

**Metropolitan Transportation Commission
Programming and Allocations Committee**

September 11, 2024

Agenda Item 4b-24-1009

MTC Resolution No. 4650, Revised

Subject:

Revisions to the Regional Early Action Planning Grant (REAP 2) program, including changes to MTC's proposed expenditure plan to reflect a 6% budget cut to the REAP 2 program statewide.

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 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 was originally allocated \$102.8 million in REAP 2 formula funds.

MTC's REAP 2 expenditure plan focuses REAP 2 funds 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 Expenditure Plan Update

California's FY 2024-25 State budget, approved in June 2024, included a cut of 6%, or \$30 million statewide, to the REAP 2 program. MTC's share of the statewide cut is approximately \$6 million, resulting in a revised REAP 2 grant total for the region of \$96.8 million. To address this reduction, staff recommend revising the REAP 2 expenditure plan to distribute the \$6 million state budget reduction proportionally across all REAP 2 programs, while maintaining REAP 2 program administration, staffing, and outreach activities necessary to deliver the full suite of REAP 2 programs.

The revisions proposed this month are summarized in the table on the following page.

Program Area	Activities	Current REAP 2	State Budget Cut	Revised REAP 2 (Proposed)
<i>Plan Bay Area 2050</i> Growth Framework Implementation	Housing Preservation Pilot	\$17.8	(\$1.2)	\$16.6
	Priority Sites Pilot	\$29.6	(\$1.9)	\$27.7
	Regional Housing Technical Assistance & Local Grants	\$13.9	(\$0.9)	\$13.0
Transit Transformation Action Plan Implementation	Regional Transit Fare Coordination & Integration	\$22.0	(\$1.4)	\$20.5
	Regional Transit Mapping & Wayfinding	\$1.8	(\$0.1)	\$1.7
Community Action Resource and Empowerment (CARE) Program	Community-Based Transportation Project Implementation	\$1.0	(\$0.1)	\$0.9
	Participatory Budgeting Project Implementation	\$5.0	(\$0.3)	\$4.7
	Community Power-Building and Engagement	\$2.0	(\$0.1)	\$1.9
Program Administration, Staffing, and Outreach		\$9.8	-	\$9.8
REAP 2 Expenditure Plan Total		\$102.8	(\$6.0)	\$96.8

Next Steps

Implementation of the REAP 2 program is already well underway, with program activities at various stages of project selection and delivery. Staff will return to the Commission in the coming months should additional actions be needed to reflect the budget cut within the REAP 2 expenditure plan, which could include refined scopes of work or reduced funding awards to specific projects.

Issues:

Significant delays in the program launch have impacted MTC’s ability to move forward according to the schedules proposed in MTC’s REAP 2 application in December 2022. In addition to a lengthy application review and agreement approval process with HCD, the statewide budget cuts introduced additional funding uncertainty through June 2024. MTC’s REAP 2 program schedules have remained unchanged from the original application despite these delays, which may make timely implementation of several programs no longer feasible. At the time of writing, legislative action is being considered to extend the program’s expenditure deadline of June 30, 2026. Should the expenditure deadline remain unchanged by the end of the 2023-24 legislative session, staff will return to the Commission with recommendations to ensure MTC’s REAP 2 funds are fully expended by the deadline.

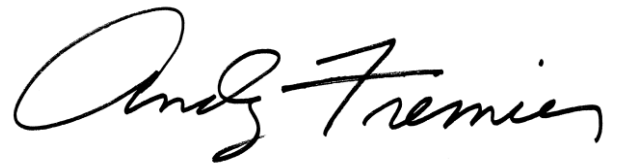
Any changes to MTC’s approved expenditure plan, including reflecting the State budget cut, will need to be reviewed and approved by HCD.

Recommendations:

Refer MTC Resolution No. 4650, 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.

Attachments:

- MTC Resolution No. 4650, Revised
 - Attachment A

A handwritten signature in black ink that reads "Andrew B. Fremier". The signature is written in a cursive, flowing style.

Andrew B. Fremier