SENATE COMMITTEE ON HOUSING
Senator Jesse Arreguín, Chair
2025 - 2026 Regular

Bill No:	AB 2002	**Hearing Date**: 6/10/2026	
Author:	Solache		
Version:	2/17/2026 Introduced		
Urgency:	No	**Fiscal:**	Yes
Consultant:	Alison Hughes		

SUBJECT: Local government assistance: Regional Early Action Planning Fund

DIGEST: This bill 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 needs assessment (RHNA).

ANALYSIS:

Existing law:

1) Defines a "council of governments" (COGs) to mean a single or multicounty council created by a joint powers agreement that is responsible for allocating regional housing, as specified.

2) Established the Local Government Planning Support Grants Program to provide regions and jurisdictions with one-time funding, including grants for planning activities to enable jurisdictions to meet the sixth cycle of the regional housing need assessment.

3) Requires the Department of Housing and Community Development (HCD) to administer the Local Government Planning Support Grants Program to provide grants to regions and jurisdictions for technical assistance, preparation and adoption of planning documents, and process improvements to accelerate housing production and facilitate compliance to implement the sixth cycle of the regional housing need assessment.

4) Requires HCD to allocate $125 million based on population, as part of the Local Government Planning Support Grants Program, to COGs and regional entities to increase housing planning and accelerate housing production, as follows:

a) Develop an improved methodology for the distribution of the sixth cycle regional housing need assessment;

b) Suballocating monies directly and equitably to jurisdictions or other subregional entities in the form of grants, for planning that will accommodate the development of housing and infrastructure that will accelerate housing production in a way that aligns with state planning priorities, housing, transportation, equity, and climate goals;

c) Providing jurisdictions and other local agencies with technical assistance, planning, temporary staffing or consultant needs associated with updating local planning and zoning documents, expediting application processing, and other actions to accelerate additional housing production; and,

d) Cost of administering any programs.

5) Requires any funds that are suballocated from COGs to jurisdictions from the Local Government Planning Support Grants Program to use the funds 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 with transportation and environmental planning; and,

e) Covering the costs of temporary staffing or consultant needs associated with the above activities.

6) Require HCD to make $125 million available to cities and counties using a population formula, to assist in planning for other activities related to meeting the sixth cycle regional housing need assessment. Requires a city or county that receives an allocation to use that allocation for housing-related planning activities, including, but not limited to, the following:

a) Rezoning and encouraging development by updating planning documents and zoning ordinances, such as general plans, community plans, specific plans, sustainable communities' strategies, and local coastal programs;
b) Completing environmental clearance to eliminate the need for project-specific review;

c) Establishing a workforce housing opportunity zone;

d) Performing infrastructure planning, including for sewers, water systems, transit, roads, or other public facilities necessary to support new housing and new residents;

e) Partnering with other local entities to identify and prepare excess property for residential development;

f) Revamping local planning processes to speed up housing production;

g) Developing or improving an accessory dwelling unit ordinance; and,

h) Covering the costs of temporary staffing or consultant needs associated with the above activities.

This bill:

1) Defines the following:

   a) "Council of governments (COGs)" means a single-county or multicounty council that is responsible for allocating regional housing need, as specified;
   b) "Jurisdiction" means a city, county, or city and county; and,
   c) "Regional entity" means a regional government that is not a council of government that is responsible for allocating regional housing need, as specified.

2) 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, monies in the fund shall be made available to HCD for allocation, as specified.

3) Requires HCD to allocate funds from the REAP Fund to each COG or regional entity responsible for allocating regional housing need.

4) 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.

5) 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.

6) 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.

7) Requires HCD to review an application submitted within 30 days; otherwise, the application shall be deemed approved.

8) 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 Regional Housing Needs Allocation (RHNA) cycles;
   b) Suballocating monies 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.

9) 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 consistently; and,
   e) Covering the costs of temporary staffing or consultant needs associated with the activities allowed for the program.

10) A COG or regional entity receiving funds shall submit annual reports to HCD that include information on expenditures and suballocations to jurisdictions.

11) 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.

12) Allows HCD to publish a summary of information received from the reports submitted by the COGs and regional entities.

13) Allows HCD to monitor expenditures and activities of an applicant, as the department deems necessary, to ensure compliance with program requirements.

14) Requires HCD to produce guidelines to create REAP funds that are exempt from the Administrative Procedure Act (APA).

Background

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. Then, 26 months before the housing element due date for the region, HCD must meet and consult with the COG and share the data assumptions and methodology that they will use to produce the RHND. The COG provides HCD with its own regional data on several criteria, including:

a) Anticipated household growth associated with projected population increases;

b) Household size data and trends in household size;

c) The percentage of households that are overcrowded, as defined, and the overcrowding rate for a comparable housing market, as defined;

d) The rate of household formation, or headship rates, based on age, gender, ethnicity, or other established demographic measures;

e) The vacancy rates in existing housing stock, and the vacancy rates for healthy housing market functioning and regional mobility, as well as housing replacement needs, as specified;

f) Other characteristics of the composition of the projected population;

g) The relationship between jobs and housing, including any imbalance between jobs and housing;

h) The percentage of households that are cost burdened and the rate of housing cost burden for a healthy housing market, as defined; and,

i) The loss of units during a declared state of emergency during the planning period immediately preceding the relevant housing element cycle that have yet to be rebuilt or replaced at the time of the data request.

HCD can take this information and use it to modify its own methodology, if it agrees with the data the COG produced, or can reject it if there are other factors or data that HCD feels are better or more accurate. Then, after a consultation with the COG, HCD makes written determinations on the data it is using for each of the factors listed above, and provides that information in writing to the COG. HCD uses that data to produce the final RHND, which must be distributed at least two years prior to the region's expected housing element due date. The COG must then take the RHND and create an allocation methodology that distributes the housing need equitably amongst all the local governments in its region. The RHNA methodology is statutorily obligated to further all of the following objectives:

a) Increase the housing supply and mix of housing types, tenure, and affordability in all cities and counties within the region in an equitable manner, which must result in each jurisdiction receiving an allocation of units for low- and very low-income households;
b) Promote infill development, socioeconomic equity, the protection of environmental and agricultural resources, and achievement of regional climate change reduction targets;
c) Promote an improved intraregional relationship between jobs and housing, including an improved balance between the number of low-wage jobs and the number of housing units affordable to low-wage workers in each jurisdiction;
d) Allocate a lower proportion of housing need to an income category when a jurisdiction already has a disproportionately high share of households in that income category; and,
e) Affirmatively further fair housing.

Housing element constraints analysis. Existing law requires each city and each county to include in its housing element an analysis of potential and actual governmental constraints upon the maintenance, improvement, or development of housing for all income levels and housing types. This includes land use controls, building codes and their enforcement, site improvements, fees and other exactions required of developers, local processing and permitting procedures, as well as any locally adopted ordinances that directly impact the cost and supply of residential development. This analysis must also include local efforts to remove governmental constraints that hinder the city or county from meeting its RHNA share and from meeting the need for housing for persons with disabilities, supportive housing, transitional housing, and emergency shelters. Existing law also requires each city and each county to include in its APR information about its efforts to remove governmental constraints to the maintenance, improvement, and development of housing.

Governmental policies that constitute constraints do not necessarily have a net negative impact on housing development potential in a jurisdiction. For example, a jurisdiction that places a housing bond measure on the ballot may subsequently adopt new development standards or impose new affordability requirements in certain areas of the jurisdiction to ensure that a massive influx of public housing funding does not lead to displacement of low-income residents.

Comments

1) *Author's statement.* "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."

2) *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 SB 2 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 be 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).

3) *REAP 3.0.* 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 and subsequent RHNA cycles. 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. The Governor's budget does not include any new funding for housing programs.

4) *Full transparency.* This bill would allow HCD to create REAP 3.0 through guidelines. However, adoption of guidelines does not necessarily require a department to follow public notice and comment processes required by the Administrative Procedures Act (APA). **Consistent with other new program creation in recent years, the committee may wish to consider requiring HCD to first adopt emergency regulations consistent with the APA, followed by the adoption of permanent regulations. This allows the program to be created more quickly, while also allowing greater public transparency and engagement from stakeholders.**

5) *Author's amendments.* **The committee may wish to consider amending the bill as requested by the author to do the following:**

   a) **Authorize COGs to be able to sub-allocate funds to subregions to implement RHNA and housing elements.**
   b) **Require fund recipients to expend their funds within 3 years from the date of the awards. Allow HCD to provide extra time to recipients, as necessary.**

6) *Opposition.* California Building Industry Association (CBIA) is opposed unless amended to preclude REAP funds from being expended on activities that "increase the stringency of the regulatory barriers to housing production that jurisdictions are already required to identify and address in their housing

elements." Specifically, they are seeking to prevent funds from paying for "potential and actual governmental constraints" upon the maintenance and any locally adopted ordinances that directly impact the cost and supply of residential development, including inclusionary ordinances.

FISCAL EFFECT: Appropriation: No Fiscal Com.: Yes Local: No

POSITIONS: (Communicated to the committee before noon on Wednesday, June 10th, 2026.)

SUPPORT:

City of Palm Desert
American Planning Association, California Chapter
California State Association of Counties (CSAC)
City of Concord
City of Palmdale
City/county Association of Governments of San Mateo County
East Bay Housing Organizations
League of California Cities
Rural County Representatives of California (RCRC)
Urban Counties of California (UCC)

OPPOSITION:

California Building Industry Association

-- END --