

**Metropolitan Transportation Commission
Programming and Allocations Committee**

November 13, 2024

Agenda Item 2f-24-1362

MTC Resolution Nos. 4650, Revised; 4202, Revised; and 4505, Revised

Subject:

Revisions to the Regional Early Action Planning Grant (REAP 2) program and One Bay Area Grant (OBAG 2 and 3) programs to reflect changes to MTC's REAP 2 expenditure plan to ensure all REAP 2 funds can be spent by the statewide expenditure deadline while still delivering a broad suite of activities originally proposed for REAP 2 funds.

Background:

The Regional Early Action Planning Grant (REAP 2) Program is a \$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 OBAG 2 and 3 programs establish the policy and programming framework for investing federal Surface Transportation Block Grant Program (STP) and Congestion Mitigation and Air Quality Improvement program (CMAQ) funds for FY 2017-18 through FY 2025-26.

REAP 2 Expenditure Plan Update and OBAG Programming

In September 2024, the Commission approved revisions to the REAP 2 expenditure plan to reflect a \$6 million reduction in MTC's grant award resulting from the FY 2024 State Budget. This month, staff propose additional revisions to MTC's REAP 2 expenditure plan to ensure that all REAP 2 funds can be fully expended in advance of the statewide expenditure deadline.

External circumstances delayed MTC's launch of the REAP 2 program, including a lengthy application review and agreement approval process, and a funding freeze during the state budget negotiations. As a result of these significant delays, staff have identified two activities originally programmed with REAP 2 funds that will no longer be able to meet HCD's expenditure deadline of June 30, 2026 – portions of the Regional Housing Technical Assistance (RHTA) and Community Action Resource and Empowerment (CARE) programs. While these activities remain a priority, staff recommend redirecting the REAP 2 funds originally planned for these programs to other REAP 2 activities that can meet the state's expenditure deadline.

Staff recommends redirecting \$8.2 million within the REAP 2 program as follows, and as illustrated in **Table 1**:

- Deprogram \$3.5 million in REAP 2 from the Regional Housing Technical Assistance (RHTA) program due to concerns about meeting the expenditure deadline;

- Deprogram \$4.7 million in REAP 2 from Participatory Budgeting Project Implementation within the Community Action Resource and Empowerment (CARE) program due to concerns about meeting the expenditure deadline;
- Reprogram the \$8.2 million freed up from the two projects above to:
 - (1) bring all remaining REAP 2 projects back up to the amounts originally programmed prior to the FY 2024 State Budget cuts; and
 - (2) program \$3 million to BAHFA to support the Housing Preservation Pilot, Priority Sites Pilot, and other REAP 2 related activities (including \$1.7 million for REAP 2 Program Implementation, freeing up an equivalent amount of other funding available to BAHFA to deliver their broad suite of regional housing programs).

Additionally, to offset the reduction in REAP 2 funds for the RHTA and CARE programs, staff recommend the following programming actions:

- Redirecting \$2 million in unprogrammed balances within the OBAG 3 Priority Development Area (PDA) Planning program to MTC's RHTA program, partially offsetting the REAP 2 reduction; and
- Return at a future meeting to program \$5 million in future identified funding to Participatory Budgeting Project Implementation within the Community Action Resource and Empowerment (CARE) program, which would fully recover the REAP 2 reduction to the program.

Table 1, on the following page, demonstrates the recommended funding changes to the REAP 2 and OBAG programs.

Table 1. REAP 2 Expenditure Plan Revisions

\$ in Millions

	Proposed Uses	Original REAP 2 Nov. 2023	Current REAP 2* Sept. 2024	Proposed Changes Nov. 2024		Proposed Total Nov. 2024
				REAP 2	OBAG	REAP 2 and OBAG
1	Housing Preservation Pilot	\$17.8	\$16.6	+ \$1.2	-	\$17.8
	Priority Sites Pilot and Technical Assistance	\$29.6	\$27.7	+ \$3.1	-	\$30.8
	Regional Housing Technical Assistance (RHTA) - Local Grants	\$8.0	\$7.5	- \$3.5	+\$2.0**	\$6.0
	RHTA – Regional Implementation	\$5.9	\$5.5	+\$0.4	-	\$5.9
2	Regional Transit Fare Coordination & Integration	\$22	\$20.6	+ \$1.4	-	\$22.0
	Regional Transit Mapping & Wayfinding	\$1.8	\$1.7	+ \$0.1	-	\$1.8
3	Community-Based Transportation Project Implementation	\$1	\$0.9	+ \$0.1	-	\$1.0
	Participatory Budgeting Project Implementation	\$5	\$4.7	- \$4.7	***	***
	Community Power-Building and Engagement	\$2	\$1.9	+ \$0.1	-	\$2.0
4	Program Administration, Staffing, and Outreach	\$9.8	\$9.8	-	-	\$9.8
	BAHFA REAP 2 Implementation	-	-	+ \$1.8	-	\$1.8
Total		\$102.8	\$96.8	-	\$2.0	\$98.8

Note: Totals may not add due to rounding.

* REAP 2 expenditure plan was revised in September 2024 to reflect the \$6 million cut from the FY 2024 State Budget.

** \$2 million in OBAG 3 PDA Planning Grant balances redirected to partially offset REAP 2 reductions.

*** \$5 million in future identified funding will be proposed at a future meeting to fully backfill REAP 2 reductions.

Staff recommend additional REAP 2 and OBAG 2 and 3 programming actions this month to provide further definition to RHTA program activities and to change the fund source for several previously awarded projects:

- Program \$1 million for Transit Oriented Communities (TOC) Policy Implementation;
- Program \$1 million for BAHFA’s Doorway Housing Portal;
- Program \$1.6 million for RHTA Implementation for consultant support to administer and coordinate the RHTA program with local jurisdictions;

- Change the fund source and amounts for the Cotati Santero Way Specific Plan and the Milpitas Gateway/Main Street Specific Plan from OBAG 2 and 3 to REAP 2 to reflect the latest project scopes and delivery schedules; and
- Change the fund source and amounts for several previously approved projects in the Priority Sites Technical Assistance program between OBAG 2 and REAP 2 to reflect the latest project scopes and delivery schedules, and to focus REAP 2 funds on projects that can fully be expended by the program deadline. Details on these changes are provided in **Attachment 1**.

Issues:

Any changes to MTC's approved REAP 2 expenditure plan, including the revisions proposed in this Agenda Item, require HCD approval. Staff will work with HCD to reflect the latest expenditure plan in any agreements and documentation required by HCD for the distribution of funds.

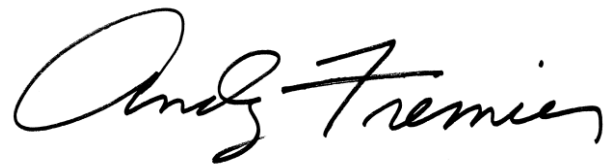
Recommendations:

Refer MTC Resolution Nos. 4650, Revised, 4202, Revised, and 4505, Revised to the Commission for approval. In addition, authorize the Executive Director or designee to submit a revised application to HCD, as summarized in this item, and to enter into an amended agreement with the State of California for distribution of the funds.

MTC Resolution Nos. 4202, Revised and 4505, Revised are also proposed for revisions under Agenda Item 24-1006 and are included once under that item with all proposed revisions. Only items referred by the Committee will be forwarded to the Commission for approval.

Attachments:

- Attachment A: Priority Sites Technical Assistance Program Updates
- MTC Resolution No. 4650, Revised Attachment A
- MTC Resolution No. 4202, Revised is included in Agenda Item 24-1006
- MTC Resolution No. 4505, Revised is included in Agenda Item 24-1006



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