

ASSEMBLY THIRD READING
AB 2002 (Solache)
As Introduced February 17, 2026
Majority vote

SUMMARY

Creates the Regional Early Action Planning (REAP) Fund to provide councils of governments (COGs), regional entities, and jurisdictions with grants for planning and other activities to help those entities meet the seventh and subsequent cycles of the regional housing need assessment.

Major Provisions

- 1) Establishes the REAP Fund to provide COGs, regional entities, and jurisdictions with one-time funding, including grants for planning activities to enable those entities to meet the seventh and subsequent cycles of the regional housing need assessment. Provides that upon appropriation by the Legislature, moneys in the fund shall be made available to HCD for allocation as specified.
- 2) Requires HCD to allocate funds from the REAP Fund to each COG or regional entity responsible for allocating regional housing need.
- 3) Provides that a COG or regional entity may apply for funds, in a form and manner prescribed by the department, beginning 39 months prior to the next applicable housing element for the seventh housing element.
- 4) Requires funds to be distributed by HCD on a population basis based on the most recent population estimates posted on the Department of Finance's (DOF's) internet website.
- 5) Requires an application to include, at minimum, all of the following information:
 - a) An allocation budget for the funds;
 - b) Amounts to be retained by the COG or regional entity, and any suballocations to jurisdictions;
 - c) An explanation of how proposed uses will increase housing planning and facilitate local housing production;
 - d) Identification of current best practices at the regional and statewide level that promote sufficient supply of housing affordable to all income levels, and a strategy for increasing adoption of these practices at the regional level, where viable; and
 - e) An education and outreach strategy to inform jurisdictions of the need and benefits of taking early action related to housing need, as quantified by the regional housing need assessment.
- 6) Requires HCD to review an application submitted within 30 days, otherwise, the application shall be deemed approved.
- 7) Allows a COG or regional entity to use REAP program funds for any of the following purposes:

- a) Activities that support the development, improvement, or implementation of the methodology for the seventh and subsequent RHNA cycles;
 - b) Suballocating moneys directly and equitably to jurisdictions in the form of grants for planning that will accommodate the development of housing and infrastructure that accelerates housing production in a way that aligns with state planning priorities, and housing, transportation, equity, and climate goals;
 - c) Provide jurisdictions with technical assistance, planning, temporary staffing, or consultant needs associated with updating local planning and zoning documents, including any activity related to updating or implementing a jurisdiction's housing element, expediting application processing, and other actions to accelerate additional housing production;
 - d) Administrative costs, which may be up to 5% of an entity's total award;
 - e) Activities to establish a regional or countywide housing trust, or to allocate a portion of funds to an existing regional or countywide housing trust, for the purpose of supporting planning, predevelopment, or other activities that facilitate the production of housing; and
 - f) Activities, determined in consultation with HCD, that support regional or local housing planning priorities.
- 8) Provides that a jurisdiction that receives a suballocation of funds from the COG or regional entity shall only use that suballocation for housing-related planning activities, including, but not limited to, the following:
- a) Technical assistance in improving housing permitting processes, tracking systems, and planning tools;
 - b) Establishing regional or countywide housing trust funds for affordable housing;
 - c) Performing infrastructure planning, including for sewers, water systems, transit, roads, or other public facilities necessary to support new housing and new residents;
 - d) Performing feasibility studies to determine the most efficient locations to site housing consistent; and
 - e) Covering the costs of temporary staffing or consultant needs associated with the activities allowed for the program.
- 9) A COG or regional entity receiving funds shall submit annual reports to HCD that include information on expenditures and suballocations to jurisdictions.
- 10) Requires a COG or regional entity to submit a final report to HCD upon expenditure of all funds, that includes information on outcomes achieved, including the corresponding impact on housing within the region.
- 11) Allows HCD to publish a summary of information received from the reports submitted by the COGS and regional entities.

- 12) Allows HCD to monitor expenditures and activities of an applicant, as the department deems necessary, to ensure compliance with program requirements.
- 13) Requires HCD to produce guidelines to create REAP that are exempt from the Administrative Procedure Act.

COMMENTS

RHNA and Housing Elements: The RHNA process is used to determine how many new homes, and the affordability level of those homes, each local government must plan for in its housing element to cover the duration of the next planning cycle. The state is currently in the sixth housing element cycle. The RHND is assigned at the COG level, while RHNA is suballocated to subregions of the COG or directly to local governments. RHNA is currently assigned via six income categories: very low-income (0-50% of AMI), low-income (50-80% of AMI), moderate income (80-120% of AMI), and above moderate income (120% or more of AMI). Beginning with the seventh cycle, two new income categories will be incorporated for acutely low-income (0-15% of AMI) and extremely low-income (15-30% of AMI). The cycle begins with HCD and DOF projecting new RHND numbers every five or eight years, depending on the region. DOF produces population projections, and the COG also develops projections during its Regional Transportation Plan update.

State Funding for Planning: Although local governments do not build housing, they are responsible for the planning and zoning necessary to facilitate the production of housing. Prior to the dissolution of redevelopment agencies in 2016, many cities and counties relied upon redevelopment funding to support their planning departments. Beginning in 2019, the state created several one-time General Fund programs to support local planning activities to increase housing production. SB 2 Planning Grants, the first of these programs was funded by SB 2 (Atkins) Chapter 364, Statutes of 2017, the Building Homes and Jobs Act, which imposes a \$75 recording fee on real estate documents, excluding those documents recorded at the time of sale. The money raised by SB 2 goes to support affordable housing activities, and in the first year, the money collected was split between planning grants and funding for homelessness programs. The SB 2 Planning Grants made \$123 million in grants available to local governments to update general plans, community plans, specific plans, local planning related to implementation of sustainable communities strategies, or local coastal plans, updates to zoning ordinances, environmental analyses that eliminate the need for project-specific review, and local process improvements that expedite local planning and permitting. In 2019-20, the Budget included \$250 million in grants for COGs, regions, cities, and counties to fund planning activities that accelerate housing production. This funding was split between the Regional Early Action Planning Grant Program (REAP) and Local Early Action Planning Grant Program (LEAP). Through REAP, \$125 million went to COGs and regional entities for planning activities that will accelerate housing production and facilitate compliance in implementing the sixth cycle of the RHNA. The remaining \$125 million went to the REAP, which provided one-time grants to cities and counties to update their planning documents and implement process improvements that will facilitate the acceleration of housing production and help local governments prepare for their 6th cycle RHNA, much like the SB2 Planning Grants.

In 2020, REAP 2.0 expanded on the REAP program by integrating housing and climate goals, and allowing for broader planning and implementation investments (including infrastructural investments that support infill development, which facilitates housing supply, choice, and

affordability). REAP 2.0 funds were designed to accelerate infill housing development, reduce Vehicle Miles Traveled (VMT), increase housing supply at all affordability levels, affirmatively further fair housing (AFFH), and facilitate the implementation of adopted regional and local plans to achieve these goals. REAP 2.0 was administered by HCD in collaboration with the Governor's Office of Land Use and Climate Innovation (LCI), the Strategic Growth Council (SGC), and the California Air Resources Board (CARB). REAP 2.0 provided an investment to advance implementation of adopted regional plans by funding planning and development activities that accelerate infill housing and reductions in per capita VMT. The 2020-21 Budget included \$480 million for REAP 2.0 to suballocated directly to the state's 18 Metropolitan Planning Organizations (MPOs), and the MPOs suballocated a portion of the funds to eligible entities (cities, counties, transit/transportation agencies) in their metropolitan region. The remaining funds were split into a set aside for Tribal entities and for eligible entities in smaller counties in non-MPO regions (\$30 million), as well as for a Higher Impact Transformative set aside for all eligible entities (\$30 million).

This Bill: This bill creates a program that is similar to the existing statutory program but with some key differences. The Local Government Planning Support Grants Program provides grants to COGs and local jurisdictions to update the sixth RHNA cycle, which is almost over, this bill would apply to the seventh cycle. In addition, this bill adds local housing trust fund activities as an eligible use for COGs; removes the multiagency working groups required to access funds; adds an automatic approval once HCD's 30-day shot clock to approve a request expires; and staggers allocations so that COGs become eligible for funding once they begin their RHNA process.

The author of this bill submitted a budget request for \$125 million over multiple years for the Regional Early Action Planning (REAP 1.0) grant program. If funding was included in the budget for this program, it could not be easily plugged into the existing statute given the differences between what is being proposed and the Local Government Planning Support Grants Program. It's worth noting that the Governor's budget does not include any new funding for housing programs.

According to the Author

"California remains in a severe housing crisis, with millions of units needed to meet current and future demand. The REAP1.0 program was initially established as a one-time investment to help regional governments and local jurisdictions implement the Regional Housing Needs Assessment (RHNA) process. AB 2002 seeks to build off REAP 1.0's proven success by codifying the program and creating permanent support infrastructure to ensure regional governments, cities, and counties have the technical assistance needed to get their housing elements done right and on time. This cost-effective solution provides regions and local governments the tools needed to strengthen collaboration, and accelerate housing production and prepare for the future. AB 2002 will safeguard the integrity of the state's housing planning framework, improve the RHNA process, and ensure California can meet its housing goals."

Arguments in Support

According to the sponsor of this bill, California Association of Councils of Government (CalGOG), "the next RHNA cycle will be the most expensive and complex in California history. Recent statutory changes require regions to analyze additional income categories, conduct expanded outreach to special-needs populations, undergo more rigorous HCD review, and meet heightened equity, environmental, and data standards. These reforms can potentially improve

outcomes, but they significantly increase costs for both regional agencies and local jurisdictions. Without a dedicated funding source, regions will struggle to meet statutory requirements, and cities will lose access to the planning assistance that proved essential during REAP 1.0.”

Arguments in Opposition

The California Building Industry Association (CBIA) writes in an oppose unless amended position: “CBIA supports codifying the REAP framework as a permanent program and agrees that regional governments need dedicated resources for the increasingly complex RHNA process. Our concern is focused on ensuring that REAP funds are directed toward planning for and permitting housing, rather than toward regional regulatory frameworks that layer new requirements on top of the state housing accountability system that the Legislature has built over the past decade.”

FISCAL COMMENTS

According to the Assembly Committee on Appropriations:

- 1) Estimated ongoing General Fund cost pressures of an unknown amount, but likely in the low hundreds of thousands of dollars over multiple years to fund the grants to regional entities. The program is contingent on an appropriation by the Legislature. Actual costs will depend on the amount of funding provided.
- 2) HCD estimates General Fund costs of \$1.7 million annually for the duration of the program for eight staff positions to establish and administer the grant program, including developing guidelines, issuing Notices of Funding Availability, developing application and technical assistance materials, processing applications, providing technical assistance, and monitoring awardees’ use of REAP Fund allocations. This estimate is based on previous REAP funding programs. Past bills have allowed HCD to set aside up to 5% of the amount appropriated for program administration, which, if allowed under this bill, would cover HCD’s administrative costs.

The author has submitted a state budget request for \$125 million over multiple years in support of this bill.

The Legislative Analyst’s Office recently warned of General Fund structural deficits of around \$35 billion per year in the 2027-28 fiscal year and ongoing.

VOTES

ASM HOUSING AND COMMUNITY DEVELOPMENT: 11-0-1

YES: Haney, Patterson, Ward, Caloza, Garcia, Kalra, Lee, Quirk-Silva, Tangipa, Wicks, Wilson
ABS, ABST OR NV: Ta

ASM APPROPRIATIONS: 13-0-2

YES: Wicks, Hoover, Aguiar-Curry, Calderon, Caloza, Fong, Mark González, Krell, Pacheco, Pellerin, Sharp-Collins, Solache, Tangipa
ABS, ABST OR NV: Dixon, Ta

UPDATED

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