

AB 140 (Housing): SUMMARY OF REAP LANGUAGE
New Budget Trailer Bill Language

Yesterday, (Sunday, July 11), the Legislature amended AB 140 to include the housing trailer bill language for the FY 21-22 budget. Section 15 of the bill creates a structure for distributing \$600 million for the Regional Early Action Planning Grant Program for 2021. (REAP 2). This language is consistent with our prediction (See www.calcog.org/reap2). **The Legislature may vote on this language on Thursday**, meaning there is no time to seek any amendments given the three-day in print rule. Here is a quick summary:

- **Overall Structure.** The structure of REAP 2 is very similar to REAP 1 insofar as each region will be able to propose a budget or plan of programs that reflect regional needs and circumstances for approval, provided the proposed expenditures are consistent with the broad guidelines of the program. But there are some key differences.
- **For MPOs.** The primary eligible entity for the largest part of the program will be MPOs. (The first REAP program granted funds to COGs with RHNA authority).
- **Lead Administering Agency.** HCD is the lead administering agency. But they must collaborate with ARB, SCG, and OPR to administrate the program—including developing the guidelines and approving regional budgets.
- **Eligible Entities.** Although MPOs are the primary recipients for the primary program, MPOs are authorized to suballocate funds to “eligible entities,” which include councils of governments, regional transportation planning agencies, cities, counties, transit agencies, county transportation agencies, and tribal entities.
- **Grant Administration.** The provisions relating to accounting and reporting parallel the first REAP program. Thus, we anticipate that HCD’s administration will work a lot like the administration of the existing REAP program. However, there will likely be some changes insofar as budget and programs will have to be approved in collaboration with SGC, OPR, and ARB.
- **MPO Allocations.** Most of the funding will be made available to MPOs to fund transformational infrastructure and planning programs as defined.
- **Rural Competitive Program.** Eligible entities in the 19 counties that are not within an MPO are eligible to compete for \$30 million competitively.
- **“Demonstrably Exceeding” Competitive Program.** All eligible entities, including MPOs, may compete for an additional \$30 million for projects that “demonstrably exceed the requirements of this chapter and further multiple policy objectives.” Scoring will account for infill housing production and reduction of per capita VMT.
- **For “transformative planning and implementation activities.”** Funding must be used for “housing, planning, infrastructure investments supporting infill housing, and other actions that enable meeting housing goals that also result in per capita vehicle miles traveled reductions, including accelerating infill development, supporting residents

through realizing multimodal communities, shifting travel behavior through reducing driving, and increasing transit ridership.” Investments must also align with one of the following: state planning priorities (Gov’t Code § 65041.1), affirmatively further fair housing (Gov’t Code § 8899.50), housing element compliance, or a sustainable communities strategy (or APS).

- **Specific Eligible Uses.** *The following would be eligible if deemed “transformative” in consultation with HCD (this list is not exhaustive):*
 - Providing technical assistance, planning, staffing, or consultant needs
 - Administering any programs described in this subdivision.
 - Rezoning and encouraging development by updating planning documents
 - Revamping local planning processes to accelerate infill development.
 - Completing environmental clearance to eliminate project-specific review for infill.
 - Establishing and funding an affordable housing catalyst fund, trust fund, or revolving loan fund for location efficient projects.
 - Infrastructure planning and upgrades like sewers, water systems, transit, roads, or other facilities to enable reduction in VMT, including accelerating housing.
 - Implementing a vision-zero program, a safety plan, and a slow streets program.
 - Bicycle, pedestrian and multi-modal infrastructure plans and policies.
 - Expand active transportation and implement bicycle or pedestrian plans.
 - Producing multimodal corridor studies.
 - Reducing driving, including studying and implementing road pricing.
 - Establishing a VMT impact fee or regional VMT mitigation bank.
 - Parking and transportation demand management programs or ordinances.
 - Accelerating infill housing production near jobs, transit, and resources.
 - Increasing transit ridership, including through seamless regional transit systems, including establishing common fares, schedules, service design, and wayfinding.
 - Implementing multimodal access plans to and from transit facilities.
 - Planning for additional housing near transit.

- **Funding Totals.** Under AB 128 and 129 (the primary budget bills adopted thus far), a total of \$600,000,000 has been allocated to the program. The first \$500 million in the Governor’s original budget (AB 128) was \$500 million in funds made available to the State of California under the American Recovery Plan Act. An additional \$100 million in General Fund dollars was made available under the Legislature’s June 28th Budget (AB 129). The trailer bill language will distribute this funding as follows:
 - 5% (or \$30 million) to HCD for program administration and technical assistance
 - 5% (or \$30 million) to eligible entities in the 19 counties not within a MPO
 - 5% (or \$30 million) to a new “demonstrably exceeds” competitive program
 - 85% (or \$510,000,000) to MPOs for transformative investments

- **Suballocations.** Suballocations from MPOs to eligible entities shall consider geographic equity, including the needs of rural and urban communities, transformative and collaborative approaches, including through subregions, and the degree to which the suballocation will be in furtherance of all of the requirements of transformative

planning and implementation activities. Funds designated for suballocation must be awarded within 60 days.

- **Initial Allocations.** Beginning on January 1, 2022, MPOs can request an initial allocation of 10 percent of the funds for which they are eligible.
- **Formula For MPOs.** The language distributes the funding to MPOs by population, but instead of using the current population, the funds are distributed by the DOF's forecasted 2030 population. (Specifically, Department of Finance P-2A County Population Projections as of July 1, 2021).¹ The amounts are based on the aggregate 2030 projected population for each MPO as a percentage of projected 2030 statewide population. Here is our **unofficial** calculation of the distribution:

MPO	2030 Population	Pop %	Formula Allocation
Association of Monterey Bay Area Governments	815,149	1.978%	\$10,133,742
Butte County Association of Governments	236,874	0.577%	\$ 2,944,762
Fresno Council of Governments	1,096,638	2.673%	\$ 13,633,148
Kern Council of Governments	1,019,221	2.484%	\$ 12,670,718
Kings County Association of Governments	165,752	0.404%	\$ 2,060,590
Madera County Transportation Commission	178,070	0.434%	\$ 2,213,725
Merced County Association of Governments	314,690	0.767%	\$ 3,912,153
Shasta Regional Transportation Agency	180,498	0.440%	\$ 2,243,909
Metropolitan Transportation Commission	8,272,525	20.165%	\$ 102,842,103
Sacramento Area Council of Governments *	2,706,637	6.598%	\$ 33,648,280
San Diego Association of Governments	3,461,883	8.439%	\$ 43,037,323
San Joaquin Council of Governments	853,661	2.081%	\$ 10,612,515
San Luis Obispo Council of Governments	284,729	0.694%	\$ 3,539,685
Santa Barbara Council of Governments	469,717	1.145%	\$ 5,839,412
Southern California Association of Governments	19,789,953	48.240%	\$ 246,024,084
Stanislaus Council of Governments	606,128	1.477%	\$ 7,535,242
Tahoe Regional Planning Agency *	55,000	0.134%	\$ 683,747
Tulare County Association of Governments	516,810	1.260%	\$ 6,424,861
TOTALS	41,023,935	100.000%	\$ 510,000,000

* We estimated the population in the Tahoe basin (California side) to be about 55,000, and subtracted that figure from SACOG's 2030 population forecast. This is just a rough estimate.

¹ See <https://www.dof.ca.gov/forecasting/demographics/projections/>