



County of Monterey

Item No.81

Board Report

Board of Supervisors
Chambers
168 W. Alisal St., 1st Floor
Salinas, CA 93901

Legistar File Number: RES 24-180

November 12, 2024

Introduced: 10/22/2024

Current Status: Housing & Community
Development - Consent

Version: 1

Matter Type: BoS Resolution

Adopt a resolution to:

- a. Authorize the Director of Housing and Community Development, or designee, to accept grant funds in the amount of \$169,380 which is a 5.9% reduction from the \$180,000 amount that was provided in the Notice of Funding Availability, and which are distributed from the California Department of Housing and Community Development Regional Early Action Planning Grants Program of 2021 ("REAP 2.0") for grant period September 1, 2023 to March 31, 2026, to fund planning implementation for the Castroville Community Plan Update and Impact Fees Nexus Study; and
- b. Approve and authorize the Director of Housing and Community Development, or designee, to sign and deliver Amendment 1 of the Memorandum of Understanding agreeing to the terms and conditions of the \$169,380 grant award as required by the REAP 2.0 program with the Association of Monterey Bay Area Governments that is the Metropolitan Planning Organization and Council of Governments charged to administer approximately \$2.5 million in housing implementation funds to the Central Coast region through its Local Suballocation Grant Program.

RECOMMENDATION

It is recommended that the Board of Supervisors adopt a resolution to:

- a. Authorize the Director of Housing and Community Development, or designee, to accept grant funds in the amount of \$169,380 which is a 5.9% reduction from the \$180,000 amount that was provided in the Notice of Funding Availability, and which are distributed from the California Department of Housing and Community Development Regional Early Action Planning Grants Program of 2021 ("REAP 2.0") for grant period September 1, 2023 to March 31, 2026, to fund planning implementation for the Castroville Community Plan Update and Impact Fees Nexus Study; and
- b. Approve and authorize the Director of Housing and Community Development, or designee, to sign and deliver Amendment 1 of the Memorandum of Understanding agreeing to the terms and conditions of the \$169,380 grant award as required by the REAP 2.0 program with the Association of Monterey Bay Area Governments that is the Metropolitan Planning Organization and Council of Governments charged to administer approximately \$2.5 million in housing implementation funds to the Central Coast region through its Local Suballocation Grant Program.

SUMMARY

Staff came before the County of Monterey ("County") Board of Supervisors ("Board") on November 7, 2023 for direction to apply for the non-competitive grant of \$180,000 noticed for availability by the Association of Monterey Bay Area Governments ("AMBAG") through Regional Early Action Planning Grants Program of 2021 ("REAP 2.0" or "Program") to be used to support completion of the Castroville Community Plan Update and Impact Fees Nexus Study ("CCPU").

On June 29, 2021, Governor Newsom signed the Budget Act of Fiscal Year 2021-2022 that established the REAP 2.0 which allocated \$600 million in one-time funds to accelerate infill housing development, affirmatively further fair housing, and reduce Vehicle Miles Travelled (“VMT”). The California Department of Housing and Community Development (“CA HCD”) has been assigned as the state agency overseeing this program, and a portion of REAP 2.0 funds have been allocated to the AMBAG. On January 10, 2024, the 2024-25 California State Governor’s Budget Summary proposed a 50% reduction to all statewide REAP 2.0 awards as part of a larger package of policies to balance the State budget. Through state leadership and advocacy by public entities, including AMBAG, Governor Newsom and lawmakers approved the final state budget that reduces statewide REAP 2.0 funding by 5.9%, not by 50%. The AMBAG Board approved staff recommendation to reduce all suballocation grants and program areas by 5.9% as an equitable approach to absorb the State’s cut to the Program.

Staff recommends that the Board of Supervisors accept the 5.9% reduced REAP 2.0 grant in the amount of \$169,380 that is memorialized in Amendment 1, and enter into the revised Memorandum of Understanding (“MOU”) with AMBAG for the grant funding.

DISCUSSION

The CCPU is near completion and will be reviewed by staff, the CCPU Ad Hoc Committee that was assembled by District 2 Supervisor Glenn Church, and the public prior to adoption. Reduction of the plan by removal of the coastal zone decreases the intensity and scope of planned development in the area. Technical studies to support updates to the CCP have been prepared and environmental review has been completed. The update was to be completed by the end of 2023. However, the Castroville area is within District 2, along with the Pajaro area of north Monterey County. Pajaro experienced significant flood events in March 2023, thereby necessitating a timeline adjustment and a shift in other priorities leading to more work on the CCPU in FY24 than had been anticipated.

CCPU and HEU6

In March 2024, the CCPU was near completion and expected for completion by summer 2024. Work on the draft General Plan Housing Element Sixth Cycle (2023-2031) Update (“HEU6”) has been concurrent with work on the CCP update. The HEU6 sites inventory identifies opportunity sites in the CCP that are required to re-zone to High Density Residential at twenty units per acre (“HDR/20”) as contribution to fulfilling the County’s Regional Housing Needs Allocation (“RHNA”) assigned by CA HCD for assessment by AMBAG. Consultant work on the CCPU project was paused in April 2024 to support the County’s efforts to stabilize the draft HEU6 sites inventory in anticipation of the first submittal of the draft to CA HCD (for 90 days) on August 19, 2024. Consultant work on the CCPU has now been aligned with the draft HEU6. Further work includes modification of Land Use densities to adjust assumptions and unit calculations; update to the Circulation Plan based on the adjusted buildout assumptions; update of demand calculations for the Infrastructure Plan; revisions to the CCP as required to reflect integration of the updates, and administration in the forms of meetings, coordination, discussions, correspondence, document formatting, and production. The Local Early Action Planning (“LEAP”) grant expired September 30, 2024, at which time, continued CCPU work would be funded by the REAP 2.0 grant.

Amendment 1 to the REAP 2.0 MOU with AMBAG

Through the Local Suballocation Grant Program (“LSGP”), AMBAG set aside \$2,625,000 for jurisdictions throughout the region for eligible projects which meet all REAP 2.0 goals and objectives. The goal of the LGSP is to provide all cities and counties with an opportunity to propose REAP 2.0 eligible projects while allowing for both implementation and planning uses that advance state planning priorities to invest in housing, planning, and infill housing-supportive infrastructure in a manner that reduces VMT, increases housing affordability, and advances equity. The County responded to the notice of availability of the non-competitive grant of \$180,000 with a project proposal that includes infill housing, more housing along existing transit routes, and housing closer to jobs to support a jobs/housing balance and to reduce VMT. Reduction of the impact fees is key to promoting equity in the disadvantaged community by making housing development more affordable. Amendment 1 to the MOU includes additional revisions under Terms and Conditions item 4.H of the contract:

- Revision of the December 31, 2024 deadline for spending at least 20%, or \$33,876, of the grant award, or risk deobligation of the funds. The new deadline is March 31, 2025.
- Revision of language “grantee’s funding *will* be deobligated and reallocated” to “grantee’s funding *may* be deobligated and reallocated”.

The REAP 2.0 grant was first allocated to the County on September 1, 2023 to provide project funding. The revised award reduced by 5.9%, or \$10,620, remains sufficient to fund the completion of the CCPU. The timeline for the remaining contracted work aligns with a late spring 2025 completion date for the County to be able to utilize these grant funds.

OTHER AGENCY INVOLVEMENT

The Offices of the County Counsel and Auditor-Controller have reviewed and approved the amendment to the MOU as to form and legality, and fiscal provisions, respectively.

FINANCING

A total of \$562,499 has been expended through September 30, 2024 on the CCPU, and the remaining amount of \$105,576.33 of the total contract amount of \$668,075 is anticipated to be expended in FY 24-25. Appropriations and revenues for \$180,000 in grant funds are included in the the FY 24-25 Approved Budget for Fund 013, Appropriation Unit HCD-004, Unit 8545, as this amount was previously awarded in November 7, 2023. The state-issued reduction in REAP 2.0 grant funds, administered by AMBAG, reduced the award by 5.9%, or \$10,620, resulting in the revised amount of \$169,380.

BOARD OF SUPERVISORS STRATEGIC INITIATIVES

This project supports the Board of Supervisors’ Strategic Initiatives with preparation of an Impact Fee Nexus Study and update of the Castroville Community Plan, both of which will contribute to supporting economic development by removing a barrier for potential housing developers to invest in housing production in the Castroville area. If housing construction increases, Monterey County residents could experience an improvement in housing choice and availability that would contribute to reducing the burdens associated with unhealthy living conditions, potentially for those experiencing homelessness and with poorly maintained structures for low-income households. Work on the CCPU has been fully financed from grant funds. The REAP 2.0 grant will finance imminent completion of the

update, thereby liberating some general funds for other projects.

- X Economic Development
- X Administration
- X Health & Human Services
- X Infrastructure
- X Public Safety

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Reviewed and approved by: Craig Spencer, HCD Director

Attachments:

Attachment 1 - Draft Resolution

Attachment 2 - Draft Amendment 1 of the MOU with AMBAG for REAP 2.0