SENATE COMMITTEE ON APPROPRIATIONS
Senator Sabrina Cervantes, Chair
2025 - 2026 Regular Session

AB 2002 (Solache) - Local government assistance: Regional Early Action Planning Fund

Version: June 18, 2026
Urgency: No
Hearing Date: June 29, 2026

Policy Vote: HOUSING 9 - 0
Mandate: No
Consultant: Mark McKenzie

Bill Summary: AB 2002 would establish the Regional Early Action Planning (REAP) Fund in the State Treasury and require the Department of Housing and Community Development (HCD), upon appropriation by the Legislature, to allocate funds from the REAP Fund to councils of government (COGs) or regional entities for specified planning activities related to the seventh and subsequent cycles of the regional housing needs assessment (RHNA).

Fiscal Impact:
- Ongoing General Fund cost pressures, likely at least in the tens of millions annually, to provide budget appropriations for the REAP Fund, which would be allocated by HCD to COGs and regional entities for planning and other activities related to the current and future RHNA cycles.

- HCD estimates ongoing annual costs of approximately $1.7 million for 8.0 PY of staff resources to administer the permanent program codified in this bill. Specific duties include development and adoption of emergency regulations, issuing notices of funding availability (NOFAs), developing application and technical assistance materials, processing applications, providing technical assistance, and monitoring awardees' use of REAP Fund allocations. These estimates are based upon previous REAP funding programs, and actual administrative costs and resource needs would depend upon the magnitude of funding appropriated by the Legislature. (General Fund)

Background: Existing law requires cities and counties to prepare a general plan comprised of seven mandatory elements, including a housing element that identifies existing and projected housing needs. The housing element must include an inventory of adequate sites zoned for housing at all income levels and to accommodate a jurisdiction's share of the regional housing needs that is sufficient to account for population growth and to overcome existing housing deficiencies over the planning period. The RHNA process is composed of three main stages: (1) development of regional housing need estimates by HCD and the Department of Finance; (2) allocation of housing within each region by councils of government (COGs), or by HCD in an area not within a COG; and (3) incorporation of RHNA allocations into city and county housing elements. If the city or county does not have enough sites within its existing inventory of residentially zoned land to accommodate its share of the regional housing needs, it must adopt a program to rezone land within the first three years of the planning period. Beginning with the 7th cycle housing element planning period, cities and counties must include planning for housing for acutely low-income (ALI, 0-15% of area median income) and extremely low-income (ELI, 0-30% of area median income) households, in addition to other income levels (very low, low, moderate, and above moderate). Housing elements must be updated every eight years in urban areas, and every five years in more rural areas.

The 2019 Budget Act 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 (REAP) Grant Program and Local Early Action Planning (LEAP) Grant Program. Through REAP, $125 million was allocated 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 LEAP, 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.

The 2021 Budget Act implemented REAP 2.0, which expanded on the original 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, 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 2021 Budget included $480 million for REAP 2.0 to be allocated 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)

Proposed Law: AB 2002 would establish the REAP Fund in the State Treasury for the purpose of providing COGs, regional entities, and jurisdictions with one-time funding, including grants for planning and other activities to enable those entities to meet the seventh and subsequent cycles of the RHNA. Specifically, this bill would:

- Require HCD to allocate funds on a population basis, upon appropriation by the Legislature, to each COG or regional entity responsible for allocating regional housing need.
- Authorize a COG or regional entity to apply for funds in a form and manner prescribed by HCD, as specified, and require HCD to review an application within 30 days, otherwise the application would be deemed approved.
- Authorize a COG or regional entity to expend funds for any of the following purposes:
    - Activities that support the development, improvement, or implementation of the methodology for the seventh and subsequent RHNA cycles.

  - Suballocating monies 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.
  - Provide jurisdictions with technical assistance, planning, temporary staffing, or consultant needs associated with updating local planning and zoning documents, including activities related to updating or implementing the housing element, expediting application processing, and other actions to accelerate additional housing production.
  - Administrative costs, which may be up to 5% of an entity's total award.
  - Activities to establish a regional or countywide housing trust, or to allocate a portion of funds to an existing housing trust, to support planning, predevelopment, or other activities that facilitate the production of housing.
  - Activities, determined in consultation with HCD, that support regional or local housing planning priorities.
- Limit a jurisdiction's use of suballocated funds to housing related planning activities, including the following:
  - Technical assistance in improving housing permitting processes, tracking systems, and planning tools.
  - Establishing regional or countywide housing trust funds for affordable housing.
  - Performing infrastructure planning for public facilities necessary to support new housing and new residents, as specified.
  - Performing feasibility studies to determine the most efficient locations to site housing consistently.
  - Covering the costs of temporary staffing or consultant needs associated with allowable program activities, as specified.
- Require recipients of REAP funds to expend those funds within three years from the date of funding awards, and authorize HCD to provide additional time to ensure the effective use of funds for housing element implementation and related planning activities.
- Require a COG or regional entity receiving REAP funds to submit annual reports to HCD that include information on expenditures and suballocations to jurisdictions, and require submittal of a final report upon expenditure of all funds that includes information on outcomes achieved, including corresponding impacts on housing within the region.
- Authorize HCD to publish summary information on its website and monitor expenses and activities of applicants to ensure compliance with program requirements.
- Require HCD, in collaboration with stakeholders, to adopt emergency regulations to implement the bill's requirements, which would remain in effect until the date that nonemergency regulations go into effect.

Related Legislation: AB 140 (Committee on Budget) Chap. 111/2021, a housing budget trailer bill, established the expanded REAP 2.0 Grants Program of 2021.

AB 101 (Committee on Budget), Chap. 159/2019, a housing budget trailer bill, established the Local Government Planning Support Grants Program, which included the original REAP and LEAP grant programs.

Staff Comments: This bill is intended to establish a permanent REAP program for the seventh and subsequent RHNA cycles that would be similar to the 2019 REAP 1.0 Program, but with several modernizing changes, including adding local housing trust fund activities as an eligible use of funds for COGs, automatic approval if HCD fails to review an application within 30 days, and staggering allocations so that COGs become eligible for funding once they begin their RHNA process. This bill does not require the multiagency working groups required under the 2019 REAP and notably, and unlike both prior REAP programs, this bill does not contain a 5% set aside for HCD program administration.

According to previous analyses of this bill, the author has requested $125 million in funding over multiple years in support of the program established by the bill. Staff notes, however, that the 2026-27 state budget actions to date do not include an appropriation for this purpose.

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