



March 21, 2024

To: James Corless, Executive Director, Sacramento Area Council of Governments

From: Chris Lee, Partner, Politico Group
Kiana Valentine, Partner, Politico Group

Re: **State Advocacy Report for March 2024**

Politico Group is pleased to provide the following report to the Sacramento Area Council of Governments (SACOG) on recent advocacy activities.

March Advocacy Activities

Yolo Interstate 80 Corridor Project – TCEP Application & Toll Authority Briefings

Politico Group worked with SACOG staff to brief members of the California Transportation Commission and key staff from the Governor’s Office and California State Transportation Agency on the pending applications before the Commission to create the Capital Area Regional Tolling Authority (CARTA) and to secure an advance allocation of Trade Corridor Enhancement Program (TCEP) funding for Yolo 80 Corridor Project, ensuring that competitive federal funds can be retained. Politico Group also worked with legislative offices to secure a support letter for the Yolo 80 TCEP application signed by Senator Dodd and Assemblymembers Aguiar-Curry, McCarty, and Nguyen.

REAP 2.0 Budget Advocacy

Politico Group continues to work with SACOG staff to raise awareness in the Legislature of the impacts of the proposed REAP 2.0 reversion in the Governor’s January Budget. Efforts include district-level outreach on high-profile infill infrastructure and planning projects funded via SACOG’s Green Means Go program that would be directly impacted by the proposed reversion.

Legislative Review

Politico Group continues to work with SACOG staff to identify relevant legislation for review and potential positions. The deadline for amendments to non-substantive “spot bills” recently passed in both houses, leading to a significant number of new bills. The deadline for fiscal bills to advance through policy committees is April 26.

Policy Updates

Budget Subcommittee Hearings on REAP 2.0 Reversion Kick Off in Senate

SACOG was well represented by Executive Director Corless and advocates representing numerous member jurisdictions at the March 14 hearing of Senate Budget and Fiscal Review Subcommittee No. 4 on General Government ([link to agenda](#)). The hearing was the first opportunity for the Subcommittee to discuss the \$300 million proposed reversion from the Regional Early Action Planning Grant Program of 2021 (REAP 2.0) included in the Governor’s January budget.

The proposed reversion eliminates half of the \$600 million program administered by the Department of Housing and Community Development (HCD), which is designed to implement state housing and climate goals at the local and regional level. The Committee heard from many concerned stakeholders, including regional transportation planning agencies, counties, and cities. Key points of the testimony included:

- REAP 2.0 funds projects and planning activities that are accelerate infill housing development, reduce Vehicle Miles Traveled (VMT), increase housing supply at all affordability levels, affirmatively further fair housing (AFFH), and achieve state climate goals through implementation of adopted regional and local plans.
- Regions and their local jurisdictions have spent several years completing the statutorily required process of community engagement and securing the Department of Housing and Community Development's (HCD) approval of program designs.
- Nearly all the funding has been approved by HCD and regions have held competitive funding rounds, awarding funds to local jurisdictions, and executed contracts subgrantees.
- Local agencies have already initiated projects with the assumption that work would be reimbursed.

In the greater Sacramento region, REAP 2.0 funding is expected to unlock 8,000 infill housing units, 6,000 of which are projected to be affordable to low- and moderate-income households. In Southern California, REAP 2.0 funds are projected to support as many as 10,000 new units on surplus LA Metro transit lands, more than 1,150 affordable housing units in the Coachella Valley, infrastructure improvements to support nearly 5,000 newly zoned housing units in Rialto, and more.

Committee members expressed concerns with the impacts of this proposed funding reduction, while also recognizing the difficult fiscal position the state currently faces. Subcommittee Chair Padilla (D-San Diego) highlighted the significant work that was underway despite the specific definitions of encumbrances that may have guided the Administration's proposed reductions. While discussing the full suite of housing reductions on the agenda, newly appointed Subcommittee member, Senator Smallwood-Cuevas (D-Los Angeles), pushed the Administration to identify the expected impacts of the cuts on housing production and raised questions about which funding sources local communities were already relying upon.

The Subcommittee did not act on the proposed REAP 2.0 reversion or other proposed housing cuts. Assembly Budget Subcommittee No. 5 on General Government is anticipated to hear REAP 2.0 and other housing-related budget items on April 9. The Governor's May Revision to the 2024-25 budget, which will include revised revenue estimates and potentially other cuts, is anticipated on May 15.

Legislature and Governor Agree on Early Action to Reduce Deficit – Details Unclear

Last week, Governor Gavin Newsom and legislative leaders agreed to address the state's significant budget deficit by tackling about \$12-18 billion in budget solutions in early April. The Senate had previously announced its ["Shrink the Shortfall" budget plan](#), which did not address key cuts of interest to SACOG. While the Governor signaled his support for the Senate proposal, the Assembly leadership wanted time to develop their own proposal.

The agreement only signals a plan to take action, as opposed to an agreement on specific budget proposals. Legislative leaders suggested that they would finalize the package sometime in early April.

Contact

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