

**Metropolitan Transportation Commission
Programming and Allocations Committee**

November 8, 2023

Agenda Item 2g - 23-1334

Regional Early Action Planning Grant (REAP 2.0) Program Update

Subject:

Update on MTC's allocation request to California Department of Housing and Community Development (HCD) for \$102.8 million dollars in Regional Early Action Planning Grant (REAP 2.0) formula funds, including changes to the proposed REAP 2.0 expenditure plan.

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 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 2.0 formula funds for projects and subgrantees throughout the region.

In November 2022, the Committee approved authorization of a proposed expenditure plan and authorized the Executive Director to submit an application and full authorization request. MTC staff submitted the REAP 2.0 formula application to HCD in December 2022.

As submitted in the formula application, REAP 2.0 funds were focused into three program areas that align with both State and regional objectives: (1) accelerating the implementation of the *Plan Bay Area 2050* (PBA 2050) Growth Framework, (2) delivering near-term priorities from the Transit Transformation Action Plan, and (3) augmenting the Community Action Resource & Empowerment (CARE) program to invest in additional local projects and programs prioritized by residents of Equity Priority Communities (EPCs).

REAP 2.0 Application & Expenditure Plan Update

In late September 2023, HCD staff communicated their interest in bolstering the amount of funding proposed for the affordable housing pilots and technical assistance programs in MTC's original application. Specifically, HCD requested MTC transfer \$6.6 million from Transit Transformation Action Plan implementation activities to PBA 2050 Growth Framework Implementation as a condition of approval of MTC's REAP 2.0 application. In the interest of being responsive to HCD's request to increase the investment and regional impact of the various

affordable housing investments proposed in our REAP 2.0 application and moving our regional application forward as expeditiously as possible, MTC staff agreed to the reassignment of funds within our application as follows:

- Reduced the REAP 2.0 contribution to the Regional Transit Mapping & Wayfinding project (Program Area 2) by \$6.6 million. The staff proposal to backfill this amount with an equal amount of federal transportation funds through the One Bay Area Grant (OBAG 3) program, as described in described in Agenda Item 2d.
- Increased the REAP 2.0 amounts for the Housing Preservation Pilot and Priority Sites Pilot programs by \$2.8 million for each program (\$5.6 million total). The additional funds in these programs will fund additional loans for affordable housing acquisition and/or rehabilitation as well as provide technical assistance grants to sponsors of Priority Sites projects that do not receive predevelopment loans due to a lack of project readiness.
- Increase the REAP 2.0 program amount for the Regional Housing Technical Assistance & Local Grants (RHTA) program by \$1 million. The additional funding will enable RHTA assistance for local jurisdictions to participate in the regional Doorway Housing Portal.

These revisions are consistent with the program areas and proposed activities MTC outlined in the original REAP 2.0 expenditure plan. Staff submitted the revised REAP 2.0 application in October 2023 and are awaiting final application approval and dispersal of funds. **Table 2** summarizes the REAP 2.0 expenditure plan as revised.

Table 2. REAP 2 Expenditure Plan (Updated October 2023) – Summary \$ in millions

Program Area	Activities	Amount		Staffing & Outreach
		Original	Revised (Revision)	
1. Plan Bay Area 2050 Growth Framework Implementation <i>\$64.6 million</i>	Housing Preservation Pilot	\$15	\$17.8 (+\$2.8)	\$3.4 million included to launch two new housing investment pilots and to provide ongoing housing technical assistance
	Priority Sites Pilot	\$28	\$30.8 (+\$2.8)	
	Regional Housing Technical Assistance & Local Grants	\$15	\$16 (+1)	
2. Transit Transformation	Regional Transit Fare Coordination & Integration	\$22	\$22	\$1.2 million included to deliver Transit

Program Area	Activities	Amount		Staffing & Outreach
		Original	Revised (Revision)	
Action Plan Implementation <i>\$25 million</i>	Regional Transit Mapping & Wayfinding	\$9.6	\$1.8 (-\$6.6)	Transformation Action Plan activities
3. Community Choice Initiatives <i>\$8 million</i>	Community-Based Transportation Project Implementation	\$8	\$8	Staffing support provided through existing fund sources
	Participatory Budgeting Project Implementation			
	Community Power-Building and Engagement			
Proposed Activities Subtotal*		\$97.6	\$97.6	
Program Administration		\$5.2	\$5.2	\$5.2 million in administration and support costs
REAP 2 Expenditure Plan Total		\$102.8	\$102.8	

* The proposed activities subtotal includes \$100,000 for ongoing outreach and engagement activities throughout the design and implementation of REAP 2.0 programs and activities.

Issues:

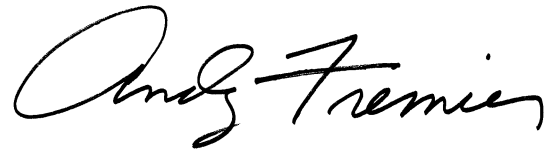
None.

Recommendation:

This agenda item is intended for informational purposes only.

Attachments:

- Attachment 1: REAP 2.0 Updated Expenditure Plan (October 2023)



Andrew B. Fremier

Regional Early Action Planning (REAP 2.0) grants program

REAP 2.0 Updated Expenditure Plan - Detail

Program Area 1: *Plan Bay Area 2050* Growth Framework Implementation (\$64.6 million)

- **Housing Preservation Pilot (\$17.8 million)**

Building upon the 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 (\$30.8 million)**

This pilot program would provide predevelopment funding and technical assistance 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 (\$16 million)**

This program area would build upon the success of ABAG's REAP 1 funded Regional Housing Technical Assistance Program. REAP 2.0 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 \$64.6 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 (\$25 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 (\$1.8 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 2 pilots in subregions in the North and East Bay.

- **Program Area Implementation**

Of the \$25 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 (\$100,000)

Across the three program areas, \$100,000 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.