

REAP 2021 *DRAFT* Programs to Accelerate Transformative Housing (PATH) Program

INTRODUCTION.....	1
1.0 REGIONAL EARLY ACTION PLANNING (REAP) 2.0 GRANT PROGRAM	4
1.1 REAP 2.0 PROGRAM GOALS	4
1.2 SCAG REAP 2.0 FRAMEWORK CORE OBJECTIVES	4
2.0 PATH PROGRAM OVERVIEW	5
2.1 PROGRAM STRUCTURE	6
2.2 NOTICE OF FUNDS AVAILABLE: FUNDING FOR LASTING AFFORDABILITY	7
2.3 PILOT PROGRAM: REGIONAL UTILITIES SUPPORTING HOUSING (RUSH)	7
2.4 PILOT PROGRAM: HOUSING INFILL ON PUBLIC AND PRIVATE LANDS (HIPP)	8
2.5 INELIGIBLE USES.....	10
2.6 FUNDING ALLOCATIONS.....	11
2.7 PROGRAM TIMELINE	12
2.8 APPLICATION SCHEDULES.....	12
2.9 APPLICANT CONSULTATION PERIOD	13
2.10 APPLICATION SUBMITTAL DATE.....	13
2.11 APPLICATION REQUIREMENTS.....	14
2.12 FOR ADDITIONAL INFORMATION AND QUESTIONS	14
3.0 PATH PROGRAM OBJECTIVES AND EVALUATION CRITERIA	15
3.1 PATH PROGRAM OBJECTIVES	15
3.2 PATH PROGRAM EVALUATION CRITERIA SUMMARY	15
4.0 PROGRAM ADMINISTRATION	20
4.1 COMMITMENT LETTER AND TERMS OF AGREEMENT.....	20
4.2 IMPLEMENTING ENTITIES	21
4.3 ADMINISTRATIVE FEE	21
4.4 EXPENDITURE PERIOD	21
4.5 REIMBURSEMENT	21
4.6 REPORTING REQUIREMENTS	22

Introduction

SCAG is committed to a future where we all have the option to live closer to our jobs, services, and daily destinations with transportation options so we can walk our kids to school, ride our bikes to work, take transit and have access to shared mobility services that reduce the need to drive. Infill housing, combined with transportation network improvements and strategies, results in improved multimodal access to community amenities, lowers average trip length and reduces vehicle miles traveled.

The Regional Early Action Planning Grants of 2021 (REAP 2.0) is managed by The California Housing and Community Development Department (HCD) in collaboration with the Strategic Growth Council (SGC),

Governor's Office of Planning and Research (OPR), and State Air Resources Board (CARB) ("the State Partners"), and provides funds to regional governments to accelerate housing production and facilitate compliance with the 6th cycle of the Housing Element, including Regional Housing Needs Assessment. In addition, REAP 2.0 is specifically designed to provide MPOs and other Eligible Entities with tools and resources to help implement and advance plans, primarily by **furthering the Sustainable Communities Strategies (SCS)** adopted as part of Regional Transportation Plans to pursue greenhouse gas emission reduction targets through land use and transportation strategies.

The **REAP 2.0 Program Objectives** defined in the State's Final REAP 2.0 Program Guidelines are:

1. Accelerating Infill Development that Facilitates Housing Supply, Choice, and Affordability;
2. Affirmatively Furthering Fair Housing; and
3. Reducing Vehicle Miles Traveled

SCAG's REAP 2.0 program framework combines coordinated and transformative housing development and finance, land use and transportation strategies to help achieve California's housing and greenhouse gas emission reduction goals. Within the framework are the Core Program Objectives, which describe how SCAG will further SCAG's SCS Implementation Strategy as it meets the REAP 2.0 Program Objectives.

These **Core Program Objectives** are:

- Support **transformative** planning and **implementation** activities that realize Connect SoCal objectives
- Leverage and augment the **Connect SoCal Implementation Strategy** to support activities that can be implemented quickly and in line with community-driven priorities
- Build regional capacity to deliver housing that realizes **6th cycle RHNA goals**
- Represent best practices in **vehicle miles traveled (VMT) reduction**
- Demonstrate consistency with **the Racial Equity Early Action Plan**
- Promote **infill development** in Connect SoCal identified Priority Growth Areas

The Programs to Accelerate Transformational Housing (PATH) Program will support strategies to accelerate infill development leading to increased housing supply, choice, and affordability. The CTC Partnership Program and Regional Pilot Initiative Program will connect infill housing to daily services and increase travel options that support multimodal communities to shift travel modes. The Early Program Initiatives tie this work together by building capacity for planning innovation across the region through advancements in community engagement and partnerships, data driven decision making and performance measurement and monitoring. All strategies will reduce VMT and will affirmatively further fair housing by fostering racially equitable and inclusive communities; retaining and increasing affordability, especially in high-resource areas; and protecting existing residents, especially lower- or moderate-income residents from displacement. All programs will support the needs of residents in disadvantaged communities and communities that have been historically left behind including in areas of high segregation and poverty. The strategies funded through SCAGs REAP 2.0 programs will help achieve the state planning goals, implement the 6th Cycle housing elements, meet RHNA goals, and move the region toward achieving the Sustainable Community Strategy in SCAG's Connect SoCal Plan. The strategies will also help reduce greenhouse gas emissions, support the development of more livable communities that provide lower-cost housing choices, conserve natural resources, offer transportation options, and promote a better quality of life.

In developing a program to address these core objectives, SCAG work shall be directed by the following guiding principles:

1. Funding shall be allocated to three programmatic areas focused on Early Program Initiatives to implement Connect SoCal 2020 and realize 6th Cycle RHNA goals, Housing Supportive Infrastructure and a County Transportation Commission Partnership Program.
2. Funding opportunities within each program area will balance formula allocations with competitive programs to ensure funding supports critical planning and implementation activities across the region while also prioritizing the most regionally impactful projects.
3. Early Program Initiatives shall seek to provide immediate benefit to the region through support for transformative planning activities that can be implemented quickly to advance strategies in Connect SoCal 2020 and inform the 2024 plan update, and to meet the region's 6th Cycle RHNA commitments. Early Program Initiatives shall comprise no more than 15% of the full program budget.
4. The Programs to Accelerate Transformative Housing Program and the County Transportation Commission Partnership Program shall serve as the primary vehicles for awarding REAP 2.0 funds focused on Connect SoCal 2020 implementation either through the deployment of pilot projects or support for the creation and/or expansion of new funding programs that directly support housing and mobility solutions. The Programs shall include regional initiatives and technical assistance led by SCAG and/or subregional partners to advance regionally coordinated and significant solutions as well as county-specific or geographically targeted programs that advance best practices reflecting the unique opportunities in the region.
5. The Programs to Accelerate Transformative Housing Program and the County Transportation Commission Partnership Program shall include SCAG-led projects as well as the sub-allocation of resources to implementing agencies.
6. Funding guidelines will be developed specific to the Programs to Accelerate Transformative Housing Program and County Transportation Commission Partnership Program or for any sub-programs, including, but not limited to, the Subregional Partnership 2.0 (SRP 2.0) and the Sustainable Communities Program (SCP) for which SCAG may award resources to a partner agency via formula allocations or competitive programs. Funds available to each program shall be specified in the program guidelines, which will each be submitted to the Regional Council for approval.
7. At least 80% of the REAP 2.0 funding in the full application will be directed to suballocated or partner-led projects, both formula-based and competitive, across all three programmatic areas to ensure efficient and effective delivery of REAP 2.0 and limit administrative costs to SCAG.
8. SCAG will work to balance funding allocation according to a number of equity considerations; ensuring that under-resourced jurisdictions are not left out due to lack of capacity and that geographic balance, equity, and need are all considerations in the suballocation of funding across all program areas.
9. No resources beyond those approved to support outreach and program development shall be expended until the application is approved by the State Partners.

1.0 Regional Early Action Planning (REAP) 2.0 Grant Program

REAP 2.0 (REAP 2021) was established through AB 140 (July 2021) as part of the mid-year budget revise for the State's FY 21-22 budget, to fund transformative and innovative projects that implement a region's Sustainable Communities Strategy (SCS) and help achieve the objectives of more housing and transportation options that reduce reliance on cars. REAP 2.0 builds on actions completed through the 2019 REAP grant program but expands the focus by integrating housing and climate goals, and by allowing for broader planning and implementation investments, including infrastructure investments supporting housing development.

1.1 REAP 2.0 Program Goals

The goal of the state REAP 2.0 grant program is to invest in Housing planning and Infill Housing-supportive infrastructure across the entire state in a manner to reduce VMT, increase Housing affordability, and advance equity consistent with all the following:

- Advancing the State Planning Priorities, as described in Section 65041.1 of the Government Code;
- Affirmatively Furthering Fair Housing pursuant to Section 8899.50 of the Government Code;
- Facilitating Housing Element compliance and progress for the sixth cycle Regional Housing Needs Assessment pursuant to Section 65302 of the Government Code prepared in accordance with Article 10.6 (commencing with Section 65580) of Chapter 3 of Division 1 of Title 7 of the Government Code; and
- Advancing and implementing the region's SCS, as described in paragraph (2) of subdivision (b) of Section 65080 of the Government Code, or Alternative Planning Strategy, as described in paragraph (2) of subdivision (b) of Section 65080 of the Government Code, as applicable to achieve climate goals.

More information on REAP 2.0 is available online: <https://scag.ca.gov/reap2021>.

1.2 SCAG REAP 2.0 Framework Core Objectives

On June 1, 2022, the SCAG Executive/Administration Committee recommended approval of SCAG's REAP 2021 Program Development Framework, which outlines the core objectives, guiding principles, programmatic areas, major milestones, and schedule for allocating funds available to SCAG through the REAP 2.0 state grant program. Within the Framework, the Programs to Accelerate Transformational Housing (PATH), originally called Housing Supportive Infrastructure (HSIP), was created to focus funding for projects that will have an immediate and transformative impact on accelerating infill development that facilitates housing supply, choice, and affordability, affirmatively furthers fair housing, and reduces vehicle miles traveled.

The PATH Program is designed to realize the Housing Supportive Infrastructure *Key Connection* in SCAG's 2020 adopted Connect SoCal by creating the foundational conditions that allow Housing to be realized: such as financing, investments in infrastructure, and land use planning. The Framework identifies two other programmatic areas: the County Transportation Commission (CTC) Partnership Program and the Early Action Initiatives. As appropriate, each program will have its own guidelines. As envisioned all three programmatic funding areas work together to achieve the state REAP 2.0 program goals and SCAG's REAP 2.0 core program objectives.

SCAG Program Framework Core Objectives

- Support transformative planning and implementation activities that realize the objectives of Connect SoCal, region's adopted Regional Transportation Plan/Sustainable Communities Strategy.
- Leverage and augment the Connect SoCal Implementation Strategy to support activities that can be implemented quickly and in line with community-driven, pandemic recovery priorities¹
- Build regional capacity to deliver housing that realizes 6th cycle RHNA goals
- Represent best practices in vehicle miles traveled (VMT) reduction
- Demonstrate consistency with the Racial Equity Early Action Plan
- Promote infill development in Connect SoCal identified Priority Growth Areas²

2.0 PATH Program Overview

The Programs to Accelerate Transformational Housing ("PATH") Program is the new name for the Housing Supportive Infrastructure Program described in SCAG's adopted Regional Early Action Planning (REAP) 2.0 grant Framework. This document defines the overall program objectives, structure, funding, eligible uses, evaluation criteria, and general contracting requirements.

The state REAP 2.0 program is centered in

"Transformative Planning and Implementation Activities", which are defined to mean Housing, planning, infrastructure investments supporting Infill development that facilitates Housing supply, choice and affordability, and other actions that enable meeting Housing goals that also result in Per Capita vehicle miles traveled reductions, including accelerating Infill development, supporting residents through realizing Multimodal Communities, shifting travel behavior through reducing driving, and increasing transit ridership. Transformative Planning and Implementation Activities are meant to address these goals together and to lead to changes in land use patterns and behaviors. Transformative Planning and Implementation Activities shall be in furtherance of the state REAP 2.0 program goal.

The PATH program was developed based on the final REAP 2.0 Program Guidelines, dated July 26, 2022, and through broad and inclusive outreach across the Southern California region with the intention that insight, thoughts, needs and other feedback from stakeholders within the housing and affordable housing sectors and representing the diversity of voices in the region is incorporated.³

When appropriate the program is consistent with, and defers to, the state REAP 2.0 Program Guidelines for establishing terms, conditions, forms, procedures, and other mechanisms necessary to effectuate the program. The REAP 2.0 final program guidelines were released by HCD on July 26, 2022.

¹ The draft REAP 2.0 Program Guidelines included addressing the communities most impacted by the pandemic as a core objective and had required for programs to be developed to specifically address the communities most impacted by the pandemic, which prompted the inclusion of this language in SCAG's adopted Framework. The final REAP 2.0 Program Guidelines however do not reference the pandemic as a core objective and requirement. SCAG's programs will still ensure that the communities most impacted by the pandemic are a focus of and served by REAP 2.0 programs in the targeting of Disadvantaged Communities and Communities of Concern, which are further defined in this document and correlate with communities that have been most impacted by the pandemic.

² SCAG is in the process of detailing how the state REAP 2.0 infill definition can be applied in the Southern California region, once reviewed and approved by the state, it will be included in all program applications.

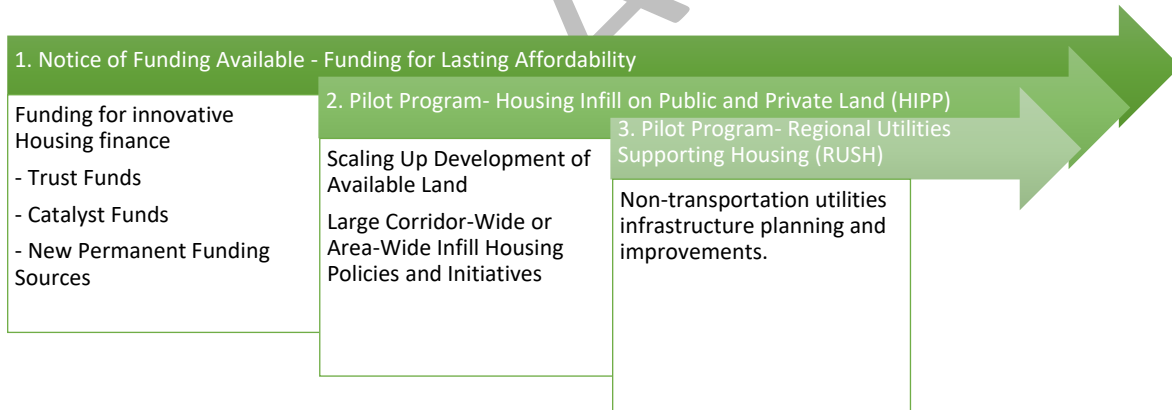
³ A summary of outreach and how feedback was integrated will be available on the REAP 2.0 Program webpage.

The PATH program will be adjusted as necessary based on feedback from the SCAG Policy Committees and Regional Council and further stakeholder engagement. After submission of the final REAP 2.0 application to the State, the program may be adjusted to reflect feedback from the State Partners. In the REAP 2.0 Guidelines, the state reserves the right, at their sole discretion, to suspend, amend, or modify the provisions of the REAP 2.0 Guidelines at any time, including, without limitation, the amount of funds available hereunder. If such an action occurs, the Department will notify all interested parties. As such, SCAG reserves the right, at its sole discretion, to suspend or amend the provisions of this Program in collaboration with the State, including but not limited to grant award amounts. The final Program will be updated to reflect any feedback received once SCAG’s full REAP 2.0 funding application is approved by the State.

2.1 Program Structure

The REAP 2.0 program is intended to fund proposals that provide a *“significant beneficial impact that leads to a substantial change in land use patterns, equity, and travel behaviors.”* REAP 2.0 funding must go beyond basic efforts to complete updates or amendments identified in Housing Elements or required for compliance with State housing laws and other statutory obligations; it is not for small projects or programs. To realize transformative planning goals and to ensure that program applicants have the flexibility to meet REAP 2.0 program objectives, the PATH program is structured around a Notice Of Funding Available (NOFA) and two Pilot Programs as summarized in the following chart. The Program will begin following adoption by the Regional Council, approval from the State of SCAG’s REAP 2.0 final funding application, and concurrence from the State on the Program.

PATH Program Components



The NOFA and each pilot program will use a competitive application process based on a future, more detailed funding application drawing on the evaluation criteria described in Section 3.0. A local match is required and can be in the form of local supporting policies, partnerships, or funding match. The application for the NOFA and each pilot program will provide the application process and scoring rubric. All applications must consider and support disadvantaged and historically underserved communities.

The NOFA and pilot programs are summarized below and include lists of eligible uses. The eligible uses described are not exhaustive, however, any use proposed must have a significant geographic or region-wide benefit or scope, meet all the criteria in Section 3.0 below, and be centered in supporting Transformative Policy and Implementation Actions that achieve the state’s REAP 2.0 Program Goal, meet the SCAG REAP 2.0 Program Framework Objectives, and all requirements of the PATH program.

2.2 Notice of Funds Available: Funding for Lasting Affordability

Eligible Applicants

Eligible Applicants are broadly construed to include, but not be limited to a Public Housing Authority, Housing trust fund or catalyst fund. A community-based organization, or developer of Affordable Housing in partnership with an Eligible Applicant can be considered eligible.

Summary

The notice of funding available will support investments in housing trust funds, catalyst funds and community land trusts in compliance with the program and the state REAP 2.0 guidelines; and funding to support transformative finance strategies that can be leveraged to increase supply, choice, and lasting affordability, and achieve a mix of housing types and rental and sales price ranges that provide a portion of housing for households at or below the area median income in infill areas.

Through the NOFA, an awarded applicant will receive a direct suballocation of funds and is expected to fulfill all required administration and reporting requirements. Eligible uses include but are not limited to:

- i. **Support for Regional Housing Trusts and Catalyst Funds** – Funding to support existing and to develop and initiate local and regional housing trusts, catalyst funds, revolving funds, or other forms of public/private/ philanthropic partnerships for financing and maintaining affordable housing at the regional scale. Funding can be used to establish a trust or used to fund any of the following actions.
 - **Land Trusts and Land Banking** – Funding for the development of land banking strategies, and/or establishing land trusts to bring infill sites into community ownership and ultimately to be developed with an affordable housing component. Funds could also be used to support existing land banking/land trusts, where they exist if there is a clear nexus to the program objectives.
 - **Predevelopment, Bridge and Gap Funding** – For the regional trusts and funds as well as the community land trusts and land banking, financing targeted to develop Affordable Housing can be used for predevelopment expenses, bridge financing (between predevelopment and permanent financing), and gap funding for affordable housing developments that have assembled primary funding sources but still have a remaining funding need. Projects must meet the REAP 2.0 program requirement for being transformative and must be able to start construction within 5 years of award.
 - **Permanent Funding Sources** – Funding to identify and establish local and regional permanent funding sources for affordable housing, including general obligation and other bond initiatives, tax increment financing programs, in-lieu fee and residential or commercial/affordable housing linkage fee programs, revolving loan funds and other finance strategies creating permanent funding.

2.3 Pilot Program: Regional Utilities Supporting Housing (RUSH)

Eligible Applicants

Eligible Applicants are broadly construed to include, but not be limited to a public agency; water or other utility districts/providers; Tribal Entities; or a large-scale developer. Eligible Applicants will be further defined following the Industry Forum planned for early 2023.

Summary

The RUSH Pilot Program is focused on investments in utility infrastructure planning and capital improvements that will support a jurisdiction meet the housing production goals defined in the 6th cycle RHNA and housing element. Projects should include a sizable number of Housing units and include units at Affordable income levels.

New infill housing often comes with costs tied to upgrading or replacing existing utilities infrastructure to support new demand, which can add millions of dollars in cost to residential projects and extend the housing production timeline. With the 6th cycle of the housing element process nearing completion in the SCAG region, SCAG's 191 cities and 6 counties have identified site inventories that provide a roadmap to Housing production in the region. However, broader district level planning for utilities is not currently aligned with the site inventories identified in housing elements. For this program, utilities refer to electric, water, stormwater, or sewer, but excludes gas or other fossil fuels. Broadband may be included if it is tied to one of the other utilities identified but cannot be the driving factor in a proposed project.

In early 2023, SCAG will host an Industry Forum centered on exploring sustainable and district level investments in utilities that align with implementing RHNA housing production goals and the site inventories in draft, adopted or compliant 6th Cycle housing elements. The outcome of that event and final report will inform the development and outcomes of the RUSH Pilot Program. The pilot program will provide additional details on eligible uses after the Industry Forum.

In general, it is anticipated that eligible uses could achieve the following.

- **Infrastructure Planning** – Creating plans and programs to support increased utility capacity of areas designated for residential development in a Housing Element. These programs should increase utility capacity and/or lower the cost of residential development. Potential projects could include developing an analysis to update developer utility fees to avoid concentration of infrastructure upgrade costs and creating a capital improvement plan or updating an existing one.
- **Capital Projects** - Supporting new or preserving affordable housing in infill areas through upgrading infrastructure for sewer, water, stormwater, and dry utilities systems. Potential projects could include direct water recycling projects for residential development, revolving loan funds, and wet or dry utility system upgrades to support affordable housing in high resource areas.

2.4 Pilot Program: Housing Infill on Public and Private Lands (HIPP)

Eligible Applicants

Eligible Applicants are entities that are in control of underutilized, surplus, or excess land available for affordable housing, or entities with regulatory land use control. Eligible Applicants are broadly construed to include, but not be limited to a public agency, a transit agency or district; a city; a county; Tribal Entity; Public Housing Authority; academic institution; water or other utility districts/providers, or Housing Trust Fund or catalyst fund. A community-based organization and/or developer of Affordable Housing in partnership with an Eligible Applicant can be considered eligible.

Summary

The HIPP pilot program is focused on 1) scaling up development of surplus and/or excess publicly owned lands, or other underutilized privately owned land that can be redeveloped with affordable or mixed

income housing and ancillary neighborhood serving businesses and supporting infrastructure, and 2) supporting eligible applicants with regulatory land use control to develop and implement policies and initiatives within a corridor-wide or area-wide target area, focused on infill housing and based in justice, equity, diversity, and inclusion.

Scaling Up Development of Available Land. The pilot program will provide consultant support and technical assistance including support through the pre-development phase including but not limited to site identification; feasibility and environmental assessments; project scoping and sponsor/developer selection; community engagement; master planning; and engineering. SCAG will develop a bench of consultants and conduct studies supporting participating entities identify, assess, and move available lands into development with an affordable housing component. Studies completed could include site feasibility and readiness assessments for development potential and environmental screening, competitiveness for state funding, capacity to attract partnerships and philanthropic investment, and other factors that could contribute to the successful development of available land. The site feasibility and readiness assessments will be based first on alignment with existing transit and utilities infrastructure, and secondarily on future planned investments. Projects targeted for these funds should provide opportunities to explore large scale development/redevelopment of a site or scattered sites as well as innovative models to streamline delivery of affordable and mixed income housing. Innovative models may include concepts such as new financing mechanisms, standard designs or even design/build competitions. This component of the HIPP pilot program is focused on a specific site or scattered sites for development, and where the applicant can demonstrate that it is possible for construction to be within 5 years of award.

Depending on interest in the Pilot Program, SCAG may allocate some funding for the development of templates for affordable housing transactions (such as standard Request For Proposals (RFP) and resultant legal documents) and feasibility studies surrounding alternative financing strategies for development of publicly owned land.

Corridor-Wide or Area-Wide Infill Housing Policies and Initiatives. Moving beyond site specific development, the HIPP pilot program provides flexibility for eligible applicants with regulatory land use control to develop and implement policies and initiatives within a corridor-wide or area-wide infill area, with a focus on housing and affordable housing based in justice, equity, diversity, and inclusion. Proposed projects or policies should be consistent with the programs included in the local 6th Cycle Housing Element. Supported activities can include funding for technical assistance, staffing and consultants, community engagement, peer learning cohorts, data, and mapping. Eligible activities must lead to an adoptable/implementable deliverable that meets REAP 2.0 Program Goals:

- *General Plan Amendments, Specific Plans, Development Guidelines and Standards, and Rezoning for Housing Element Implementation and Compliance* – Corridor-wide or area-wide general plan amendments and code changes and zoning-based housing and affordable housing incentives focused on large scale overlay districts or other incentive programs, local density bonuses, reduced parking minimums and/or parking maximums, and as-a-right development approval.
- *Environmental Clearance and Permit-Streamlining Facilitating Affordable Housing* – Jurisdictional and agency-wide reductions in process and timing for residential/residential-mixed use approvals resulting in quantifiable cost and/or time savings. Preparation of required environmental review documents for corridor-wide or area-wide plans that facilitate housing development with an affordable component

that could foreseeably begin construction in five years, including but not limited to CEQA and NEPA, Coastal Commission approval, Department of Toxic Substances Control review or other clearances.

- *Increasing Affordable Supply and Preventing Displacement* – Corridor-wide and area-wide policy or projects increasing the supply, availability, and access to housing at below market rate rental and ownership prices. Projects focused on preventing jurisdiction-wide, corridor-wide, or area-wide displacement and loss of existing affordability. Funding can support the creation of inclusionary housing rental and homeownership programs, transfer of development rights and other approaches achieving a mix of housing types, and rental and sales price ranges that set aside housing at or below the area median income. Eligible uses also include enabling programs and strategies for preventing loss of existing affordable housing in the speculative real estate market, extending expiring affordability covenants, establishing community or tenant opportunity to purchase programs, and other programs achieving a quantifiable benefit for preserving existing affordability and preventing displacement.
- *Other Strategies Accelerating Housing and Affordability* – Large-scale transformative jurisdictional, corridor-wide, or area-wide projects not otherwise described above can be proposed but must meet all program requirements and have a strong nexus to housing supply, choice and affordability, or preventing displacement. Such projects will be evaluated on a case-by-case basis.

To support the pilot program, SCAG will conduct studies on alternative building designs and materials, and processes for reducing construction and operating costs. This will include studies addressing direct and indirect greenhouse gas reduction and climate adaptation goals for preserving existing and constructing new multi-family rental and ownership housing. The study of sustainable urban greening and cooling solutions for multi-family housing is anticipated to launch in early 2024. The study will identify potential locations for urban greening investments that would support housing development, accelerate housing production, promote stormwater capture, and lead to energy savings. SCAG will also complete a study to identify potential cost savings from urban cooling strategies in the context of the Energy Code's performance approach for assessing electricity needs and budgets of rental and ownership multi-family residential buildings.

2.5 Ineligible Uses

Applications for ineligible activities or projects that do not meet the funding criteria of these guidelines will not be accepted. Ineligible uses are uses inconsistent with the REAP 2.0 goals in Section 1.1, SCAG REAP 2.0 Program Framework Core Objectives in Section 1.2, and/or the program objectives in Section 3.1, and include but are not limited to:

- a. Uses that solely update or amendment local general plans, codes, ordinances, or programs for compliance with changes in statutory requirements,
- b. Roadway or highway capacity increases,
- c. Advocacy work (direct lobbying for specific bills or local propositions),
- d. Bonus payments of any kind,
- e. Ceremonial expenses,
- f. Commission fees,
- g. Real estate brokerage fees or expenses,
- h. Services, materials, or equipment obtained under any other state program,

- i. Stewardship of legal defense funds,
- j. General meetings that do not specifically discuss or advance implementation of awarded REAP 2.0 funds,
- k. Using funds for mitigation activities already mandated by local or state governing bodies or agencies,
- l. Ongoing expenses (e.g., routine maintenance or operations of transportation infrastructure associated with transit service expansion),
- m. Costs associated with automobile or motorcycle parking (excluding EV charging infrastructure). Proposed Uses with a surface parking component are not eligible,
- n. Costs associated with infrastructure related to fossil fuels, including connections to natural gas infrastructure,
- o. Costs associated with ongoing provisions of internet service,
- p. In lieu fees for local inclusionary Housing programs,
- q. Updates to the RTP,
- r. Organizational membership fees,
- s. Street construction or repair to benefit vehicular traffic, and
- t. Other items unrelated to the REAP 2.0 Program or application.

2.6 Funding Allocations

SCAG will issue the PATH program funding through a Notice of Funding Availability (NOFA) and two pilot programs. Depending on interest and qualified applications, funding can be shifted between the NOFA and the two pilot programs. Additional funding could be issued through the PATH program depending on the amounts encumbered through other SCAG administered REAP 2.0 programs, as each program is developed and implemented.

FUNDING SUBALLOCATED	
Notice of Funding Availability: Funding for Lasting Affordability	\$45,000,000
Pilot Program: Regional Utilities Supporting Housing (RUSH)	\$35,000,000
Pilot Program: Housing Infill on Public and Private Lands (HIPP)	\$8,000,000
Total	\$88,000,000

Applicants shall be notified in writing whether the application was conditionally awarded funding or if the application was not awarded within 60 days of the application deadline. Funding awards must be approved by the SCAG Regional Council.

The Notice Of Funds Available (NOFA) will initially receive \$45,000,000 in funding to support housing trusts and catalyst funds and affordable housing actions as described in Section 2.3.

The RUSH pilot program will initially receive \$35,000,000 in funding. This pilot program will be further defined through an Industry Forum that will be held in early 2023 as described in Section 2.4. The program application will be released following the forum and will provide more detailed information.

The HIPP pilot program will initially receive \$8,000,000 in funding to develop the partnerships, acquire data, and complete the studies and feasibility analysis, with some funding deployed by SCAG for templates or studies required to support selected projects and programs as described in Section 2.5.

In addition to the funding amounts provided in the chart, \$23 million in REAP 2.0 funding is allocated to the region’s subregional councils of government through the [Subregional Partnership Program 2.0](#), which is

designed to fund programs, policies and projects implementing 6th Cycle housing elements and affordable housing strategies.

2.7 Program Timeline

The program timeline has been developed to meet the timelines provided in the state REAP 2.0 Program Guidelines. All funds awarded must be encumbered by January 31, 2024 and expended by January 31, 2026. A final closeout report will be due to SCAG by April 1, 2026.

Program Timeline	
Applications Released for NOFA and pilot programs	Winter – Spring 2023
Awarded Funding Encumbered	January 31, 2024
All Funding Fully Expended	January 31, 2026
Final Report and Close Out	April 1, 2026

2.8 Application Schedules

The application schedule for the NOFA and both pilot programs will allow applicants to develop a funding application with consultation from SCAG staff in advance of the date to apply for funding.

Notice of Funds Available (NOFA) – Funding for Last Affordability ⁴	
Application Period and materials available:	January 2023
Application Workshop:	January 2023
Application Period, Consultation and Office Hours:	January – March 2023
Application Due Date: (Applications can be submitted prior to but will be considered after the application due date)	Mid-March 2023 Opens at 8:00AM and closes at 11:59PM PDT
Evaluation Period:	March – April
Conditional Notice of Awards issued:	May 2023
Regional Council Approval of Awards:	Late Spring 2023
Initiate Funding Agreements:	Late Spring 2023

Regional Utilities Supporting Housing (RUSH) Pilot Program

⁴ Dates are anticipated and dependent on State approval of SCAG’s REAP2.0 guidelines and Regional Council approval of the applications.

Industry Forum Event	1 st Quarter 2023
Application Due Date	Early Summer 2023
Conditional Notice of Awards issued:	Late Summer 2023
Initiate Funding Agreements:	Early Fall 2023

Housing Infill on Public and Private Lands (HIPP) Pilot Program	
Application Released	1 st Quarter 2023
Application Due Date	Late Spring 2023
Conditional Notice of Awards issued:	Late Summer 2023
Initiate Funding Agreements:	Early Fall 2023

2.9 Applicant Consultation Period

To meet the state REAP 2.0 requirement to award funding within 60 days of receiving a complete application, while also ensuring applicants have adequate time to consider and develop project proposals, SCAG will offer an application consultation period. During the consultation period applicants can submit draft applications to SCAG staff on a rolling basis for input and feedback on projects being proposed and the completeness of the application.

The consultation period will begin following approval from the State of SCAG’s REAP 2.0 funding application and by the SCAG Regional Council of the individual program applications, which is anticipated to be January 2023. During the consultation period, SCAG will release the application materials and host an information session. The session will be recorded and made available on SCAG’s REAP 2.0 program webpage. The information session is an opportunity to learn more about the program, ask questions, and receive feedback.

SCAG staff will also hold weekly office hours and will be available for one-on-one consultations with applicants. An applicant does not need to have a project to participate in office hours or meet for a one-on-one consultation. SCAG staff will make every effort to accommodate applicants. There is no limit to the number of meetings an applicant may request. SCAG staff will continue to host office hours and be available for consultations through the Friday prior to the close of the application period.

SCAG will develop and post answers online to all questions received. Attending the information session or office hours or scheduling a consultation is not required but strongly encouraged.

2.10 Application Submittal Date

REAP 2.0 funding requires that SCAG issue award letters within 60 days of receiving a complete application. To facilitate this timeline while allowing for flexibility and ongoing consultation, SCAG will consider applications received on the day that follows the close of the application consultation period. Applications can be submitted at any time during the consultation period to be considered received on the application date.

Anticipated Application Periods and Dates

	Application Period	Application Due Date
• NOFA	January – March	Mid-March 2023
• HIPP Pilot Program	January – March 2023	Mid-March 2023
• RUSH Pilot Program	Late Spring 2023	Early Summer 2023

2.11 Application Requirements

Each application will include specific information and requirements, but in general the following lists the requirements to apply will include:

- Applicant must be an Eligible Applicant (see Sections 2.3, 2.4, 2.5)
- Proposed use(s) must be an eligible use(s) and meet all requirements in Section 3.0
- Application for funding must be filled out completely and submitted using the template application to be provided
- The following supporting documents must accompany the application:
 1. Scope(s) of work including budgets and schedules for all proposed funding uses
 2. Outcomes and proposed metrics (examples will be provided)
 3. Authorization to apply
 4. Letter of support

2.12 For Additional Information and Questions

For additional information or answers to questions please email the contact person listed below. Support from SCAG is available to complete the funding application.

Contact: Jacob Noonan
REAP 2.0 Housing Program Manager
housing@scag.ca.gov

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3.0 PATH Program Objectives and Evaluation Criteria

The PATH program has the following program objectives.

3.1 PATH Program Objectives

Funding applications will be evaluated on how the activities proposed meet all program objectives:

1. Transformative Planning and Implementation Activities (refer to definition in Section 1.2) leading to a Significant Beneficial Impact (defined below) to:
 - Accelerate Infill Development that Facilitates Housing Supply, Choice, and Affordability;
 - Affirmatively Further Fair Housing;
 - Reduce Vehicle Miles Traveled;
2. Include Equitable Targeted Outreach;
3. Leverage Partnerships, Policy Match, and Cost Effectiveness, and
4. Prioritize Disadvantaged Communities
5. Contributes to Regionally Transformative Change

3.2 PATH Program Evaluation Criteria Summary

The PATH program provides a summary overview of the evaluation criteria. The forthcoming standalone funding applications will include detailed evaluation guidance, including the quantitative data and qualitative narrative factors that will be used to assess submitted projects. Efforts will be made to ensure that proposals selected reflect the geographic diversity of the Southern California region and within rural, suburban, and urban infill areas.

The state defines “**Infill**”, for the purposes of the REAP 2.0 Program, to mean areas where all the following apply: (1) the area consists of unused or underutilized lands (2) within existing development patterns (3) that is or will be accessible to destinations and daily services by transit, walking, or bicycling and located in either:

- a. An urban center, urban corridor, or area with transit-supportive densities, **or**
- b. An established community that meets all the following criteria:
 - i. The area consists or previously consisted of qualified urban uses
 - ii. The area is predominantly surrounded (approximately 75 percent of the perimeter) by parcels that are developed or previously developed with qualified urban uses. In counting this, perimeters bordering navigable bodies of water and improved parks shall not be included, and
 - iii. No parcel within or adjoining the area is classified as agricultural or natural and working lands.

SCAG is in the process of detailing how the state REAP 2.0 infill definition can be applied in the Southern California region to ensure geographical diversity and support disadvantaged communities and communities that have historically been underserved. Once reviewed and confirmed by the state further description for how infill is defined will be included in all program applications.

To be considered eligible, an application must include responses for how the uses proposed meet all the following criteria and REAP 2.0 program requirements.

3.2.1 Lead to a Transformative Significant Beneficial Impact

The application must include a summary of how the proposed use advances all REAP 2.0 and SCAG's program goals and objectives, meets the definition of a Transformative Planning and Implementation Activity (refer to Section 2.0), and provides a **Significant Beneficial Impact**, meaning demonstrates the potential to meet the REAP 2.0, Connect SoCal, and PATH program objectives by establishing and supporting the infrastructure for accelerating Housing supply, choice, and affordability, affirmatively furthering fair housing, and reducing VMT by transforming current corridor-wide or area-wide Housing policies, site planning, financial models, and/or predevelopment and development processes and patterns in a significant and quantifiable manner. SCAG is interested in innovative models that can be replicated across the region and the state.

Metrics should be included when demonstrating Significant Beneficial Impact. Applicants may consider rates of change (e.g., percent increase over a baseline), the magnitude of impact relative to variables or targets, the proportion of need achieved, and the impact relative to past trends, policies, and practices. Variables or targets may include but are not limited to benefitting households by income group; meeting and exceeding the housing production goals of the Regional Housing Needs Assessment; the number of Housing units anticipated and achieved (new construction, preservation/ conservation, and rehabilitation); density; infrastructure; infrastructure capacity and accessibility; community amenities; investments; Vehicle Miles Traveled reduction goals; regional and local equity policies; and GHG reduction goals.

The application should describe how each project proposed provides a significant beneficial impact that leads to a substantial change in land use patterns, equity, and travel behaviors. This is to be done by describing how the project will address the following criteria and including appropriate metrics. (See Appendix 4 of the state REAP 2.0 program guidelines for examples)

3.2.1 (a) *Accelerate Infill Development that Facilitates Housing Supply, Choice, and Affordability*

The application must describe how each proposed project will accelerate Infill⁵ development near jobs and other key destinations to support increasing Housing choices and affordability that effectively reduce VMT and greenhouse gas emissions. One way this can be done is to focus development in Priority Growth Areas, as discussed in Chapter 3 beginning on Page 66 of the Connect SoCal – [provide link to document]. [link to map].

The application should also describe how the proposed project will prioritize development that increases Housing choice and affordability at Infill sites and describe the Housing affordability components in the project that serve Low- and Moderate-income Households. *For Affordable Housing development programs* – which may involve allowable predevelopment costs (e.g., studies, land acquisition, entitlements), and bridge and gap large expenditures and capital investments – to be an eligible use the program must accelerate the supply of long-term Affordable Housing for Lower and Moderate- income Households and commit to development within a reasonable time frame (e.g., within 5 years of the expenditure deadline).

⁵ SCAG is in the process of detailing how the state REAP 2.0 infill definition can be applied in the Southern California region, once reviewed and approved by the state it will be included in all program applications.

The following should be discussed in the application:

- i. The proposal's impact on Housing supply, choice, and affordability
- ii. The proposal is located or implemented within an Infill area.
 - a. Located in a Priority Growth Area and meeting the definition of infill or
 - b. Located in an area meeting the definition of infill
- iii. The proposal can be measured by, but is not limited to:
 - a. Number of Housing units (total, type, affordable, and per acre),
 - b. Capital investments to support Housing development,
 - c. Mix of Housing unit types or sizes,
 - d. Increasing land use intensities,
 - e. Count of sites developable for future Housing, and/or
 - f. Number of new Housing units supported or provided by the Proposed Use or policy

3.2.1 (b) *Affirmatively Further Fair Housing (AFFH)*

The application must describe how each proposed project combats discrimination, overcomes patterns of segregation, and fosters equitable and inclusive communities. Each proposed project must include meaningful actions, that taken together, address significant disparities in Housing needs and in access to opportunity, replacing segregated living patterns with truly integrated and balanced living patterns, and transforming racially and ethnically concentrated areas of poverty into areas of opportunity. Each proposed project must support regional and local efforts that work towards ensuring all people have full and equal access to opportunities enabling them to lead healthy lives.

Actions to Affirmatively Further Fair Housing may include, but are not limited to:

- Establishing and enhancing strategies that create Housing mobility by improving access and/or removing barriers to Housing, or improving regional utilities supporting Housing in areas of opportunity;
- Encouraging development of new Affordable Housing in high resource areas by promoting Housing, regional utilities supporting Housing, and affordability in areas of high and higher opportunity and outside of areas of concentrated poverty;
- Improving place-based strategies to encourage community revitalization. This includes preservation of existing Affordable Housing that involves approaches focused on conserving and improving assets in areas of lower-opportunity and concentrated poverty, such as: targeting investments in neighborhood revitalization, preserving, or rehabilitating existing Affordable Housing, improving infrastructure, schools, employment, parks, transportation, and other community amenities; and
- Protecting existing residents from displacement and preserving Housing choices and affordability in areas of low- and moderate-opportunity and areas of concentrated poverty.

The application must describe how the applicant considered AFFH principles and equity in the proposed project. Any proposed project that may have a negative impact on AFFH objectives must have appropriate mitigation efforts. Applicants shall take no action that is materially inconsistent with AFFH. Applicants shall

target funding to benefit Disadvantaged and Historically Underserved Communities (see definition section in the state REAP 2.0 program guidelines). A city or county's 6th cycle Housing Element can be a good resource for identifying State-approved AFFH policies and programs.

The following must be discussed in the application:

- i. The project will be located or implemented within:
 - a. Higher Resource communities or Areas (See state REAP 2.0 guidelines, Attachment 2: Definitions), or
 - b. Disadvantaged and Historically Underserved Communities
- ii. The project can be measured by, but is not limited to:
 - a. Number of proposed Affordable Housing units,
 - b. Number of existing housing units continued to be made available and affordable,
 - c. Zoning, Streamlined Housing Production (including permit streamlining), fees, incentives, and other approaches to increase housing choices and affordability,
 - d. Increase accessible number of units above state law,
 - e. For Higher Resource Communities or Areas:
 - I. Increase in rate of Housing Choice Voucher usage in high opportunity census tracts,
 - II. New lower- and moderate-income targeted Housing created through new development or through acquisition and preservation of existing Housing.
 - f. For Disadvantaged and Historically Underserved Communities:
 - I. New or enhanced public services and community assets such as parks, social service programs, active transportation, infrastructure, and other community amenities,
 - II. Increased access to public services, and
 - III. Housing-supportive infrastructure service in areas of concentrated poverty or similar areas
 - g. Other metrics found in the Department's AFFH Guidance Memo

3.2.1 (c) *Reduce Vehicle Miles Traveled*

The REAP 2.0 Program provides for investments to support Housing planning and production in Infill areas that reduce VMT towards helping the state meet multiple goals. The application must include a description of how the proposed project promotes development and aligns Housing production in Infill locations consistent with the state's climate targets and goals discussed in the California Climate Change Scoping Plan. Proposed projects shall focus on the VMT-reducing elements of Connect SoCal, as applicable, to achieve and maintain the region's greenhouse gas emission reduction targets by supporting or implementing Housing and Affordable Housing action-oriented plans, policies, and investment strategies broadly described as: "land use planning, policies, and investment strategies that encourage Infill development that facilitates Housing supply, choice, and affordability and is serviced by existing and planned expansions of a multimodal transportation system."

Applicants are encouraged to pursue new Housing development that is or can be integrated with or connected to transportation shifting travel away from driving through pedestrian, bicycle, transit, and other alternative transportation programs.

Applicants should discuss the following in the application (See the state REAP 2.0 program guidelines, Attachment 4, Applying Units of Measurement for supplemental materials that describe land use and transportation planning, policies, and investment strategies):

- a. The proposal is located or implemented within Infill areas.
 - a. Located in a Priority Growth Area and meeting the definition of infill or
 - b. Located in an area meeting the definition of infill
- ii. The proposal is expected to lead to shifting travel behavior and to direct or indirect VMT reductions:
 - a. Is or will be accessible to destinations and daily services by transit, walking, or bicycling, or
 - b. Is in proximity to existing or planned transportation improvements
- iii. The proposal, dependent upon what funding source(s) are utilized, can be measured by, but is not limited to:
 - a. Estimate for VMT reduced Per Capita,
 - b. Number of distinct land uses within and around the site,
 - c. Number of internal and surrounding connections to the active transportation and transit networks,
 - d. Mix of Housing unit types or sizes, and limited number of off-street parking

3.2.2 Include Equitable Targeted Outreach

The application should describe in the application any prior outreach completed and include a commitment to continuing outreach and engagement, especially with Disadvantaged and Historically Underserved community members while the project is underway and through the funding expenditure date, which is July 30, 2026. Outreach methods must consider language access and other potential barriers to providing input. Outreach may include coordination with other Eligible Applicants (including Tribal Entities) within the same subregion or in other subregions. Eligible Applicants may wish to consider the potential for joint activities and coordination on outreach activities.

3.2.3 Leverage Partnerships, Policy Match, and Cost Effectiveness

The application should describe in the application how the proposed project will leverage other resources to maximize impact from REAP 2.0 funding investments. The criterion is designed to be flexible, to provide multiple ways for an Eligible Applicant to create leverage through partnerships and momentum. Leverage can be achieved through many forms, and not all communities have the ability to put forward a financial match. Therefore, the local match can include any or all the following:

- Local Policy Commitment – Applications should describe how the local policy environment facilitates or supports the funding uses proposed and will lead to accelerating in-fill development that facilitates housing supply, choice, and affordability, affirmatively furthering fair housing, and reducing VMT.
- Local or Other Funding (local agency match) – No minimum is required, but one way to demonstrate leverage is through a local investment.
- Partnerships (partner match) – Evidence of supporting partnerships in the focus area.

Additionally, the application should describe how the applicant has incorporated cost effective means in the project scope and budget to best utilize the REAP 2.0 grant funds to achieve the desired outcomes.

3.2.4 Prioritize Disadvantaged Communities

In alignment with the REAP 2.0 funding guidelines, areas that have been traditionally disadvantaged, underserved, underrepresented, and under resourced will receive a priority in the evaluation for funding. In accordance with the REAP 2.0 Guidelines, the following areas have been included as they are inclusive of communities that are disadvantaged and have been historically underserved. These disadvantaged communities include:

- SB535 Disadvantaged Communities (CalEnviroScreen 4.0)
- SCAG Communities of Concern (Communities of Concern designated for SCAG's 2020 Regional Transportation Plan/Sustainable Communities Strategies (RTP/SCS) Environmental Justice (EJ) Technical Report))
- TCAC/HCD Opportunity Areas (High segregation and poverty, low resource, and moderate resource communities; affordable housing production in high resource and highest resource communities will also be prioritized).
- AB 1550 Communities (Gomez, Chapter 369, Statutes of 2016); areas of high Housing cost burdens; areas with high vulnerability of displacement; areas related to Tribal Entities; and other areas experiencing disproportionate impacts of California's **Housing and climate crisis.**)

The specific inclusion and prioritization of disadvantaged communities will allow SCAG to demonstrate how the Programs to Achieve Transformational Housing (PATH) will have a significant geographic or region-wide benefit for Disadvantaged and Historically Underserved Communities.

3.2.5 Contributes to Regional Transformative Change

The funding evaluation will include a consideration for how the proposal approaches regional diversity and transformation, with an emphasis on innovation to advance and expand the foundational conditions necessary to scale Housing supply, choice, and affordability to meet the 6th Cycle RHNA, realize the Housing Supportive Infrastructure *Key Connection* in SCAG's 2020 adopted Connect SoCal, and meeting the community needs for Housing across the Southern California region.

Applicants should discuss the following in the application:

- i. How the proposal incorporates innovative approaches to advance and expand the foundational conditions necessary to scale Housing supply, choice, and affordability.
- ii. How the proposal advances regional diversity and is transformational within the local and regional area, and similar environments.

4.0 Program Administration

Funding will be made available for projects and activities after SCAG receives funding for its full REAP application from HCD, which will most likely occur in Quarter 1 of 2023.

4.1 Commitment Letter and Terms of Agreement

An Applicant that has received a conditional award letter must submit a Letter of Commitment and Terms of Agreement Form that has been signed by its decision-making body or authorized signatory prior to

execution of the Standard Agreement or MOU. The letter will serve as the commitment to follow the state reporting requirements, manage the received funds within the established timeline, comply with the State and SCAG accounting principles and requirements, and SCAG's Subrecipient Monitoring Policies and Procedures. SCAG will provide the form template with the conditional notice of award as well as SCAG's required policies.

4.2 Implementing Entities

Awarded applicants are expected to serve as the implementing agency of the projects and activities applied for. Based on the proposal funded this may include all the following: procuring consultants, maintaining records, submitting timely reports, invoices, and close out documents, among all other duties. Implementing agencies must be entities eligible to enter into intergovernmental agreements and must demonstrate capacity to implement government grant administration tasks in a timely manner, including applications, contract execution and monitoring, funds management and transfer, and accounting and reporting, including any competitive sub-contracting if applicable. The implementing agency cannot have any unresolved audit findings from prior government contracts and cannot be party to pending land use, housing, or environmental litigation which could impact the proposed activities.

The implementing agency will be responsible for developing the scope of work for the project or activity leading the procurement process for obtaining consultants and/or resources. The implementing agency will manage and administer the project, which includes tasks such as monitoring activity progress, reviewing tasks and deliverables, and reviewing and processing invoices.

In limited situations, if the implementing agency presents a demonstrated need that it cannot administer the procurement for grant-funded work, SCAG may take on procuring the consultant on behalf of the implementing agency. In this instance, SCAG will work with the implementing agency to complete necessary procurement and contracting. SCAG staff will manage the contract and pay for all costs incurred. However, the implementing agency is responsible for the overall project. SCAG may bundle similar projects together in a common contract.

4.3 Administrative fee

Up to five percent (5%) of the funding allocation may be charged as administrative activities. Tasks such as reviewing and processing project invoices, processing contract amendments, and preparing reports and metrics of project progress and completion are considered administrative activities. Activities such as developing scopes of work and requests for proposals (RFP), reviewing tasks and deliverables, and outreach with jurisdictions related to the project are considered programmatic and can be charged as a program activity. For projects and activities administered by SCAG, SCAG reserves the right to use the 5% administrative fee for costs related to project administration.

4.4 Expenditure Period

To meet the state program deadline and receive reimbursement, all invoices must be submitted to SCAG no later than January 30, 2026. SCAG cannot guarantee invoices received after this date will be reimbursed.

4.5 Reimbursement

All awarded applicants must submit invoices to SCAG monthly and submit a status report quarterly to receive reimbursement. Invoices must follow the requirements set forth in the contract and SCAG's regular invoicing procedures and must comply with applicable state and/or federal requirements. SCAG may

consider advance payments or alternative arrangements to reimbursement and payment methods based on demonstrated need. These arrangements will be included in the agreements between SCAG and the awarded applicant. After the agreement is signed, the awarded applicant may submit invoices to SCAG for reimbursement for eligible activities as specified in the signed agreement. Expenditure reimbursement requires prior authorization of the eligible projects and activities, and SCAG may be subject to repayment of REAP funds to HCD if it is found in breach of its agreement with HCD, which can occur if REAP funds are used for ineligible activities. If SCAG must repay REAP 2.0 funds to the state, SCAG will require reimbursement from the awarded applicant.

SCAG will only reimburse for costs as specified in the signed agreement(s) with the Eligible Applicant or consultant selected to perform the work. No costs will be reimbursed prior to the agreement is executed.

4.6 Reporting Requirements

Consistent with SCAG's Overall Work Program reporting procedures and Subrecipient Monitoring Policies and Procedures, the awarded Applicant will be required to provide progress reports and itemized invoices to track progress. Progress will be measured according to the tasks, deliverables, costs, and timeline. Additionally, the REAP 2.0 program requires applicants to file an annual report measuring project outcomes and desired impacts through June 30, 2026. Metrics for the annual report will be developed in the application's evaluation criteria. (See Appendix 4 of the state REAP 2.0 program guidelines for examples)

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