

**Metropolitan Transportation Commission
Programming and Allocations Committee**

January 12, 2022

Agenda Item 3b - 22-0005

Regional Early Action Planning Grant (REAP 2.0) Program

Subject:

Overview and proposed regional framework for the state and federally funded program to invest in planning and implementation projects to accelerate infill, reduce vehicle miles traveled, and affirmatively further fair housing.

Background:

The Regional Early Action Planning Grant (REAP 2.0) 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 and reductions in per capita vehicle miles traveled (VMT). Funded through the \$500 million federal Coronavirus Fiscal Recovery Fund and \$100 million through the state general fund, the REAP 2.0 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).

Contrary to REAP 1.0, REAP 2.0 funding will be distributed Metropolitan Planning Organizations (MPOs) rather than to Councils of Government (COGs). Most of the funds (85%) will be distributed to MPOs by formula, with MTC anticipated to receive \$102.8 million for eligible projects and subgrantees throughout the region. The remaining amount (15%) will be available for non-MPO regions in addition to a small competitive statewide pool.

REAP 2.0 also significantly expands upon the project eligibilities introduced with REAP 1.0. In addition to planning activities, REAP 2.0 funds may also be used to implement and construct projects to help achieve regional goals for focused growth and increased options for affordable housing and VMT-reducing transportation such as increasing transit ridership, walking, and biking.

Complementary Regional Investment

REAP funds will be available to the region in a timeframe similar to other complementary funding sources such as the One Bay Area Grant (OBAG 3) program, the one-time funding

allocated to support Blue Ribbon Transit Recovery Task Force actions, as well as funding through the federal Bipartisan Infrastructure Law. All these funding sources together are needed to develop a comprehensive funding approach to implement and deliver key regional initiatives included in *Plan Bay Area 2050* and the Blue Ribbon Transit Transformation Action Plan. While these funding sources outline similar project eligibility criteria, a comprehensive funding approach will allow for the best matching of projects and programs to the most appropriate funding source.

Proposed Principles

To offer a general framework for assessing projects eligible for REAP funding, staff recommends the following principles:

- Programs or projects should have a clear connection to advancing *Plan Bay Area 2050* and help achieve regional goals for focused growth and increased options for affordable housing and VMT-reducing transportation.
- REAP 2.0 funds should be strategically directed to programs and projects that can leverage complementary one-time and ongoing fund sources, such as Blue Ribbon funding for priority actions and the One Bay Area Grant (OBAG 3) program.
- Additionally, given the one-time opportunity presented by these funds, projects and programs must be able to deliver quickly and with a relatively limited administrative burden. Projects must be able to fully encumber funds by June 30, 2024, and fully expend all program funding in advance of June 30, 2026.

Proposed Focus Areas

Based on the funding needs assessment conducted through the development of the *Plan Bay Area 2050* Implementation Plan, OBAG 3 framework, and the needs identified in the Blue Ribbon Transit Transformation Action Plan, staff recommend the following focus areas and proposed shares for the REAP 2.0 program:

- **Growth Framework Implementation (55%):** Jumpstart implementation of the *Plan Bay Area 2050* growth framework, with an infusion of these one-time funds for local planning grants and technical assistance.

MTC/ABAG's 2021 call for projects for the Regional Housing Technical Assistance (RHTA) Program and the PDA Planning and Technical Assistance Grant program was greatly oversubscribed. To address this backlog in demand, make progress on completing plans for all adopted PDAs by 2025, and support planning efforts in other select new growth geographies, staff propose directing a significant share of REAP 2.0 funding for planning grants, technical assistance, and housing element implementation support. Such an investment focus will also provide opportunity for alignment with the planned updated Transit Oriented Communities (TOC) policy. An additional \$25 million is proposed within the OBAG 3 framework to continue to these planning grant programs throughout the four years of the program.

Additionally, given the flexible source of funds provided through REAP 2.0, staff also propose programming a substantial portion of the available funds toward direct housing investments, which could include increasing the investment in MTC's Bay Area Preservation Pilot, completing funding gaps on affordable housing projects, or transit agency TOD projects.

Staff will develop a detailed proposal for how to best leverage REAP 2.0 funds to support the regional growth framework in close coordination with partner agencies and the Joint MTC Planning and ABAG Administration Committee.

- **Community Choice (10%):** Greatly expand MTC's investment in Community-Based Transportation Plans (CBTPs), Participatory Budgeting (PB) processes, and constructing prioritized projects in Equity Priority Communities (EPCs).

A significant increase in the annual investment for these efforts is also proposed within the OBAG 3 framework; however, staff recommends using REAP 2.0 funds to accelerate the implementation of projects in completed CBTPs that have not yet been funded through other sources. In addition, these funds could be used to get a head-start on developing new local plans and budgeting processes, to identify projects through these community efforts for future regional and state discretionary programs.

Blue Ribbon Priority Initiatives (30%): Address the near-term funding needs of Blue-Ribbon priority projects. Many of the Blue Ribbon accelerated actions appear to be a good fit for the REAP 2.0 program, including transit priority, mapping and wayfinding, and Blue Ribbon related studies and coordination efforts.

Staff proposes pooling REAP 2.0 funds with the \$85 million in state and federal funding identified by the Commission for Blue Ribbon implementation, and OBAG 3 regional program investments, to complete the funding plan for near-term transit transformation actions.

- **Program Administration (5%):** A small portion of the available REAP 2.0 revenues are proposed for program management support, including invoicing and project delivery monitoring.

Next steps:

Similar to REAP 1.0, REAP 2.0 allows for a 10% advance of funding, which may be available as soon as this month. Based on lessons learned with REAP 1.0, staff found it helpful to direct a portion of the initial resources to establishing program procedures for smooth and expedient funding distribution and administration.

Staff will return to this committee in February or March with a funding proposal for the 10% advance. Following release of final REAP 2.0 guidelines from the state, as well as input from the Joint MTC Planning and ABAG Administration Committee, staff will return with a proposal for the remaining REAP 2.0 funding.

Issues:

- **Timeline:** All funds must be encumbered by June 2024, with final expenditures submitted for reimbursement and close out by June 30, 2026. This timeline suggests that projects receiving REAP 2.0 funding must be ready for implementation in order to meet expenditure requirements.
- **Guidelines:** REAP 2.0 guidelines have not yet been released. Staff offered comments on a REAP 2.0 Framework Paper released in fall 2021, which will inform the development

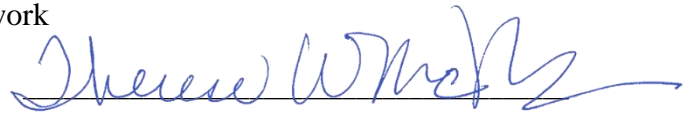
of the REAP 2.0 guidelines. The proposed focus areas outlined above are based on current understanding of the program, pending release of final guidelines anticipated in early 2022.

Recommendations:

Information. No action required.

Attachments:

- Presentation – REAP 2.0 Proposed Framework



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