

**Metropolitan Transportation Commission
Programming and Allocations Committee**

November 9, 2022

Agenda Item 4a - 22-1622

MTC Resolution No. 4548

Subject:

Regional Early Action Planning Grant (REAP 2) Program Full Allocation Request. Adoption of Resolution No. 4548, authorizing MTC to submit an allocation request to California Department of Housing and Community Development (HCD) for \$102.8 million in REAP 2 formula funds.

Background:

The Regional Early Action Planning Grant (REAP 2) Program is a one-time \$600 million state investment to advance implementation of adopted regional plans by funding transformative planning and implementation activities that accelerate infill housing development, reduce per capita vehicle miles traveled (VMT), and affirmatively further fair housing. The program is administered by California Department of Housing and Community Development (HCD), in collaboration with California Office of Planning and Research (OPR), Strategic Growth Council (SGC), and California Air Resources Board (CARB). MTC is anticipated to receive \$102.8 million in REAP 2 formula funds for eligible projects and subgrantees throughout the region.

In March 2022, the Committee authorized staff to submit an advanced allocation request for up to 10% of its anticipated formula share, or \$10.3 million, for initial program development, priority setting, outreach, and program administration. However, HCD did not release the final program guidelines until late July. With the delayed release of the program guidelines, combined with an approaching December 31, 2022 deadline to request the balance of MTC's full formula share, staff recommends forgoing the submittal of the optional 10% advanced allocation request. Instead, staff recommends proceeding to submit the allocation request for the MTC's full formula share of \$102.8 million.

Regional Investment Strategy

Given the one-time opportunity presented by the REAP 2 funding program to implement various *Plan Bay Area 2050* priorities, staff recommends coordinating these with other complementary state and federal fund sources. Coordinating REAP 2 funds with the One Bay Area Grant (OBAG 3) program, funds for Transit Transformation Action Plan priority actions, and the new federal Carbon Reduction Program (CRP), allows the MTC to strategically match of regional projects and programs to the most appropriate funding source. This regional investment strategy is further detailed in **Attachment 1**.

REAP 2 Expenditure Plan

Throughout the *Plan Bay Area 2050* plan development process, Bay Area residents consistently prioritized addressing housing unaffordability and the need to modernize and improve transit service. Other priorities raised during the various phases of engagement included addressing greenhouse gas (GHG) emissions, improving biking and walking infrastructure, and the local economy.

Staff recommends focusing REAP 2 into three program areas that align with the State’s objectives for this fund source as well as with the priorities elevated by the community and stakeholders consistently over the last several years: (1) accelerating the implementation of the *Plan Bay Area 2050* Growth Framework, (2) delivering near-term priorities from the Transit Transformation Action Plan, and (3) augmenting the Community Choice Initiatives program to invest in additional local projects and programs prioritized by residents of Equity Priority Communities (EPCs). The proposed expenditure plan is summarized in **Table 1** below. Additional information on the proposed program areas, activities, and funding amounts is provided in **Attachment 2**.

Table 1. Proposed REAP 2 Expenditure Plan - Summary

Program Area	Activities	Amount	Staffing & Outreach
1. Plan Bay Area 2050 Growth Framework Implementation <i>\$58 million</i>	Housing Preservation Pilot	\$15 million	\$3.4 million included to launch two new housing investment pilots and to provide ongoing housing technical assistance
	Priority Sites Pilot	\$28 million	
	Regional Housing Technical Assistance & Local Grants	\$15 million	
2. Transit Transformation Action Plan Implementation <i>\$31.6 million</i>	Regional Transit Fare Coordination & Integration	\$22 million	\$1.2 million included to deliver Transit Transformation Action Plan activities
	Regional Transit Mapping & Wayfinding	\$9.6 million	
3. Community Choice Initiatives <i>\$8 million</i>	Community-Based Transportation Project Implementation	\$8 million	Staffing support provided through existing fund sources
	Participatory Budgeting Project Implementation		
	Community Power-Building and Engagement		

Program Area	Activities	Amount	Staffing & Outreach
Proposed Activities Subtotal*		\$97.6 million	
	Program Administration	\$5.2 million	\$5.2 million in administration and support costs
REAP 2 Expenditure Plan Total		\$102.8 million	

* The proposed activities subtotal includes \$750,000 for ongoing outreach and engagement activities throughout the design and implementation of REAP 2 programs and activities.

Staff is also developing an ongoing engagement strategy for the REAP 2 program, guided by MTC’s Equity Platform. The strategy aims to increase opportunities for participation to inform the design and implementation of individual program activities, and will include targeted engagement with community-based organizations. More information on the engagement strategy is provided in **Attachment 2**.

Next Steps

Staff will submit an application detailing MTC’s proposed REAP 2 program areas and activities, along with an allocation request for MTC’s formula share of \$102.8 million to HCD by December 31, 2022.

Issues:

Staff has developed the REAP 2 funding proposal with the program’s encumbrance and expenditure deadlines at top of mind (June 30, 2024 and June 30, 2026, respectively). Staff will continue to monitor project and program schedules throughout the program period and may return to the Commission should unforeseen delays require a change in the recommended program areas, activities, or funding amounts.

Recommendation:

Refer MTC Resolution No. 4548 to the Commission for approval and authorize the Executive Director or designee to submit an allocation request and application to HCD for \$102.8 million in REAP 2 funds and enter into a State of California Standard Agreement for distribution of the funds.

Attachments:

- Attachment 1: Regional Investment Strategy
- Attachment 2: REAP 2 Expenditure Plan

- MTC Resolution No. 4548
- Presentation



Therese W. McMillan

Regional Early Action Planning grants program (REAP 2)

Regional Investment Strategy

\$ in millions

Program Category	OBAG 3 Regional Programs Approved <i>Jan. 2022</i>	Blue Ribbon Funding Approved <i>Jun. 2022</i>	Carbon Reduction Approved <i>Oct. 2022</i>	REAP 2 <i>Proposed</i> <i>Nov. 2022</i>	Total
Planning & Program Implementation	\$49.5	\$5		\$5.3	\$59.8 (9%)
Growth Framework Implementation	\$25			\$58	\$83 (13%)
Climate, Conservation, and Resilience	\$98		\$60		\$158 (25%)
Complete Streets and Community Choice	\$54			\$8	\$62 (10%)
Multimodal Systems Operations and Performance	\$155.5	\$80		\$31.6	\$267.1 (42%)
Regional Programs Total	\$382	\$85	\$60	\$102.8	\$629.8

Note: Totals may not add due to rounding.

Regional Early Action Planning grants program (REAP 2)

REAP 2 Expenditure Plan - Detail

Program Area 1: *Plan Bay Area 2050* Growth Framework Implementation (\$58 million)

- **Housing Preservation Pilot (\$15 million)**

Building upon the recently revised Bay Area Preservation Pilot (BAPP) and the launch of the Bay Area Housing Finance Authority (BAHFA), these funds would establish the first in-house capital program focused on preservation of unsubsidized affordable housing. The program would provide financing to non-profit developers and community land trusts for acquisition and rehabilitation of properties to establish long-term affordability, prioritizing projects in systemically marginalized communities and near existing or planned transit infrastructure. Preservation projects will strive to include mobility and communication features as part of the building rehabilitation plans where possible, while also considering the driving twin goals that existing residents should not be displaced, and unit counts should not be reduced.

- **Priority Sites Pilot (\$28 million)**

This pilot program would provide predevelopment funding to accelerate regionally significant projects that leverage public land or the redevelopment of aging malls/office parks – two of the most impactful Housing Strategies in *Plan Bay Area 2050*. The program could prioritize projects that advance multiple regional goals (affordability, climate, equity, etc.) and demonstrate success factors such as local support, a clear path to entitlements, and a realistic financing plan. In addition, because the affordable housing for all Priority Sites is likely to leverage tax credits, these projects will include mobility features for a minimum of 15% of units, and communications features for a minimum of 10% of units. Developments for seniors and housing for people with special needs will generally include mobility features in 100% of units and communications features exceeding 10% of units, and developers must prioritize leasing of accessible units to households in need of those features.

- **Regional Housing Technical Assistance & Local Grants (\$15 million)**

This program area would build upon the success of ABAG's REAP 1 funded Regional Housing Technical Assistance Program. REAP 2 funds could extend and enhance the program to support compliance with MTC's Transit Oriented Communities Policy (TOC), implementation of local Regional Housing Needs Allocations (RHNA) targets and Housing Element

requirements and ensure Bay Area jurisdictions remain competitive for state funding by assisting with the new “pro-housing” designation. Components of the program could include regional technical assistance (policy development, data, trainings, etc.), funding for county-based Planning Collaboratives and exploring a “race to the top” housing policy grant pilot program.

- **Program Area Implementation**

Of the \$58 million proposed for this program area, \$3.4 million is included for the term-limited staffing resources necessary to launch two new housing investment pilots and to continue to provide the housing technical assistance and local planning grant programs introduced in REAP 1.

Program Area 2: Transit Transformation Action Plan Implementation (\$31.6 million)

- **Regional Transit Fare Coordination & Integration (\$22 million)**

This program would implement no-cost and reduced cost transfers region-wide for transit users transferring between different transit agencies. The launch of the pilot will coincide with the rollout of the next generation Clipper® system, targeted for late 2023, and will run for an anticipated 24 months. Prior to the end of the pilot, staff will evaluate the effects of the reduced costs on travel behavior, revenue, and customer service. Funds will be used to mitigate or eliminate financial risk to transit operators participating during the pilot period.

- **Regional Transit Mapping & Wayfinding (\$9.6 million)**

This program will develop regional mapping and wayfinding standards which will be used by across the Bay Area’s 27 transit operator service areas. Funds will also be used to implement the new standards in 1-3 pilots in subregions in the North and East Bay.

- **Program Area Implementation**

Of the \$31.6 million proposed for this program area, \$1.2 million is included for the term-limited staffing resources needed to deliver the REAP 2-funded Transit Transformation Action Plan activities.

Program Area 3: Community Choice Initiatives (\$8 million)

Staff is currently implementing a “participatory grantmaking” process that involves engaging Community-Based Organizations (CBOs), cities, transit operators, and County Transportation Agencies. These surveys and listening sessions will be completed by November 2022 and will be used to inform the design and guidelines for the three activities proposed within this program area

- **Community-based Transportation Project Implementation**

Staff is proposing funding to provide technical assistance to advance high-priority projects in MTC’s Equity Priority Communities (EPCs). These funds would provide a baseline source of funding to further develop concepts, positioning projects to become more competitive for future funding opportunities for implementation. Technical assistance areas may include preliminary engineering, design, and environmental work.

- **Participatory Budgeting Project Implementation**

This focus area builds upon MTC’s Participatory Budgeting Pilot implemented during Lifeline Transportation Program (LTP) Cycle 5. These funds would establish the first regional scaling of implementing projects through a community-led process, with priorities identified, developed, and voted upon reflective of community. The program funds high-priority, neighborhood-level projects ranging from sidewalk and bus stop enhancements to transit ambassadors.

- **Community Power-Building and Engagement**

Funding in this focus area would supplement existing resources for CBOs to conduct engagement and outreach during the project implementation phase. Specifically, this program would invest in additive, culture-specific approaches to engage diverse, historically underrepresented groups.

Funding would also be available to local governments and CBOs that serve as vital front-line practitioners, which require support not only in conducting the work but also in capacity building and infrastructure. The program is envisioned to provide resources to build upon CBO assets from training and development to grant management technical assistance supporting implementation of transportation investments.

Outreach and Engagement (\$750,000)

Across the three program areas, \$750,000 is proposed for outreach and engagement activities throughout the program design and implementation, including targeted engagement with community-based organizations.

The ongoing engagement strategy for the REAP 2 program is guided by MTC’s Equity Platform, with the goal of increasing opportunities for participation to inform individual program design and project implementation, particularly for those who may be most impacted by the program’s investments. Staff will develop unique strategies tailored to the individual needs of each proposed program area and activities, and identify opportunities for deep, meaningful, and robust community and stakeholder engagement.

The REAP 2 engagement strategy will be modeled as a continuation of the extensive engagement conducted during *Plan Bay Area 2050*, the Blue Ribbon Transit Recovery Task Force, and other similar efforts, and build upon the partnerships established during those efforts. The engagement strategy will proactively employ a variety of methods to reach a diversity of voices while assuring engagement with EPCs and other disadvantaged and historically underserved communities. All engagement efforts will also carefully consider language access and other potential barriers to participation.

Program Administration (\$5.2 million)

An additional \$5.2 million, or approximately 5%, is proposed in term-limited staffing resources to administer the REAP 2 funding program. This includes administrative support for contracts, invoicing, finance and accounting, and overall management of program and project delivery and reporting.

Date: November 16, 2022

W.I.: 1615

Referred by: PAC

ABSTRACT

Resolution No. 4548

Authorization to request an allocation of funds to the State of California Department of Housing and Community Development (HCD) through the Regional Early Action Planning grants program (REAP 2). This authorizing resolution is required by the HCD as part of the request for the allocation of REAP 2 funds.

Further discussion of the REAP 2 allocation request is contained in the memorandum to the Programming and Allocations Committee dated November 9, 2022.

REQUIRED RESOLUTION TEMPLATE

MTC Resolution No. 4548 Metropolitan Transportation Commission

AUTHORIZING RESOLUTION

The necessary quorum and majority of the Commissioners of the Metropolitan Transportation Commission, a Metropolitan Planning Organization, (“Applicant”) hereby consents to, adopts and ratifies the following resolution:

- A. WHEREAS, the Department is authorized to provide up to \$510,000,000 to Metropolitan Planning Organizations and Councils of Government (“Applicant”) listed in Health and Safety Code Section 50515.08, subdivisions (a)(1)-(6) under the Regional Early Action Planning grants program (REAP 2.0), as detailed in Health and Safety Code Section 50515.08-10.
- B. WHEREAS the State of California (the “State”), Department of Housing and Community Development (“Department”) issued a Notice of Funding Availability on July 26, 2022 for REAP 2.0 grants available to Metropolitan Planning Organizations and Councils of Government;
- C. WHEREAS Applicant is a Metropolitan Planning Organization or Council of Government eligible to submit a Request for Funds pursuant to Health and Safety Code Section 50515.08(c) to develop and accelerate the implementation of the requirements described in Health and Safety Code section 50515.08(c)(1).
- D. WHEREAS the Department shall approve the Request for Funds, subject to the terms and conditions of Eligibility, Guidelines, NOFAs, Program requirements, and the Standard Agreement by and between the Department and REAP 2.0 Grant Recipients;

NOW THEREFORE BE IT RESOLVED THAT:

- 1. The Metropolitan Transportation Commission (“MTC”) is hereby authorized and directed to request an allocation of funds not to exceed \$102,842,103.03 (the amount allocated pursuant to Health and Safety Code section 50515.07(a) consistent with the methodology described in 50515.09(a)). If the MTC received an advance allocation of REAP 2.0 funds, the MTC’s Request for Funds may not exceed \$102,842,103.03 (the difference between the advance allocation amount received and the total amount allocated pursuant to Health and Safety Code section 50515.07(a) consistent with the methodology described in 50515.09(a)).
- 2. The Executive Director is authorized to execute the Request for Funds, on behalf of the MTC as required by the Department for receipt of REAP 2.0 funds.
- 3. When MTC receives an allocation of REAP 2.0 funds in the authorized amount of

REQUIRED RESOLUTION TEMPLATE

\$102,842,103.03 from the Department pursuant to the above referenced Request for Funds, it represents and certifies that it will use all such funds only for eligible activities as set forth in Health and Safety Code section 50515.08(c)(1), as approved by the Department and in accordance with all REAP 2.0 requirements, guidelines, all applicable state and federal statutes, rules, regulations, and the Standard Agreement executed by and between the Applicant MTC and the Department.

- 4. The Executive Director is authorized to enter into, execute, and deliver a State of California Standard Agreement for the amount of \$102,842,103.03, and any and all other documents required or deemed necessary or appropriate to evidence and secure the REAP 2.0 Allocation, the MTC's obligations related thereto and all amendments the Department deems necessary and in accordance with REAP 2.0.

PASSED AND ADOPTED at a regular meeting of the Metropolitan Transportation Commission this sixteenth day of November, 2022 by the following vote:

AYES: _____ ABSTENTIONS: _____ NOES: _____ ABSENT: _____

Alfredo Pedroza, Chair

ATTEST: _____
Kimberly Ward, Clerk