAP) 2.0 program was established through AB 140 (July 2021) for transformative and innovative projects that implement a region's Sustainable Communities Strategy (SCS) and help achieve the objectives of more housing and transportation options that reduce reliance on cars. REAP 2.0 builds on actions completed through the REAP 1 grant program but expands the focus by integrating housing and vehicle miles traveled (VMT) reduction, and by allowing for broader planning and implementation investments, including infrastructure investments supporting housing development. This includes accelerating housing production and facilitating compliance with the 6th Cycle of the Housing Element.

REAP 2.0 is a local sub-allocation grant program that set aside \$2,625,000 for jurisdictions throughout the region for eligible projects that meet all REAP 2.0 goals and objectives. In August of 2023, City staff submitted a REAP 2.0 grant application to fund the implementation of land use strategies identified in the Housing Element in commercial and mixed-use zoning districts. The City of Capitola was eligible for \$128,750.

On September 1, 2023, the City of Capitola was awarded a REAP 2.0 Grant through the Association of Monterey Bay Area Governments (AMBAG). Prior to moving forward with the project, the City must adopt a resolution accepting the REAP 2.0 funds (Attachment 1).

**Discussion:** REAP 2.0 grant funding must be used for projects that accelerate housing production, reduce VMT, affirmatively further fair housing, and support housing element implementation while also creating expanded opportunities for local efforts to align with AMBAG's regional plans, implement the infill and VMT reduction goals of the [AMBAG 2045 MTP/SCS](#), and support state planning goals.

The Capitola project will involve implementing land use planning methods to accommodate a significant portion of the 6<sup>th</sup> Cycle RHNA as identified in the recently adopted Housing Element. More specifically, the funds will be utilized to incorporate land use planning methods to accelerate affordable infill housing to accommodate various income levels along mixed-use and commercial corridors.

The project will focus on implementing land use strategies along the 41<sup>st</sup> Avenue Corridor which aim to transform the existing regional commercial and community commercial developments into a mixed-use neighborhood with retail, residential, entertainment, dining, and multimodal transportation options. The land use strategies are intended to increase residential and mixed-use capacity in the infill area of the 41<sup>st</sup> Avenue Corridor. The goal of the project is to encourage property owners along the 41<sup>st</sup> Avenue Corridor to redevelop and increase housing opportunities and local jobs while decreasing vehicle miles traveled. Placing affordable housing at this key regional job center will affirmatively further fair housing by giving lower-income residents access to job opportunities.

City staff plans to hire a consultant to complete the implementation of land use strategies. An RFP will be published after the completion of the Mall Redevelopment Land Use Study to incorporate findings from the study into the scope of work. The consultant will be responsible for public outreach, stakeholder

meetings, drafting the land use update and necessary CEQA documents, and attending work sessions and adoption hearings.

Fiscal Impact: The City will receive \$128,750 in REAP grant funds to implement the land use strategies identified in the Housing Element.

Attachments:

1. REAP 2.0 Grant Resolution
2. Budget Amendment Resolution

Report Prepared By: Katie Herlihy, Community Development Director

Reviewed By: Julia Gautho, City Clerk, and Samantha Zutler, City Attorney

Approved By: Jamie Goldstein, City Manager