

**Metropolitan Transportation Commission and the Association of Bay Area Governments  
Joint MTC ABAG Legislation Committee**

September 10, 2021

Agenda Item 3c

**Fiscal Year (FY) 2021-22 State Budget Update**

<b>Subject:</b>	Update on the FY 2021-22 State Budget related to transportation funding, housing and homelessness funding, and climate resilience.
<b>Background:</b>	When the Legislation Committee last met in July, several items were still outstanding in the FY 2021-22 State Budget, including the transportation funding package, provisions related to new housing and homelessness funding and climate resilience. This memo provides an update on these items though several are still outstanding.
<b>Overview:</b>	<p><b>Transportation</b> At the time this memo was prepared, the Legislature had not finalized the transportation package, which includes \$4.2 billion requested by Governor Newsom for the California High Speed Rail Authority and \$3.4 billion in one-time General Fund support for public transit, active transportation, and transportation-related climate adaptation. The budget bills (AB 128 and SB 129) require enactment of additional legislation <i>this session</i> or the \$3.4 billion will revert to the General Fund. Furthermore, the Newsom Administration has made clear they view funding for high-speed rail as integral to the funding package, yet no action has occurred since the budget was finalized to appropriate additional funds to the project.</p> <p>In addition to transportation funding requiring further legislation, \$440 million in climate resilience funds that were appropriated in SB 129 also requires enactment of subsequent legislation, but without an exact deadline. Notably, the \$440 million is the first down-payment on a \$3.7 billion three-year funding commitment to climate resilience agreed to by the Assembly, Senate and Governor in late June. At the time this memo was prepared there was no trailer bill in circulation related to these funds. Consistent with MTC-ABAG's Climate Adaptation Advocacy Principles, staff has recommended that local and regional climate adaptation planning as well as implementation funding receive priority for the use of these funds.</p> <p><b>Regional Early Action Planning Grants Program of 2021 ("REAP 2.0")</b></p> <p>On July 19, Governor Newsom signed <a href="#">AB 140</a>, enacting various housing-related provisions connected to the budget, including the provisions of the new "Housing Policy Development Program," which received \$600 million in this year's budget. AB 140 renames</p>

this new program the Regional Early Action Planning Grants Program of 2021, commonly referred to as “REAP 2.0.” The focus of REAP 2.0 (versus the original REAP from the FY 2018-19 State Budget) is on helping achieve vehicle miles traveled (VMT) reductions that can help implement sustainable communities strategies, whereas the original REAP was focused on assisting with housing planning and the Regional Housing Need Allocation, the domain of councils of government. As such, REAP 2.0 funds will be allocated to MTC, as the metropolitan planning organization responsible for preparing and adopting the sustainable communities strategy.

While VMT reduction is a focus of the funds, housing-related investments are also eligible and the Department of Housing and Community Development (HCD) will be the administrator of the grant program, as with the original REAP. Staff is already engaging with HCD on the development of grant guidelines to ensure the Bay Area’s priorities are eligible. We estimate the Bay Area will receive approximately \$100 million in funds. See Attachment B for an excerpt from AB 140 listing the project eligibilities.

**Bay Area to Receive Almost \$180 Million to Combat Homelessness: Homeless Housing, Assistance and Prevention (HHAP) Funding**

AB 140 also includes the formulas for the distribution of \$2 billion in HHAP funds to address homelessness over the next two fiscal years, building on \$950 million appropriated to the program over the last two years. These funds will be administered by the Homeless Coordinating and Financing Council with \$1 billion available in FY 2021-22 and \$1 billion in FY 2022-23. Funds must be expended within four fiscal years of the appropriation and would be distributed as follows:

- 80% distributed as follows: 42% to cities with population greater than or equal to 300,000; 28% to counties (a slight increase in their share compared to last year, with cities’ share taking a slight cut); and 30% to continuums of care.
- 18% for awarding bonus funds to jurisdictions that meet outcome goals from their local homelessness action plan
- 2% to federally recognized tribal governments

A standard agreement for applicants to apply for funds will be issued by the Council by September 15, 2021 and applications will then be due within 30 days. Applicants may receive up to 20

percent (or 25 percent if applying jointly) of funds up front, with the balance available only after submittal of a local homelessness action plan with specified outcome goals by June 30, 2022. See Attachment A for a list of Bay Area funding shares for FY 2021-22, totaling \$179 million for Bay Area cities (Oakland, San Jose and San Francisco), counties (all nine) and nine continuums of care.

**Next Steps:**

Staff anticipates the transportation package and climate resilience funding to be some of the last items to be resolved this session and will provide an update at your meeting.

**Attachments:**

Attachment A: Bay Area FY 2021-22 Funding Allocations for HHAP

Attachment B: Excerpt of AB 140: REAP 2.0 Eligibilities

  
Therese W. McMillan

CONTINUUM OF CARE	ALLOCATION	PERCENT
Daly/San Mateo County CoC	\$ 2,262,998	
Marin County CoC	\$ 1,547,579	
Napa City & County CoC	\$ 481,935	
Oakland, Berkeley Alameda County CoC	\$ 12,006,459	
Richmond/Contra Costa County CoC	\$ 3,434,907	
San Francisco CoC	\$ 12,025,916	
San Jose/Santa Clara City % County CoC	\$ 14,526,888	
Santa Rosa, Petaluma/Sonoma County CoC	\$ 4,416,737	
Vallejo/Solano County CoC	\$ 1,722,692	
	<b>\$ 52,426,111</b>	29%
<b>CITY</b>		
Oakland	\$ 24,066,823	
San Francisco	\$ 24,105,824	
San Jose	\$ 29,118,995	
	<b>\$ 77,291,642</b>	43%
<b>COUNTY</b>		
Alameda	\$ 11,206,029	
Contra Costa	\$ 3,205,913	
Marin	\$ 1,444,407	
Napa	\$ 449,806	
San Francisco	\$ 11,224,189	
San Mateo	\$ 2,112,131	
Santa Clara	\$ 13,558,429	
Solano	\$ 1,607,846	
Sonoma	\$ 4,122,288	
	<b>\$ 48,931,037</b>	27%
<b>Bay Area Total</b>	<b>\$ 178,648,789</b>	

**Regional Early Action Planning Grants Program of 2021 (REAP 2.0)**  
**Excerpts of Authorizing Statutes Related to Project Eligibility**

**Health and Safety Code Section 50515.07.**

(a) (1) The Regional Early Action Planning Grants Program of 2021 is hereby established for the purpose of providing regions with funding, including grants, for transformative planning and implementation activities.

(2) Upon appropriation by the Legislature for this purpose, funds shall be distributed under the program in accordance with this chapter.

(b) The department, in collaboration with the Office of Planning and Research, the Strategic Growth Council, and the State Air Resources Board, shall develop and administer the program and, consistent with the requirements of this chapter, provide grants to eligible entities for implementing planning and implementation activities. The department shall seek input from the transportation and housing coordination workgroup established through Section 50407.5.

(c) Distribution and expenditures of funds shall be made consistent with the state planning priorities, established pursuant to Section 65041.1 of the Government Code, and shall consider geographic equity among regions of the state.

(d) Of the total amount of any moneys appropriated for purposes of this chapter, the department shall set aside up to 5 percent for program administration, including state operations expenditures and technical assistance, as well as expenditures by recipients of funding pursuant to Sections 50515.08 and 50515.09.

**Health and Safety Code Section 50515.08 (c)**

[Note: the following language is an excerpt of this section – see full statute for context]

(1)(E) The application shall reference one or more of the following categories of allowable uses of the funds:

(i) Accelerating infill development, including housing.

(ii) Supporting residents through realizing multimodal communities.

(iii) Shifting travel behavior through reducing driving.

(iv) Increasing transit ridership....

(c)(3) Commencing January 1, 2022, an eligible entity described in paragraphs (1) to (5) of subdivision (a), inclusive, as applicable, may request up to 10 percent of the funding available to it under this section in advance of a full request for funding made pursuant to paragraph (1) to develop and accelerate the implementation of the requirements described in paragraph (1), including, but not limited to, regional engagement in the development of the full application and

of an education and outreach strategy. The department shall award funds requested pursuant to this paragraph to the relevant eligible entity in an expeditious manner after receiving that request.

(4) The department may develop a streamlined application procedure that accounts for the limited resources generally among the regional entities listed in paragraph (6) of subdivision (a).

(5) If an amount of funds described in paragraph (2) of subdivision (a) of Section 50515.07 remains unallocated after December 31, 2022, the department, at its discretion, may make those funds available through a subsequent notice of funding availability in which funds are offered on a competitive basis pursuant to this chapter. An eligible entity described in subdivision (a) may request an allocation of funds made available through the subsequent notice of funding availability by submitting an application, in the form and manner prescribed by the department.

(d) In consultation with the department, any entity that receives an allocation of funds pursuant to this section shall establish priorities and use those moneys for eligible transformative planning and implementation activities that include, but are not limited to, all of the following:

(1) Providing jurisdictions and other local agencies with technical assistance, planning, temporary staffing, or consultant needs associated with updating local planning and zoning documents and other actions that accelerate infill housing production.

(2) Administering any programs described in this subdivision.

(3) Covering the costs of temporary staffing or consultant needs associated with the activities described in paragraphs (1) and (2), inclusive.

(4) Accelerating infill development, including through all of the following:

(A) Rezoning and encouraging development by updating planning documents and zoning ordinances, including general plans, community plans, specific plans, sustainable communities strategies, and local coastal programs.

(B) Revamping local planning processes to accelerate infill housing production and other infill development.

(C) Completing environmental clearance to eliminate the need for project-specific review for infill development.

(D) Establishing and funding an affordable housing catalyst fund, trust fund, or revolving loan fund for location efficient projects.

(E) Performing infrastructure planning and investing in upgrading infrastructure, including for sewers, water systems, transit, roads, or other public facilities necessary to enable reduction in per capita vehicle miles traveled, including accelerating housing production.

(5) Supporting residents through realizing multimodal communities, including through all of the following:

(A) Establishing and implementing a vision-zero policy and program, a safety plan, and a slow streets program.

(B) Developing bicycle and pedestrian infrastructure plans and other multimodal plans or policies.

(C) Investing in infrastructure projects and other programs to expand active transportation and implement bicycle or pedestrian plans.

(D) Producing multimodal corridor studies associated with developing specific planning documents or implementation actions.

(6) Shifting travel behavior through reducing driving, including through all of the following:

(A) Studying and implementing road pricing.

(B) Funding the establishment of a local vehicle miles traveled impact fee or regional vehicle miles traveled mitigation bank.

(C) Funding and implementing parking and transportation demand management programs or ordinances.

(D) Accelerating infill housing production near jobs, transit, and resources.

(7) Increasing transit ridership, including through all of the following:

(A) Funding and implementing actions to establish more seamless regional transit systems between and across communities, including establishing common fares, schedules, service design, and wayfinding.

(B) Developing and implementing multimodal access plans to and from transit facilities.

(C) Planning for additional housing near transit.

(f) (1) In consultation with the department, any entity that receives an allocation of funds pursuant to this section may suballocate moneys directly to eligible entities in the form of grants. Following awards to eligible entities, eligible entities shall award suballocations within 60 days.

(2) All suballocations pursuant to this subdivision 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 described in paragraph (2) of subdivision (f) of Section 50515.06.