



SACOG Board of Directors

Thursday, March 19, 2020 at 9:30 AM
SACOG Board Room, 1415 L Street, Suite 300, Sacramento, CA 95814

The Board may take up any agenda item at any time, regardless of the order listed. Public comment will be taken on the item at the time that it is taken up by the Board. We ask that members of the public complete a request to speak form, submit it to the Clerk of the Board, and keep their remarks brief. If several persons wish to address the board on a single item, the chair may impose a time limit on individual remarks at the beginning of the discussion. Action may be taken on any item on this agenda.

Note: Time durations are estimates only.

7. Approve Proposal for Allocating 25 Percent of the Regional Early Action Planning Funds (Est. Time:)
 -



Approve Proposal for Allocating 25 Percent of the Regional Early Action Planning Funds

Consent

Prepared by: Jennifer Hargrove

Approved by: James Corless

Attachments: Yes

1. Issue:

Requesting approval of a proposed plan to apply for up to \$1,690,720 of the Regional Early Action Planning (REAP) funds allocated to SACOG by the state.

2. Recommendation:

The Land Use and Natural Resources Committee recommends that the board approve the proposed plan for the requested \$1,690,720 and adopt the resolution that is required to apply for the funds.

Staff further recommends that the board authorize the executive director to execute agreements with each jurisdiction as needed to suballocate the funds as outlined in this item.

3. Background/Analysis:

Assembly Bill 101 established the Local Government Planning Support Grants Program to provide regions and jurisdictions with one-time funding to support housing planning and accelerate housing production. Under this program, the funding for local agencies is referred to as Local Early Action Planning (LEAP). The state Housing and Community Development Department (HCD) will directly award approximately \$7,000,000 (cumulatively) to cities and counties in the SACOG region based on population. The Notice of Funding Availability for the LEAP program opened on January 27, 2020. Applications are due to HCD no later than July 1, 2020. Attachment A includes population-based formula funding amounts HCD is using for the LEAP program. The actual population estimate being used to determine the funding amount for each jurisdiction in our region was unavailable at the time of writing this staff report but is available from HCD and is expected to be posted on their website soon.

In addition to the funding awarded directly to local governments, SACOG, as the regional council of governments, is eligible for \$6,762,880 in Regional Early Action Planning (REAP) funds to address our region's unique housing priorities and planning needs.

Staff presented more detailed information on the REAP program at the November committees.

4. Discussion/Analysis:

Nearly \$6.8 million in REAP funding will be available to SACOG through an application process with HCD. HCD anticipates that the notice of availability for the full amount of allocated funds will be available in February or

March of this year. However, per state law, 25 percent of the funds, \$1,690,720 of SACOG's total allocation, is available now. Tentatively, and subject to provisions set forth in the future notice of funding availability, HCD has indicated that accessing the early 25 percent of funds will not preclude agencies from applying for the remaining funding at any time within the application period, as long as there has been demonstrated progress towards spending the 25 percent according to an agreed upon timetable prior to submitting a full application for the remaining funds. Staff also anticipates that the funding award for both the early 25 percent and the remaining funds will include a schedule and reporting requirements to HCD; however, the requirements are unknown at this time.

Staff is proposing that SACOG apply for the early access funds, approximately \$1,690,720, and spend it immediately on projects that we've been supporting throughout the last year: Civic Lab Year 2 and the Cycle 6 Regional Housing Needs Allocation (RHNA). Below is the proposal for the board's consideration.

Suballocate funds to Civic Lab Year 2 pilot projects (\$500,000 - \$600,000)

Civic Lab Year 2 was focused on the revitalization of commercial corridors throughout the region. Twelve project teams representing urban, suburban, and rural corridors participated in the program, designing pilot projects to address challenges they identified throughout the program. Of these, over half of the teams have identified housing-related projects that could qualify for REAP funds. This sub-allocation would provide funding to implement projects that qualify under REAP. Examples of this type of work include market/return on investment (ROI) analyses; feasibility studies; corridor specific plans; policy (fees, zoning) review; revitalization implementation planning; and development standard review.

Suballocate funds to local jurisdictions for Housing Element updates or other housing planning (\$1,000,000)

Throughout the last year staff has worked with state and local agencies on the Cycle 6 RHNA. In a separate item this month, the board is considering adoption of the final 2021-2029 Regional Housing Needs Plan. The next step in the RHNA process is for local agencies to update their housing elements and demonstrate how their RHNA will be accommodated in their zoning. We've heard from local planners and from the board that this update will be a challenge because of the higher RHNA numbers across the region and the more stringent requirements for demonstrating compliance with state requirements. For many jurisdictions this means more time and effort is needed on housing policies, sites inventory and analysis, and outreach. This proposal for the use of early REAP funding would allocate between \$10,000 and \$200,000 to each jurisdiction to help pay for Housing Element updates or related housing planning. Beyond Housing Element updates, the funds will be flexible to include other types of housing activities such as updating accessory dwelling unit ordinances or plans, process streamlining, or other programs or implementation measures in support of increasing housing production and Cycle 6 RHNA compliance. The funds would be allocated using a formula that is based on each jurisdiction's RHNA with the additional guardrails that no jurisdiction receive less than \$10,000 and no jurisdiction receive more than \$200,000. Staff is proposing these minimum and maximum amounts to ensure that smaller jurisdictions get a usable amount of funding. It is unlikely that this suballocation of funds is enough to pay for any jurisdiction's housing element. However, we believe it could be combined with LEAP funds and would bridge the gap for many. It could also be used to fund one component of the housing element or an implementation activity. Attachment B includes the proposed suballocation for each jurisdiction. These draft allocations have not been vetted with local jurisdiction staff yet. We will be sharing this with them and soliciting their input prior to the board meeting.

The purpose for requesting these REAP funds early is two-fold. First, we've heard from many jurisdictions that the budgeting for Housing Element updates is happening now. SACOG is trying to apply for the funds and receive a determination from HCD early enough to inform local agency budgets for next fiscal year. Second, it

is our current understanding from HCD that these early access funds will be distributed directly to SACOG and not on a reimbursement basis, which allows local jurisdictions to use the funds quickly. It is our current understanding that HCD is exploring a more traditional reimbursement model for the remaining REAP funds.

Program administration (\$84,500)

SACOG's existing operating funds have restrictions on program administration. HCD has not previously provided direct funding to SACOG, so we need to set up new contracts and accounting to administer both the early 25 percent and the remaining 75 percent of funds. HCD allows the council of governments to take 5 percent for administrative costs. We anticipate that the program administration funds would allow us to set up the program for the early 25 percent and the remaining funds. This would allow us to be able to accelerate granting out funds from both rounds to jurisdictions as quickly as possible.

Next steps

To apply for funds, SACOG must submit an application to HCD with a plan for how funds will be spent (outlined above) and a resolution from the board. A draft resolution is provided in Attachment C. Staff is requesting that the board consider the proposal above and the draft resolution for approval and adoption at the February board meeting. If SACOG applies for the funds in late February or early March, we anticipate we could receive funds as early as May. This is contingent on HCD approval and the time it takes to get a funding agreement in place with HCD. It's most likely the suballocation of funds to jurisdictions for the activities listed above would be available in summer 2020. Additionally, staff is working with HCD to better understand the standard agreement and what will be required to demonstrate progress on use of these funds. As noted earlier in this staff report, if we apply for and receive these early funds, SACOG's ability to apply for the remaining REAP funds will be contingent on showing progress towards spending the early 25 percent of funds. This likely pushes our ability to apply for the remaining REAP funds to fall or winter 2020. The application deadline will be January 2021. However, it is unclear at this time what demonstrated progress means and what will be required. Because of this, staff believes there is a risk, though a relatively low risk, of the early 25 percent funding application impeding our ability to access the remaining funds by the January 2021 deadline.

Concurrent with the process of applying for the early access funds, staff is actively engaged in soliciting ideas for the remaining REAP funds. Staff intends to bring the board more information on REAP and a proposal for the remaining funds in the next month or two.

5. Fiscal Impact/Grant Information:

The early REAP funds are already included in the Overall Work Program. If the recommended approach is approved, it will cover program administration for the current fiscal year. Ongoing program management and technical assistance will either be covered by the remaining REAP funds or existing SACOG funding for technical assistance.

6. This staff report aligns with the following SACOG Work Plan Objectives:

Goal 1 : Advance Economic Prosperity

Objective 1: Invest in and protect the transportation infrastructure needed to implement the region's economic prosperity plan.

Goal 3 : Vibrant Places

Objective 1: Develop tools and funding to help revitalize older commercial and retail corridors throughout the region.

Objective 2: Identify incentives and help remove barriers to infill and affordable housing in cities, suburbs, and towns throughout the region.

Local Early Action Planning Grants Program (LEAP)

HCD Notice of Funding Availability posted January 28, 2020

More information can be found on HCD's website at:

https://www.hcd.ca.gov/grants-funding/active-funding/leap/docs/LEAP_Final_Clean.pdf

This Program will make \$119,040,000 dollars available to jurisdictions for Program implementation, including state operations and expenditures, and technical assistance. Maximum award amounts are based on population estimates as of January 1, 2019¹. The minimum award amount is \$25,000. The maximum amount that a jurisdiction may receive pursuant to this subdivision shall be as follows:

Jurisdiction Size (in population)	Maximum Award Amount
750,000 or greater	\$1,500,000
300,000 to 749,999	\$750,000
100,000 to 299,999	\$500,000
60,000 to 99,999	\$300,000
20,000 to 59,999	\$150,000
Less than 20,000	\$65,000

¹ Population estimates, posted as of January 1, 2019, are based on the Department of Finance E-1 Report.

Adopted RHNA Methodology			Allocation Based on Total RHNA	
Jurisdiction	Total RHNA		Ceiling:	\$ 200,000
	RHNA	% of Total	Floor:	\$ 10,000
Placerville	259	0.17%		\$ 10,000
El Dorado County Unincorporated (Including Tahoe Basin)	5,353	3.49%		\$ 35,000
Auburn	310	0.20%		\$ 10,000
Colfax	97	0.06%		\$ 10,000
Lincoln	5,120	3.34%		\$ 33,000
Loomis	352	0.23%		\$ 10,000
Rocklin	5,661	3.69%		\$ 37,000
Roseville	12,066	7.86%		\$ 79,000
Placer County Unincorporated (Including Tahoe Basin)	7,854	5.12%		\$ 51,000
Citrus Heights	697	0.45%		\$ 10,000
Elk Grove	8,263	5.38%		\$ 54,000
Folsom	6,363	4.14%		\$ 41,000
Galt	1,926	1.25%		\$ 13,000
Isleton	28	0.02%		\$ 10,000
Rancho Cordova	9,067	5.91%		\$ 59,000
Sacramento	45,580	29.69%		\$ 200,000
Sacramento County Unincorporated	21,272	13.86%		\$ 139,000
Live Oak	412	0.27%		\$ 10,000
Yuba City	3,308	2.15%		\$ 22,000
Sutter County Unincorporated	729	0.47%		\$ 10,000
Davis	2,075	1.35%		\$ 14,000
West Sacramento	9,471	6.17%		\$ 62,000
Winters	552	0.36%		\$ 10,000
Woodland	3,087	2.01%		\$ 20,000
Yolo County Unincorporated	57	0.04%		\$ 10,000
Marysville	167	0.11%		\$ 10,000
Wheatland	499	0.33%		\$ 10,000
Yuba County Unincorporated	2,887	1.88%		\$ 19,000
Total	153,512			\$ 998,000



SACRAMENTO AREA COUNCIL OF GOVERNMENTS

RESOLUTION NO. 4 – 2020

**AUTHORIZING A REQUEST FOR, AND ACCEPTANCE OF, AN ADVANCE ALLOCATION FOR REGIONAL
EARLY ACTION PLANNING GRANT FUNDS FROM THE DEPARTMENT OF HOUSING
AND COMMUNITY DEVELOPMENT**

WHEREAS, the State of California, Department of Housing and Community Development (Department) issued a Notice and Request for Advance Allocation on October 1, 2019, for Regional Early Action Planning grants available to Councils of Government and Fiscal Agents of Multiagency Working Groups; and

WHEREAS, the Department is authorized to provide up to \$125,000,000 to Councils of Governments such as the Sacramento Area Council of Governments (SACOG) under the Regional Early Action Planning grant program (REAP), the regional component of the Local Government Planning Support Grants Program (as described in Health and Safety Code section 50515.02); and

WHEREAS, SACOG is eligible to submit a request for advance allocation pursuant to Health and Safety Code section 50515.02(d)(3) to develop and accelerate the implementation of the requirements contained in Health and Safety Code section 50515.02(d)(1), including the development of an education and outreach strategy related to the sixth cycle regional housing needs allocation; and

WHEREAS, the Department shall approve the advance allocation request, subject to the terms and conditions of eligibility, and all applicable guidelines, notices of funding availability, program requirements, and agreements;

NOW THEREFORE BE IT RESOLVED THAT:

1. The Executive Director is hereby authorized and directed to request an advance allocation not to exceed \$1,720,761 (up to 25% of the amount allocated pursuant to Health and Safety Code section 50515.02(b), consistent with the methodology described in 50515.03(a)).
2. The Executive Director is authorized to execute the Advance Allocation Request, on behalf of SACOG, as required by the Department for receipt of REAP funds.
3. When SACOG receives an advance allocation of REAP funds in the authorized amount of \$1,720,761 from the Department pursuant to the above-referenced advance allocation

request, it represents and certifies that it will use all such funds only for eligible activities as set forth in Health and Safety Code section 50515.02(d)(1), as approved by the Department and in accordance with all REAP requirements, guidelines, all applicable state and federal statutes, rules, regulations, and agreements.

4. The Executive Director is authorized to enter into, execute and deliver an agreement in the amount of \$1,720,761, and any and all other documents required or deemed necessary or appropriate to evidence and secure the REAP advance allocation, SACOG's obligations related thereto, and all amendments the Department deems necessary and in accordance with REAP.

APPROVED AND ADOPTED on this 19th day of March 2020, by the following vote of the SACOG Board of Directors:

AYES:

NOES:

ABSTAIN:

ABSENT:

Lucas Frerichs
Chair

James Corless
Executive Director