

# STAFF REPORT

**SUBJECT:** Final REAP Priorities

**RECOMMENDED ACTION:** Adopt REAP Priorities

**SUMMARY:**

SJCOG will receive \$843,321 in AB 101 Regional Early Action Planning (REAP) funds in order to carry out identified priorities to accelerate housing production. The REAP program is administered by the California Department of Housing and Community Development (HCD) and requires that any COG receiving an allocation of REAP funds must establish priorities and spend the funds consistent with those priorities. The priorities as outlined below were informed by regional housing leaders:



1. **Development of a Regional Housing Trust Fund:** A housing trust fund can be established to support the preservation and production of affordable housing and increase opportunities for families and individuals to access decent affordable homes. REAP funds may be used to develop the framework for a housing trust fund which may entail a rigorous planning process to define the parameters of the program, including goals, administration, fund distribution, as well as funding sources.
2. **Streamlining the Development Process:** While each jurisdiction in the region may be at varying stages of identifying and implementing streamlining in their own departments, REAP funds may be used to support these activities. These may include the preparation of Specific Plans with an accompanying Environmental Impact Report, objective design and/or development standards to comply with SB 35 and provide more certainty for applicants, and other strategies intended to reduce the time for application approval.
3. **Planning and Coordination to Develop a Regional Project Pipeline:** The California Department of Housing and Community Development (HCD) has identified best practices that may elevate regional planning and coordination to support housing

development. These best practices include feasibility studies to determine the most efficient locations to site housing, the development of regional toolkits on a variety of housing-specific topics, establishing consulting benches, or circuit rider programs to provide targeted technical assistance in housing policy areas, and developing a regional peer-to-peer learning exchange.

4. **Supporting Local Jurisdictions Impacted by COVID-19:** To the extent that REAP funds can be used to support the ongoing activities of local jurisdictions regarding the production of housing, this may be an opportunity to offset any negative impacts introduced by COVID-19.



SJCOG staff initially presented REAP priorities to committees, board, and stakeholders in May of 2020 and continued to reach out for input through June. The REAP priorities were brought back through committees in August of 2020 to review input received and for any additional discussion. Overall, the REAP priorities as presented have not been met with any opposition. Much of the feedback and discussion has focused on the implementation side of carrying out the priorities as outlined. To review discussion and feedback in more detail, please see Attachment 1, which summarizes the priorities as well as comments received. Throughout this process, SJCOG staff has also reached out directly to community development departments at member agencies for their input. At the time of writing this staff report, only two staff-level discussions have been conducted with member agencies. SJCOG staff continues to reach out.

## **RECOMMENDATION:**

The staff recommendation is to adopt the Final REAP Priorities.

## **BACKGROUND:**

The San Joaquin Valley will receive a total allocation of \$18.9 million in REAP funds. Of the total allocation, \$6 million was set aside in statute for Valley-wide collaborative projects. AB 101



requires the eight San Joaquin Valley RTPAs to form a working group of not less than three representatives per county to direct how REAP funds should be apportioned and spent. The SJV REAP Committee held its first meeting in January 2020 and approved an initial grant application to HCD for 25 percent of the REAP allocation to the San Joaquin Valley, approximately \$4.7 million. SJCOG will receive approximately \$843,312, its population share of the \$4.7 million approved by HCD in April 2020. According to HCD guidelines, a council of governments that receives an allocation of REAP funds shall establish priorities and use that money consistent with priorities. Funds must be used for housing planning activities and demonstrate a nexus to increasing housing planning and accelerating housing production.

The San Joaquin Valley REAP Committee for Housing recommended that each MPO receiving its share of the Initial Funding Application use funds to conduct the following:

1. Allocate funds to its RHNA (Regional Housing Needs Allocation) process
2. Sub-allocate funds to its County and Cities
3. Allocate up to \$500,000 overall for:
  - a. The development of a San Joaquin Valley Housing Trends, Barriers, Best Practices, and Policy Recommendations “White Paper”
  - b. Fresno COG administration costs as the fiscal agent for the Valley
  - c. Other activities that are “Valley-wide” in scope.

Therefore, SJCOG Board shall establish priorities and use those monies consistent with priorities. With direction and guidance from the Board, SJCOG staff will develop a program budget in accordance with the San Joaquin Valley REAP Committee recommendations above and establish SJCOG Board priorities as guidelines for use of funds by the County and Cities.

**NEXT STEPS:**

Upon adoption of the REAP priorities, SJCOG staff will develop a program budget and establish guidelines for the use of REAP funds sub-allocated to County and Cities.

**ATTACHMENTS:**

1. Refining a Regional Approach to Housing 2.0: Final REAP Priorities

*Prepared by Christine Corrales, Senior Regional Planner*



EMERGING PLANNING ISSUE BRIEFING

# REFINING A REGIONAL APPROACH TO HOUSING**2.0**

APRIL 2020// PREPARED BY HAILEY LANG, CHRISTINE CORRALES, ASHLEY GOLDLIST, AND ISAIAH ANDERSON

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## I. SUMMARY

The purpose of this document is to evaluate and understand SJCOG's regional role in housing and to provide better information on the regional dynamics of housing and homelessness issues. The briefing overviews statewide legislative effort to address housing and the homelessness crisis as well as the current role of SJCOG and its programs and activities related to housing and homelessness in the region. Additionally, the briefing highlights regional data on the state of housing affordability and homeless in San Joaquin County. Lastly, the briefing begins a preliminary discussion of the AB 101 Regional Early Action Planning (REAP) REAP program and opportunities to shape a regional approach to housing in San Joaquin County and across the Central Valley.

The AB 101 REAP Program presents new opportunities to address housing and homelessness issues as a region. Below are four key priorities to explore, fully described in *Section II., Emerging Regional Role in Housing*:

- 1. Development of a Regional Housing Trust Fund:** A housing trust fund can be established to support the preservation and production of affordable housing and increase opportunities for families and individuals to access decent affordable homes. REAP funds may be used to develop the framework for a housing trust fund which may entail a rigorous planning process to define the parameters of the program, including goals, administration, fund distribution, as well as funding sources.
- 2. Streamlining the Development Process:** While each jurisdiction in the region may be at varying stages of identifying and implementing streamlining in their own departments, REAP funds may be used to support these activities. These may include the preparation of Specific Plans with an accompanying Environmental Impact Report, objective design and/or development standards to comply with SB 35 and provide more certainty for applicants, and other strategies intended to reduce the time for application approval.
- 3. Planning and Coordination to Develop a Regional Project Pipeline:** HCD has identified best practices which may elevate regional planning and coordination to support housing development. These best practices include feasibility studies to determine the most efficient locations to site housing, the development of regional toolkits on a variety of housing-specific topics, establishing consulting benches or circuit rider programs to provide targeted technical assistance in housing policy areas, and developing a regional peer-to-peer learning exchange.
- 4. Supporting Local Jurisdictions Impacted by COVID-19:** To the extent that REAP funds can be used to support the ongoing activities of local jurisdictions regarding the production of housing, this may be an opportunity to offset any negative impacts introduced by COVID-19.



## II. EMERGING REGIONAL ROLE IN HOUSING

As housing affordability and availability issues grow regionally, SJCOG is becoming increasingly involved in housing discussions, which have normally been kept at the local level. With the advent of AB 101 and the Regional Early Action Planning (REAP) Program<sup>1</sup>, regional agencies like SJCOG will, for the first time, be receiving planning grants to accelerate housing production as well as facilitate compliance to implement the sixth cycle of the Regional Housing Needs Allocation (RHNA).

Administered through HCD, the San Joaquin Valley will receive a total allocation of \$18,975,323 in REAP funds. Of the total allocation, \$6 million was set aside in statute for Valley wide collaborative projects. AB 101 requires the eight San Joaquin Valley RTPAs to form a working



group of not less than three representatives per county to direct how REAP funds should be apportioned and spent. The SJV REAP Committee held its first meeting in January 2020 and approved an initial grant application to HCD for 25 percent of the REAP allocation to the San Joaquin Valley, approximately \$4.7 million. SJCOG will

receive approximately \$843,312, its population share of the \$4.7 million approved by HCD in April 2020. According to HCD guidelines, a council of governments that receives an allocation of REAP funds shall establish priorities and use those moneys consistent with priorities. Funds must be used for housing planning activities and demonstrate a nexus to increasing housing planning and accelerating housing production.

The San Joaquin Valley REAP Committee for Housing recommended that each MPO receiving its share of the Initial Funding Application use funds to conduct the following:

1. Allocate funds to its RHNA (regional housing needs allocation) process
2. Sub-allocate funds to its County and Cities
3. Allocate up to \$500,000 overall for:
  - a. The development of a San Joaquin Valley Housing Trends, Barriers, Best Practices, and Policy Recommendations "White Paper"

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<sup>1</sup> California Department of Housing and Community Development. Regional Early Action Planning (REAP) Grant Program Details. Link to access: <https://www.hcd.ca.gov/grants-funding/active-funding/reap.shtml#activities>



- b. Fresno COG administration costs as the fiscal agent for the Valley
- c. Other activities that are “Valley wide” in scope.

Therefore, to receive the allocation of \$843,312 in REAP funds, the SJCOG Board shall establish priorities and use those monies consistent with priorities. With direction and guidance from the Board, SJCOG staff will develop a program budget in accordance with the San Joaquin Valley REAP Committee recommendations above and establish SJCOG Board priorities as guidelines for use of funds by the County and Cities.

Three preliminary priorities have already been informed directly by regional leaders to accelerate housing production in the region. A fourth priority was added by SJCOG staff in light of potential COVID-19 impacts to local jurisdictions. These priorities are outlined in this section and are intended to provide a starting point for discussion with the Board. There may also be interest in exploring other potential uses of the REAP funds. Section VII includes a brief summary of best practices to supplement a robust discussion.

### Development of a Regional Housing Trust Fund

Funding for affordable housing has significantly declined since 2007 making it extremely difficult to build. Affordable housing developers in the region have consistently expressed the need to enhance and expand local programs to close the gap in financing projects and provide much-needed leverage to compete for other funds. A housing trust fund can be established to support the preservation and production of affordable housing and increase opportunities for families and individuals to access decent affordable homes. While ineligible to seed a housing trust fund, REAP funds may be used to develop the framework for a housing trust fund which may entail a rigorous planning process to define the parameters of the program, including goals, administration, fund distribution, as well as funding sources. Additionally, housing trust funds are distinct funds established by city, county or state governments that receive on-going dedicated sources of public funding to support the preservation and production of affordable housing and increase opportunities for families and individuals to access decent affordable homes.

### Streamlining the Development Process

HCD has emphasized the need for improving development processes through streamlining as an important strategy for reducing the cost of development. While each jurisdiction in the region may be at varying stages of identifying and implementing streamlining in their own departments, REAP funds may be used to support these activities. These may include the preparation of Specific Plans with an accompanying Environmental Impact Report, objective design and/or development standards to comply with SB 35 and provide more certainty for applicants, and other strategies intended to reduce the time for application approval.

## Planning and Coordination to Develop a Regional Project Pipeline

In regional transportation planning, a list of projects is developed with the help of various stakeholders in order to coordinate and facilitate the process of funding each project through planning, environmental review, design and engineering, and finally, construction. Analogous to transportation planning, programming, and project delivery, the development of an affordable housing project pipeline may facilitate the project finance process. While there are no precedents for this type of activity in staff's research, HCD has identified other best practices which may elevate regional planning and coordination to support housing development. These best practices include feasibility studies to determine the most efficient locations to site housing, the development of regional toolkits on a variety of housing-specific topics, establishing consulting benches or circuit rider programs to provide targeted technical assistance in housing policy areas, and developing a regional peer-to-peer learning exchange.

## Supporting Local Jurisdictions Impacted by COVID-19

In addition to the three priorities outlined here, a fourth priority was identified by SJCOG staff in response to the impact COVID-19 may have on local jurisdiction budgets and staffing levels. To the extent that REAP funds can be used to support the ongoing activities of local jurisdictions regarding the production of housing, this may be an opportunity to offset any negative impacts introduced by COVID-19.

## III. SUMMARY OF STAKEHOLDER FEEDBACK

After the first iteration of this document was brought through all of SJCOG's committees and the Board of Directors, staff compiled stakeholder input. Below is a summary of the overall feedback on the identified priorities:

### Priority 1: Establish a Regional Trust Fund

- Housing developers and advocacy groups indicated support for a regional housing trust fund.
- Interest was expressed from City of Stockton in a regional trust fund where they are planning to also explore a local trust fund. City of Stockton Economic Development specifically identified a gap in funding for transitional housing project types. The Economic Development Department is applying to receive \$2 million a year for five years to help plan and seed a local trust fund through SB 2 planning funds.

### Priority 2: Streamlining

- Housing developers and advocacy groups indicated support for streamlining of housing projects and permits.
- County of San Joaquin and City of Manteca shared their interest in streamlining activities, particularly around ADUs. City of Stockton is pursuing an ambitious list of streamlining activities with its SB 2 and LEAP awards and is looking to explore additional and innovative

tools to streamline and ease infrastructure updates. The infrastructure piece is a common thread across all local jurisdictions and has been cited as an impediment to infill development in areas where infill is desired.

### Priority 3: Regional Project Pipeline

- Housing developers and advocacy groups indicated support for a regional project pipeline and shared feedback to suggest that regional pipeline planning should be coupled with a regional trust fund. Project criteria should focus on encouraging Transit Oriented Development (TOD) and supporting affordable housing development.
- Cities and county staff have not commented on this priority.

### Priority 4: COVID-19 Relief

- Advocacy groups indicated support for COVID-19 relief.
- Cities and county staff have not commented on this priority
- General Concerns and Questions:
  - How will SJCOG ensure accountability and transparency of REAP funds spending?
  - What will be the process to formalize priorities and allocate the REAP funds in San Joaquin County?
  - Local jurisdiction staff likely have limited capacity to engage in any type of collaborative efforts, so how can the funds be utilized to support activities without burdening them?
- Do we have enough feedback from the local jurisdictions to advance priorities?

## SJCOG Committees and Board Summary Notes

### Technical Advisory Committee (TAC): May 20, 2020

- AB 101 requires that the San Joaquin Valley Regional Transportation Planning Agency (RTPA) have a working group to direct how REAP funds are used. Andy Chelsey commented on the Valley link meeting and the state's shortfall on housing.
- No other comments were received.

### Management and Finance Committee: May 20, 2020

- No comments received.

### Citizens Advisory Committee (CAC): May 20, 2020

- Committee discussion and questions from the public included, who ensures funding is used for affordable housing, discussion of housing trust funds and project criteria should encourage sustainability (energy efficiency, etc.), considerations for partnership with local minority developers and smaller financial institutions, whether housing would be a

recurring topic at future meetings, and a suggestion that SJCOG should be involved in federal housing funds.

### Board of Directors: May 28, 2020

- Chair Kuehne asked in regard to the next steps if there anything this board should be anticipating. Andy said Fresno COG is leading the valley effort around this. The first monies we are receiving is the \$800,000 and can work on over the next few months to invest that, but the agenda for the remainder of \$19 million will be set by the Valley Wide REAP Committee. Board member Wright, said because of the Bay Area, our needs are completely different and none of the southern Valley areas are impacted by the Bay Area migration.

### RTP/SCS Working Group: June 9, 2020

- The group discussed how realistic is it to have a regional housing trust fund. Members mentioned that we, as a region, need to identify where the gap is in our RHNA numbers and what housing types are needed. The working group discussed that we need clear goals and objectives, as well as knowledge of what the local agencies are doing to implement housing.
- The group discussed the need to differentiate between what is needed, what type of market rate units do we need vs. what type of affordable housing units do we need? Goals need to be created so we can track our progress.
- The lack of funding is a key component to the overall housing shortage, there needs to be a focus on what funding to secure.
- The group generally agreed that we need money to subsidize operation costs of development (related to homeless/transitional housing).
- There was further discussion surrounding pre-development (design/site development) fees and funding and how applicant's struggle with those requirements.
- Design guidelines were discussed and their feasibility to implement as they relate to ADUs, garage conversions, prefabricated units, and managed rentals.
- Housing advocates stressed a need to incorporate social services into these discussions.

### Additional Outreach Summary Notes

### South Stockton Promise Zone: June 1, 2020

- Participants included: Peter Ragsdale, Carol Ornelas, Darryl Rutherford, Kristine Williams, Adam Cheshire and 10+ other partners.
- There was consensus around the concept of a regional housing trust fund.
  - Additional feedback from the group on this priority gives us an idea of what housing advocates would like to see in this regard: strong buy-in from the jurisdictions,

- transparent process, setting up the fund to address a wide range of housing needs such as homelessness, preservation of affordable units, etc.,
- Some participants also shared ideas about potential funding sources:
    - [Community Revitalization and Investment Authority](#) (CRIA) which is a Tax Increment Funding (TIF)-like funding mechanism.
    - [Permanent Local Housing Allocation](#) (PLHA) which HCD program which provides matching funds for a regional housing trust fund.
  - The discussion also linked a trust fund with the regional pipeline concept. The housing advocates would like to see some strategic planning to create a pipeline of projects that the trust fund could invest in.
    - Some of the strategic planning ideas coming from the discussion:
      - Not wanting to concentrate affordable housing in South Stockton, the group raised the challenge of shifting affordable housing throughout the region.
      - Developer recognize that affordable housing needs to be folded in with transit access – so assistance may be needed to determine efficient sites for this purpose. This point is not part of the priorities; however, a sites analysis is one of HCD's best practices.
  - There was general concern that CDD staff throughout the region just do not have capacity to engage in a regional housing effort. Since the RTP WG meets next week, and is one of our potential channels to reach CDD staff, we've included the housing briefing on the agenda as well.
  - A question was raised if there would be a formal comment period on the AB 101 priorities.

### Climate Plan: June 18, 2020

- Questions from Climate Plan included:
  - Where will housing be located?
  - What is the impact of in-migration, particularly from the Bay Area, on the affordability of housing?
  - As affordable housing is built in the region – what is considered “affordable”?
  - How do we see RHNA efforts supporting the goal of affirmatively furthering fair housing?
- Around the four REAP priorities, Climate Plans thoughts included:
  - Regional Housing Trust Fund – support
  - Streamlining – support
  - Regional Project Pipeline – support with the caveat that any type of regional planning work in San Joaquin County should be focused on affordable housing.
  - COVID-19 Relief – support with the caveat that Climate Plan hopes this won't turn into a long-term situation.
- Climate Plan will be circling back with advocates in San Joaquin County to get their take on these priorities.

### City of Stockton – Community Development & Economic Development Staff: June 18, 2020

- The discussion largely was an exchange of information between the departments and our staff about their efforts regarding housing; with goal of finding alignment on work and resources.
  - Community Development Department: Currently working on zoning code updates for the remainder of the calendar year, addressing the low hanging fruit

immediately (e.g. administrative tasks for consistency with state). They also discussed their goal to gain designation by HCD as a “pro-housing” city – which includes a number of housing policy measures that encourage production and mitigate displacement impacts. They are going to be tackling TOD overlay in downtown and up-zoning in the winter of this year, anticipating that this conversation may be challenging with their commissioners and council members. They want to be thinking forward on how these land use changes will intersect with mobility.

- Economic Development Department: Recently developed a Regional Homeless Housing Strategy (it’s going to council later this month – awaiting links to review), which is essentially a plan for utilizing their HAPPs allocation of \$6m to address homelessness and that include strategies such as low barrier housing, eviction prevention, rental assistance, rapid rehousing, and developing a coordinated homeless services system. With all the resources coming from the state, Economic Development is observing a gap in funds to support transitional housing. The department is preparing an SB 2 grant application for capital dollars that will assist in developing affordable housing, home ownership development, and a local housing trust fund. Staff reported a pipeline of at least 500 units.
- Around the four REAP priorities, it seems the strongest alignment for City of Stockton are the regional housing trust fund and the streamlining.
  - On the trust fund, Economic Development is applying to receive \$2million a year for 5 years to help plan and seed a local trust fund – this is the SB 2 – PLH program. They expressed interest in joining forces on a regional effort, recognizing that this conversation will also require buy in from other jurisdictions around how to seed, fund, and allocate trust funds into the future.
- On streamlining, Community Development expressed that there has been considerable effort by the department to streamline the approval process – along the lines of HCD’s best practices, but it won’t necessarily lead to accelerated development if the city doesn’t address the elephant in the room for infill – which is outdated infrastructure. We asked Community Development staff for their specific ideas on what other streamlining activities need to be considered and we should be receiving more information in the weeks to come.

### City of Ripon – Community Development Staff: August 3, 2020

- Generally supported all priorities
- Biggest issue for housing is infrastructure/utility costs.
- Where will housing be located? Will the community support an affordable housing project?

## IV. Next Steps

Upon SJCOG Board adoption, this document represents the region’s priorities for supporting and accelerating housing production. SJCOG staff will continue reaching out to member agency community development departments to gain additional input on REAP priorities. Furthermore, this document will provide a framework for SJCOG Board and staff to allocate its REAP allocation to accelerate housing production and advance housing priorities for the region.



Summary Sheet of Feedback from Stakeholders

Committees															
Priority	Technical Advisory Committee (TAC)	Management & Finance	Citizens Advisory Committee (CAC)	Executive	Board of Directors	RTP/SCS Working Group	South Stockton Promise Zone	Climate Plan	City of Stockton	City of Ripon	City of Lodi	City of Lathrop	City of Tracy	City of Escalon	San Joaquin County
1. Regional Housing Trust Fund	Support	Support	Support; How is funding ensured? Consider partnership with local minority developers and smaller financial institutions.	Support	Support	Support; How realistic is this We need funding to subsidize operation costs of development.	Support; housing advocates would like to see strong buy- in from the local jurisdictions.	Support; where will housing be located?	Support	Support	TBD. Currently discussing priorities with local jurisdictions.				
2. Streamlining	Support	Support	Support	Support	Support	Support, but most of cities are already working to streamline process.	Support	Support	Support; currently working on zoning code updates to streamline projects. Wants to obtain "pro- housing city" recognition from HCD.	Support					
3. Regional Project Pipeline	Support	Support	What would the project criteria be?	Support	Support	Support; need to incorporate social services into discussions.	Support; shifting affordable housing throughout the region.	Support	Support, COS recently developed a regional homeless housing strategy.	Support					
4. COVID-19 Relief	Support	Support	Support	Support	Support	Support	Support; CDD staff do not have enough capacity.	Support	Support	Support					
Notes:					Asked about next steps.	We need clear regional goals and objectives. What are local agencies doing to implement housing?	Is there a formal comment period for AB 101 priorities?	What is the impact of in- migration (from the bay Area) on the affordability of housing?							

