



TRANSMITTED ELECTRONICALLY

The Honorable Gavin Newsom
Governor, State of California
1021 O Street, Suite 900
Sacramento, CA 95814

June 7, 2024

Re: Support Joint Legislative Budget Plan Proposal for Regional Early Action Planning Grants of 2021 (REAP 2.0)

Dear Governor Newsom,

The undersigned organizations respectfully urge your support for the \$250 million restoration of the Regional Early Action Planning Grant (REAP 2.0) included in the Joint Legislative Budget Plan. Our coalition includes all 18 Metropolitan Planning Organizations (MPOs) that are the designated recipients of 70 percent of the REAP 2.0 funds, as well as other partnering agencies, which will be involved in the selection and implementation of the program's "transformative" projects.

There are two reasons REAP 2.0 deserves special consideration despite the current budget circumstances. First, much of the funding has already been awarded on projects that have started. Second, this program sits at an important nexus of achieving both the state's affordable housing and climate goals.

As such, any additional cuts to the program beyond the legislature's proposed \$50 million cut will have many unintended consequences. Below we have outlined these issues in more detail:

- **Funding is Already Obligated and Projects are Underway.** REAP 2.0 is a reimbursement-based program that was created nearly three years ago. While it may appear that funds are not needed because they have not yet been spent, a substantial amount of preparatory work has gone into implementing this innovative program and much of the funding has already been committed to local partners. Contractually obligated work was started on the promise of being reimbursed. Additionally, MPOs have already begun negotiating and executing contracts to implement transformative climate and housing investments, work that would potentially need to be rescope or cancelled, harming relationships with existing contractors and community partners and eroding trust in MPOs and the State as reliable business partners. Additionally, MPOs have already spent substantial staff time, and in many instances have hired new staff, to deeply engage with communities, develop proposals, work with HCD to ensure proposed uses meet the goals of the program, and initiate projects to meet aggressive implementation timelines.
- **Funding for Implementation of SB 375 Sustainable Communities Strategies.** MPOs in California are required to develop Sustainable Communities Strategies that meet greenhouse gas reduction targets through regional plans that connect transportation and land use. REAP 2.0 funding is the first state funding that affords MPOs discretion to provide early funding on transformative projects that can accelerate state housing and climate goals. MPOs receive state and federal funding for transportation projects but REAP 2.0 funding is unique by funding MPOs to advance infill and affordable housing projects in locations that will maximize greenhouse gas reductions.
- **Keep Affordable and Infill Housing Projects On Track.** Restoration of this funding supports, at a minimum, 5,600 housing units and in many cases is supporting programs that will continue to provide loans for future housing units. The majority of REAP 2.0 funding will go directly to building more housing units, supportive infrastructure investments (e.g., necessary sewer, water, and utility upgrades) that will unlock sites for future housing developments, and/or innovative financing strategies such as housing trusts.

For these reasons, we urge you to support the REAP 2.0 funding restored in the Joint Legislative Budget Plan. Please contact Bill Higgins, Executive Director of the California Association of Councils of Governments (bhiggins@calcog.org or (916) 717-8324) if you have any questions or if we can be of any assistance.

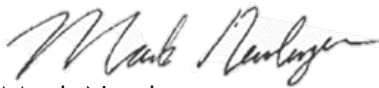
Sincerely,



Bill Higgins
Executive Director
California Association of Councils of
Governments



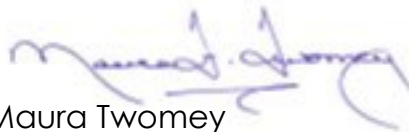
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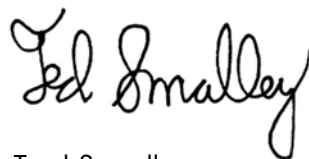
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Senate Pro Tempore Mike McGuire
Assembly Speaker Robert Rivas
Senator Scott Weiner, Chair, Senate Budget Committee
Assemblymember Jesse Gabriel, Chair, Assembly Budget Committee
Senator Steve Padilla, Chair, Budget Subcommittee No. 4
Assemblymember Sharon Quirk-Silva, Chair, Budget Subcommittee No. 5