

**REPORT OF THE
CHIEF LEGISLATIVE ANALYST**

DATE: April 4, 2017
TO: Honorable Members of the City Council
FROM: Sharon M. Tso *ST*
Chief Legislative Analyst
Assignment No: 17-03-0335

**City Comments on the Draft 2017-18 Affordable Housing
and Sustainable Communities (AHSC) Program Guidelines**

SUMMARY

On March 8, 2017, California's Strategic Growth Council (SGC) released its draft 2017-18 Affordable Housing and Sustainable Communities (AHSC) Program guidelines (Draft Guidelines) for public comment. Under the AHSC Program, funding is distributed on a competitive basis for transit-oriented developments including affordable housing and infrastructure projects that contribute to a reduction in greenhouse gas emissions. Given the diminishing resources available to fund these type of projects, this investment is critical in making these improvements financially feasible.

Subsequent to the release of the Draft Guidelines, the Housing and Community Investment Department (HCID) submitted comments to our Office. HCID coordinated with several departments, including the Department of City Planning and Department of Transportation, to generate the attached comments. While the SGC proposes specific changes in its Draft Guidelines, it has also highlighted significant program components that are still under consideration. As such, HCID and our Office will continue to monitor these changes, and report to Council, as necessary.

This report provides an overview of the AHSC Program tentative schedule and HCID's comments to the Draft Guidelines for Council's consideration. Our Office recommends that Council adopt a Resolution formalizing the City's position on the Draft Guidelines, authorize HCID to formally submit the comments described in this report to the SGC as the official City's position, and instruct HCID, with assistance from our Office, to analyze any subsequent proposed changes to the AHSC Program, and draft additional comments, as necessary, for Council approval.

RECOMMENDATIONS

That the Council, subject to approval of the Mayor:

1. Adopt the attached Resolution (Attachment A) to support the draft 2017-18 Affordable Housing and Sustainable Communities (AHSC) Program guidelines and seek amendments included in Housing and Community Investment Department's (HCID) comments.
2. Authorize HCID to submit comments (Attachment B) as approved by Council, with a joint City letter executed by the Mayor and Council President, to the Strategic Growth Council by the April 14, 2017 public comment deadline.

3. Direct HCID, with the assistance of the CLA, to monitor any new proposed changes to the draft 2017-18 AHSC Program guidelines and report, as necessary, on additional comments for Council approval.

BACKGROUND

The SGC notes that the AHSC Program “furthers the purposes of AB 32 and SB 375 by investing in projects that reduce greenhouse gas emissions by supporting more compact, infill development patterns, encouraging active transportation and transit usage, and protecting agricultural land from sprawl development.” AHSC’s funding is made possible through what is commonly known as the “Cap and Trade” program proceeds, which are deposited into the State’s Greenhouse Gas Reduction Fund (GGRF). During the AHSC Program’s first program year, FY 2014-15 (including the first round and an additional mini funding round in the Fall), the SGC awarded approximately \$154 million statewide, including support for nine (9) projects in the City with a combined total of \$30 million.

In accordance with SB 862, beginning in FY 2015-16, twenty percent (20%) of the annual proceeds of the GGRF were appropriated for the AHSC Program. In FY 2015-16, the SGC awarded nearly \$290 million statewide, funding six (6) projects in the City with a combined total of \$64.6 million.

Per HCID, it is anticipated that approximately \$100 million to \$120 million will be available statewide for AHSC’s third funding round (FY 2017-18) based on projected auction sales. The second quarter auction sale, which will contribute to the actual AHSC Program funding amount, is still pending.

Timeline

Public comment on the Draft Guidelines may be submitted through April 14, 2017 and the SGC anticipates considering the final guidelines at its June 1, 2017 meeting. The AHSC Program’s estimated timeline is noted below.

Program Guidelines – Public Comment Due	April 14, 2017
SGC Statewide Workshops (including Los Angeles)	April 2017
SGC Meeting: Discussion of 2017-18 Notice of Funding Availability and Application Release	June 1, 2017
Release of 2017-18 Notice of Funding Availability and Application	TDB

Housing and Community Investment Department’s (HCID) Comments

HCID’s comments relative to the draft 2017-18 AHSC guidelines are summarized below and are provided in their entirety as Attachment B. It is anticipated that the comments provided will help make the City’s projects competitive in leveraging additional resources to fund transit-oriented affordable housing developments and integrated connectivity projects. Our Office has included a Resolution which, if adopted, would add these comments to the City’s State Legislative Program. Our office recommends that HCID be responsible for submitting the City’s comments to the SGC.

A summary of City comments on the draft AHSC Program guidelines are as follows:

- Highlight positive changes to the updated guidelines including: (1) incentivizing deeper affordability; (2) prioritizing strategies that prevent the displacement of residents and locally-owned businesses; and (3) removing administrative burdens by eliminating the Concept Proposal phase of the application process


- Qualify fully funded and under construction rail stations as High Quality transit
- Allow for cost recovery of pre-development “coordination and administration fee” to cover staff costs for local jurisdictions
- Clarify “adequate lighting” and adjust requirements so as not to trigger a voter approval process
- Revise or remove smoke-free housing requirement and direct funding toward smoking cessation programs and education
- Provide more guidance and technical assistance relative to the required “Agreement” relative to transit infrastructure related experience
- Relative to the Greenhouse Gas Quantification Methodology, include in the Capital Improvements project type section, bicycle boulevards that include traffic calming and reduce barriers to accessing transit stops
- Reduce the Sustainable Transportation Infrastructure (STI) funds requested as a percentage of total AHSC request scoring criteria
- Reduce points in “Collaboration and Planning, Community Benefit and Engagement, and Creating Sustainable Communities” criteria and increase the “Housing Affordability” criteria
- Revise the “Context Sensitive Bikeways” and “Safe and Accessible Walkways” criteria
- Allow applicants to conduct their own case study to counter or complement Walscore.com
- Amend the “Enforceable Funding Commitment” section relative to low income housing tax credits
- Update definitions to include Transit Oriented District project area
- Ensure parity between the housing and transportation portions of an AHSC project

PRIOR COUNCIL ACTIONS

In previous years, the City submitted comments to the SGC relative to its draft 2014-15 and 2015-16 AHSC program guidelines.

FISCAL IMPACT

None.



 Dora Huerta
 Analyst

Attachments: A. Resolution
 B. HCID’s comments to the draft 2017-18 AHSC Program guidelines

RESOLUTION

WHEREAS, any official position of the City of Los Angeles with respect to legislation, rules, regulations or policies, proposed to or pending before a local, state or federal government body or agency, must have first been adopted in the form of a Resolution by the City Council with the concurrence of the Mayor; and

WHEREAS, the State of California's Strategic Growth Council (SGC) released its draft 2017-18 Affordable Housing and Sustainable Communities (AHSC) Program guidelines (Draft Program) updating the competitive process for distributing an estimated \$120 million in FY 2017-18 for transit-oriented affordable housing and sustainable infrastructure improvements throughout the State; and

WHEREAS, in a period of declining resources, AHSC funding is critically needed to build affordable housing and infrastructure that promote the reduction of greenhouse gas emissions throughout the State; and

WHEREAS, the City proposes the following comments to the Draft Program:

- Highlight positive changes to the updated guidelines including: (1) incentivizing deeper affordability; (2) prioritizing strategies that prevent the displacement of residents and locally-owned businesses; and (3) removing administrative burdens by eliminating the Concept Proposal phase of the application process
- Qualify fully funded and under construction rail stations as High Quality transit
- Allow for cost recovery of pre-development "coordination and administration fee" to cover staff costs for local jurisdictions
- Clarify "adequate lighting" and adjust requirements so as not to trigger a voter approval process
- Revise or remove smoke-free housing requirement and direct funding toward smoking cessation programs and education
- Provide more guidance and technical assistance relative to the required "Agreement" relative to transit infrastructure related experience
- Relative to the Greenhouse Gas Quantification Methodology, include in the Capital Improvements project type section, bicycle boulevards that include traffic calming and reduce barriers to accessing transit stops
- Reduce the Sustainable Transportation Infrastructure (STI) funds requested as a percentage of total AHSC request scoring criteria
- Reduce points in "Collaboration and Planning, Community Benefit and Engagement, and Creating Sustainable Communities" criteria and increase the "Housing Affordability" criteria
- Revise the "Context Sensitive Bikeways" and "Safe and Accessible Walkways" criteria
- Allow applicants to conduct their own case study to counter or complement Walscore.com
- Amend the "Enforceable Funding Commitment" section relative to low income housing tax credits
- Update definitions to include Transit Oriented District project area
- Ensure parity between the housing and transportation portions of an AHSC project;

NOW, THEREFORE, BE IT RESOLVED, with the concurrence of the Mayor, that by adoption of this Resolution, the City of Los Angeles hereby includes in its 2017-18 State Legislative Program SUPPORT for the Strategic Growth Council's (SGC) draft 2017-18 Affordable Housing and Sustainable Communities Program guidelines and SEEK AMENDMENTS listed above to be submitted to SGC the as the City of Los Angeles' comments.



April 3, 2017

City of Los Angeles Housing + Community Investment Department Comments on the 2016-2017, Round 3 Affordable Housing and Sustainable Communities Program Draft Guidelines: Recommendation and Suggested Changes

The City of Angeles Housing + Community Investment Department (HCIDLA) supports livable and sustainable neighborhoods by promoting, developing and preserving decent and affordable housing. The HCIDLA welcomes the opportunity to provide comments on behalf of the City of Los Angeles regarding the 2016-17 Round 3 Affordable Housing and Sustainable Communities Program (AHSC). The HCIDLA gathered comments from all City of Los Angeles staff involved in the AHSC application process.

The City of Los Angeles commends and acknowledges the SGC for addressing critical issues in the prior set of AHSC guidelines. The attentiveness and flexibility of responding with a comprehensive set of changes last year and the current draft guidelines, underscores your commitment to improve the program to reach its full potential to reduce greenhouse gas (GHG) emissions through the development of affordable housing near transit. In particular, we would like to reaffirm our support regarding your efforts to incentivize deeper affordability, prioritize strategies that prevent the displacement of residents and locally-owned business, and remove the administrative burden by eliminating the Concept Proposal portion of the application.

A summary of the most salient opportunities for improvement in the 2016-17 AHSC guideline review process are listed in bullet point format below. The attached comment table provides a more detailed discussion and description of the City's recommendations and suggested changes for your review, consideration and incorporation in the finalization of the upcoming final Round 3 AHSC Program Guidelines.

Recommended Changes

Nearly Completed Railway Stations Should Count as High Quality Transit Stops

Currently, nearly completed railway stations and transit lines under construction and/or set to be completed prior to the completion of a proposed AHSC project are not counted as High Quality (HQ) transit stops according to the AHSC guidelines. This results in projects within the vicinity of a nearly completed rail station to be categorized as Integrated Connectivity Projects (ICP) which are subject to very different AHSC requirements, instead of being categorized as Transit Oriented District (TOD) projects. Los Angeles is heavily investing in its transit infrastructure (via Measure R in 2008 and Measure M in 2016) and has many railway stations under construction and near completion such as the

Crenshaw light rail line, set to open in 2019. This line will soon connect the Los Angeles International Airport to the Exposition light rail line. Making affordable housing and transit investments in HQ transit areas that have nearly completed and fully funded rail stations scheduled to open within the next 3 years is smart planning; it protects investments from the potential increase in land prices once the station opens making projects less expensive to construct while ensuring low income transit riders have access to new stations as soon as they open.

Recommendation:

1. Nearly completed railway stations such as those along the Crenshaw light rail line that are fully funded, under construction and set to be completed before the completion of the AHSC project should be considered HQ transit stops for the purpose of qualifying a project as within a TOD project area.

Include Provisions to Accommodate Smoking in Developments and Direct Funding Toward Smoking Cessation Programs

Given that smoking prevalence remains higher among disadvantaged populations, including low income groups, the homeless, racial minorities and those suffering from mental illness and substance abuse, requiring developments to be smoke free should not be an application requirement. This new restriction would act as a barrier for smokers from disadvantaged groups in accessing affordable and permanent supportive housing. Although the pervasiveness and severity of secondhand smoke exposure in multi-unit housing should be considered and addressed, criminalizing the poor, based on tobacco addiction and providing disadvantaged groups with an additional housing burden does not align with the AHSC goal of increasing housing accessibility for this special needs population.

As currently outlined and defined in the draft guidelines, requiring developments to be smoke free for AHSC housing development projects raises significant concerns. In California, smoking rates among low income residents is 15.1%, greater than the county average of 12.2%.¹ Smoking prevalence among homeless adults is approximately 73%, with a quit ratio less than half of that seen in the general population.² As a result, this restriction will act as a barrier for smokers from disadvantaged groups in accessing affordable and permanent supportive housing. Although the pervasiveness and severity of secondhand smoke exposure in multi-unit housing should be considered, criminalizing the poor based on tobacco addiction and providing disadvantaged groups with an additional housing burden does not align with the AHSC goal of increasing housing accessibility.

We urge the Strategic Growth Council (SGC) to re-consider a substantial review of this new draft requirement and changing this new requirement to address its potentially adverse impacts to the intended populations to be housed and intended beneficiaries of the AHSC funding program.

¹ California Department of Public Health. 2016. "California Tobacco Facts and Figures 2016." <https://www.cdph.ca.gov/programs/tobacco/Documents/CDPH%20CTCP%20Refresh/Research%20and%20Evaluation/Facts%20and%20Figures/FactsFigures2016PrePrintEditionV2.pdf>

² Smoking Cessation Leadership Center. "Other Vulnerable Populations." <https://smokingcessationleadership.ucsf.edu/other-vulnerable-populations>

Recommendation:

- 1) Substantially revise or remove this new requirement.
- 2) Instead, include a provision to allow for the construction of a ground floor smoking lounge with filtration system.
- 3) Include the provision of a filtration system throughout the building and units using AHSC funds.
- 4) Expand application requirement to include designation of smoking and non-smoking sections in the building and/or prohibit smoking in indoor and outdoor common areas.
- 5) Direct funding toward smoking cessation programs and education.

Reduce STI Funds Requested as a Percentage of Total AHSC Request Scoring Criteria

We are concerned that the expectation for housing developers to be able to implement capital transportation infrastructure projects at this scale is much greater than their actual ability to do so. Based on our previous experience with AHSC Rounds 1 & 2 and overall AHSC recent awardees, we raise concerns regarding the ability and/or capacity of developers in taking on such large-scale capital transportation infrastructure projects that account for over 40% of total AHSC fund requests as currently drafted. For instance, if a developer requests \$10 million in AHSC funds in order to be awarded the maximum amount of points (6 points), they will be required to design a capital transportation infrastructure project of \$4 million. Given a housing developers specialization in housing projects and lack of expertise in large scale transportation-related infrastructure projects, the successful implementation of a \$4 million project is most in many instances largely beyond a developer's capacity. Moreover, of the 25 AHSC Round 2 successful projects statewide, only one development would receive maximum points in AHSC Round 3 based on the current scoring criteria. Another four would receive 4 points, and just two would receive 2 points; leaving a total of eighteen projects with 0 points following this new draft criteria.

Recommendation:

1. Reduce the STI Funds Requested as percentage of Total AHSC Request scoring criteria by 10% at each threshold (see detailed comment in attachment).

Reallocate Narrative-Based Policy Scoring and Increase Housing Affordability Criteria Points

Based on the 2015-2016 ASHC Scoring Criteria, the 20-point Narrative-Based Policy category was partially formed at the expense of the Housing Affordability criteria. The point allocation for the Housing Affordability criteria decreased from 10 points to 4 points, with much of the points transferred to the Collaboration & Planning and Community benefit Engagement criteria, which now accounts for 7 points each. While we support awarding deeper affordability through the provision of units to Extremely Low Income households, this reallocation of points away from the Housing Affordability criteria contradicts the very core of the AHSC program. This reduction of Housing Affordability criteria points essentially undervalues the provision of affordable housing and does not align with the AHSC program's purpose of increasing the availability and accessibility of affordable housing.

Recommendation:

1. Reduce Collaboration & Planning, Community Benefit and Engagement, and Creating Sustainable Communities by 2 points each and increase or re-instate the points for the Housing Affordability criteria to 10 points.

Reduce Mileage Scoring System for Context Sensitive Bikeways to that of Safe and Accessible Walkways

The points awarded for Context Sensitive Bikeways over one mile appears to contradict eligible costs for capital projects that extend beyond the Project Area, as defined under Section 102(a)(3)(A). In addition, bicycle facilities of over 1 mile would seem unrealistic and beyond the scope of what a single AHSC application can feasibly deliver.

Recommendation:

1. Use the same mileage point system for Context Sensitive Bikeways as “Safe and Accessible Walkways”

SGC’s Continuing Conversations

As part of the Strategic Growth Council’s Continuing Conversations, we would also like to offer comments for future consideration.

Metropolitan Planning Organization (MPO) role in Review of AHSC Applications

The role of MPO’s is significant and the City of Los Angeles has collaboratively worked with our MPO, the Southern California Association of Governments (SCAG) on various aspects of the AHSC program. Specifically, the City sought and secured technical assistance provided by SCAG for the following components of the AHSC RD 2 application process: 1) integrating SCAG’s Sustainable Community Strategy (SCS) priorities, 2) securing information for location efficiency and access to destinations maps, 3) information on activity centers for GHG quantifications, and 4) joint review of application narratives for a select number of applicants. The City strongly encourages the SGC to continue to support this specific role for MPO’s.

Recommendation:

1. Continue to empower MPOs to provide consistent and key additional technical assistance resources to AHSC applicants. Greater involvement of MPOs will increase the capacity of our housing developers in our region. As such, MPOs should continue to serve in this role and provide as much technical assistance to applicants throughout the region on the various complex component of an AHSC application.

AHSC Funding Distribution Goals

The City understands the SGC will continue to explore regional funding goals and consider potential methodologies for the geographic distribution of AHSC funds to ensure they are equitably distributed across geographies throughout the State.

Recommendation:

1. The City recommends that any methodology for geographic distribution of funds be apportioned in a balanced and equitable manner based on a combination of factors that take into account the prevalence of disadvantaged communities, population, poverty, urbanization, housing costs, and transportation infrastructure investment at a scale smaller than the MPO geography in order to better target GHG emission reduction.

Attachment:

- 1) City of Los Angeles, AHSC Round 3 Draft Guidelines: Suggested Changes and Recommendations Table

Article II. AHSC Program Requirements and Procedures

Reference Section:

Section 102. (c) TOD Project Areas (1) High Quality (HQ) Transit, p8

Comment:

Fully funded and nearly completed railway stations under construction and set to be completed prior to the completion of an AHSC awarded project should be considered and qualify as a High Quality (HQ) transit stop. The Los Angeles region is heavily investing in its transit infrastructure and is currently in midst of a long-term and continuous public transit infrastructure expansion supported by both Measure R and recently voter approved Measure M in November 2016. This transit investment includes many railway stations that are presently under construction and near completion, such as the Crenshaw Line, light rail corridor, set to open in 2019. Qualifying affordable housing developments in or within a ½ mile of these fully funded and soon to be completed new rail stations is smart planning and a necessary strategy to protect investments from the potential increase in land prices once new transit stations open to the public. Qualifying these fully funded transit stations will also help preempt higher land prices and enable the construction of less expensive affordable housing projects to ensure low-income transit riders have access to new transit stations and affordable housing options as soon as they open.

Recommendation:

1. Qualify all fully funded and under construction rail stations as High Quality transit and include these under construction transit stations in the High Quality Transit definition.
2. To qualify as a HQ, new rail transit stations and corridors under construction would need to be completed/operational by the estimated completion date of an AHSC awarded project. For example if a new rail station is expected to be fully operational by the 2019, then the proposed AHSC project located within a ½ mile of the transit station under construction would be deemed eligible and defined as a HQ transit.

Reference Section:

Section 103. Eligible Costs (a) (1) (C) (iii) p12, (a) (2) (iii) p12, (a) (3) (A) (iv), p14, (a) (4) (iv), p14

Comment:

The AHSC program encourages applicants to jointly apply with their local jurisdiction in order to ensure that the combined housing and transit projects are cohesive and have received meaningful community support. Pre-development eligible costs should include a coordination and administrative cost allowance fee that is funneled to local jurisdictions who jointly apply or per the new draft guidelines, enter into an “agreement” with an applicant in order to deliver an effective and coordinated AHSC application process supported by City staff. The City of Los Angeles learned that producing a high quality winning AHSC joint-application is a labor intensive process that is currently not eligible for funding under AHSC guidelines. Given the requirements of the AHSC application process, jurisdictions who jointly apply or enter into a yet to be fully defined “agreement,” should be able to recover the administration and coordination costs associated with the application process and implementation effort. In the City of Los

Angeles, a single department in the City, assumed the responsibility to coordinate 20 different City departments and entities, private partners, technical assistance providers and developers to prepare and submit successful AHSC applications. A core group of City departments developed transit proposals and directly assisted on the City prioritized applications to help develop high quality and competitive proposals with developers. Given the severe and ongoing administrative federal and state budget cuts to local jurisdictions, it is imperative that local jurisdiction be allowed to recover staff costs associated with an AHSC application. Without including this eligible cost, it will become increasingly difficult for local jurisdictions to justify having city staff work on the AHSC application efforts on a yearly basis to produce meaningful and high quality proposals, as well as providing monitoring and implementation efforts to ensure the successful completion of AHSC funded projects.

Recommendation:

1. Add language under Capital project soft costs to include or allow for the cost recovery of pre-development "coordination and administration fee" efforts directed to cover staff costs for local jurisdictions who jointly apply or enter into an "agreement" with an applicant.

Reference Section:

Section 106. (a) Program Threshold Requirements (6) Adequate Lighting, p17

Comment:

The guidelines now includes adequate lighting as a threshold requirement. However, the guidelines are not specific on what qualifies as adequate lighting. Please note that providing additional street lighting in the City of Los Angeles requires an extensive engagement and approval process. A property owner must gain the support of 70% of property owners to establish a new lighting district to be approved. This is provision is a pre-requisite for the Bureau of Street Lighting (BSL) when considering to include additional lighting in a project scope. This level of engagement adds substantial constraints to require including additional street lighting as a project component in an AHSC application. We urge the SGC to substantially revise this requirement and allow the necessary flexibility for local jurisdictions when developing a project scope with an AHSC applicant.

Recommendation:

1. Provide a clear definition on what qualifies as "adequate lighting."
2. Adjust requirements to apply only in instances that do not trigger a voter approval process, as prescribed under Proposition 218 "Right to Vote on Taxes Act" in the City of Los Angeles.

Reference Section:

Section 106. (a) Application Threshold Requirements (5) Smoke Free Housing, p17

Comment:

Given that smoking prevalence remains higher among disadvantaged populations, including low-income populations, the homeless, racial minorities and those suffering from mental illness and substance abuse. As currently outlined and defined in the draft guidelines, requiring developments to be smoke free for

AHSC housing development projects raises significant concerns. In California, smoking rates among low income residents is 15.1%, greater than the county average of 12.2%.¹ Smoking prevalence among homeless adults is approximately 73%, with a quit ratio less than half of that seen in the general population.² As such, this new requirement is set to trigger potentially severe adverse impacts to the very same population this funding program is seeking to house and serve.

This restriction would potentially act as a barrier in accessing affordable and permanent supportive housing for smoker individuals from the various disadvantaged groups. The City recognizes the critical need to address secondhand smoke health related impacts to individual and families as well as the understanding of the pervasiveness and severity of secondhand smoke exposure in residential units. However, addressing these important public health concerns, should not come at the expense of preventing these very same individuals and families from the these special needs populations from accessing and renting an affordable or permanent supportive housing developed with AHSC funding. This new restriction also jeopardizes the AHSC goal of increasing access to affordable housing for disadvantage communities and special needs population in location efficient areas. We urge the Strategic Growth Council (SGC) to re-consider a substantial review of this new draft requirement and changing this new requirement to address its potentially adverse impacts to the intended users and beneficiaries of the AHSC funding program. Moreover, the new emphasis on deeper affordability restrictions for extremely-low income households in the draft guidelines points to an increased emphasis in directing AHSC funding for permanent supportive housing development to further leverage state and local funding to address the homeless crisis. The new smoke free restriction, simply contradict this renewed effort and emphasis to house the homeless and other special needs population. Instead, we urge the SGC to consider examples in addressing second hand smoke hazards as referenced herein. For example, the Gateway Apartments developed a ground floor smoking lounge that is vented to the roof to divert the smoke from other units and common areas. This balanced approach allows for the mitigation of second hand smoke impacts while also addressing the smoking habits of their vulnerable population.

Recommendation:

1. Substantially revise or remove this new requirement.
2. Instead, include a provision to allow for the construction of a ground floor smoking lounge with filtration system, for example.³
3. Include the provision of a filtration system throughout the building and units using AHSC funds.
4. Expand application requirement to include designation of smoking and non-smoking sections in the building and/or prohibit smoking in indoor and outdoor common areas.
5. Direct funding toward smoking cessation programs and education.

¹ California Department of Public Health. 2016. "California Tobacco Facts and Figures 2016." <https://www.cdph.ca.gov/programs/tobacco/Documents/CDPH%20CTCP%20Refresh/Research%20and%20Evaluation/Facts%20and%20Figures/FactsFigures2016PrePrintEditionV2.pdf>

² Smoking Cessation Leadership Center. "Other Vulnerable Populations." <https://smokingcessationleadership.ucsf.edu/other-vulnerable-populations>

³ Holland, Gale. 2013. "108-unit apartment complex opens for homeless residents on skid row." LA Times. November 7. <http://articles.latimes.com/2013/nov/07/local/la-me-ln-homeless-apts-20131107>

Reference Section:

Section 106. (a) Application Threshold Requirements (12) Prior Experience (A) STI or TRA Components, p18

Comment:

We commend the SGC for developing this new provision to allow localities and transportation agencies to bring forth their respective transit infrastructure related experience without having to be a co-applicant. In prior rounds of AHSC funding, the guidelines required applicants to have a locality or transportation agency to be a co-applicant to fulfill or meet the required experience to carry out and successfully implement a Sustainable Transportation Infrastructure (STI) project. On the City's initial understanding of this new provision, it seems this new process would allow for an agreement to be executed between an applicant and a locality/transit agency to fulfill this requirement. However, upon further review, the City has questions regarding the "agreement" and what it entails. As such, we have questions about the development of said "agreement" to satisfy this application requirement. Will the SGC provide examples of agreements as well as list key provision that will need to be included in said final "agreement"? If an applicant chooses this option, is the applicant still the responsible entity to implement the STI or TRA components of the project? If not, how will funding be disbursed to a non-applicant entity?

Although the City preliminarily understands the intent of this new provision, we would like to have the above questions resolved, in terms of the responsibilities for STI/TRA implementation between the two or more entities entering into said "agreement" and potential impacts on both or more parties.

Recommendation:

1. We request the SGC provide more guidance on the crafting/development of said "agreement."
2. Provide technical assistance to applicants and respective local jurisdictions and transit agencies in developing an "agreement" that complement the proposed AHSC project. Specifically technical assistance to address the roles and responsibilities for the entities entering into said "agreement."

Reference Section:

Section 107. Scoring Criteria: GHG Qualification Methodology (a) Calculation (1), p23.

See *Greenhouse Gas Quantification Methodology for the Strategic Growth Council. Affordable Housing and Sustainable Communities Program, Section C. GHG Quantification Methodology Using TAC Methods, Table 5. TAC Methods by Project Type*

Comment:

TAC provides up to 30 points for Sustainable Transportation Infrastructure (STI) that include Class I, Class II bicycle facilities, and was recently revised to include Class IV bicycle facilities. The City of Los Angeles, with high concentrations of disadvantaged communities (DACs) and transit oriented development (TOD) project areas, has major constraints in installing these facility types (densest areas have limited right-of-way and a high volume of average daily trips which constrains road diet/bike lane options), while bicycle boulevards can perform better in attracting higher bicycle usage.

The revised change on page 24 of the Air Resource Board (ARB) GHG Quantification Methodology clarifies that Class III bike route is not quantified in the methodology. However, the current definition of Class III bike route as exclusively comprising of wayfinding signage and shared lane markings are unnecessarily restrictive in describing a host of treatments and their benefits in encouraging mode shift on neighborhood streets. When properly designed, bicycle boulevards treatments extend beyond Class III bike routes and include the traffic calming treatments such as traffic diverters, traffic circles and chicanes, and proper protected crossing treatments at major intersections that are intended to promote bicycle travel above other travel modes. Active transportation practitioners, such as the National Association of City Traffic Officials (NACTO)⁴, as well as transportation planning researchers⁵ have endorsed the application of bicycle boulevards as a compelling strategy to attract risk-averse people into cycling and increase bicycle mode share, especially where they function as a complete network. The development of low stress networks that includes bicycle boulevards on local streets is a major focus of the City's transportation element, the Mobility Plan 2035, approved by the City in 2016.

The quantification methodology under CalEEMod appears to validate the traffic calming element scope of bicycle boulevards (see SDT-2 in the California Air Pollution Control Officers Association (CAPCOA) Quantifying Greenhouse Gas Mitigation Measures (CAPCOA Quantification Report), however, the instructions on Page 2 of Appendix D of the Draft Guidelines does not direct the use of CalEEMod for STI component of the application.

Currently the Capital Improvement project type in Table 5 is too narrowly focused on facilities at the transit station and stops, and does not recognize the benefit of resolving critical barriers to the transit station and stops. The City's Mobility Plan 2035 and Metro's First Last Mile Strategic Plan recognize the bicycle boulevard kit of parts as a critical strategy in connecting more people to transit.

Recommendation:

1. Include in the Capital Improvements (that encourage mode-shift) project type, TAC Methodology in Table 5 (Page 23 of the ARB's GHG Quantification Methodology), bicycle boulevards that include traffic calming and reduce barriers to accessing transit stops. The recognition of bicycle boulevards as a project type to receive points in the TAC methodology will further increase opportunities for urban greening and produce truly multi-benefit projects. As the image demonstrates below, there is more opportunity to integrate urban greening components traffic calming features on neighborhood streets than there is for standard Class II bikeways on arterial streets.



⁴ NACTO. "Urban Bikeway Design Guide. Bicycle Boulevards." <http://nacto.org/publication/urban-bikeway-design-guide/bicycle-boulevards/>

⁵ Mekuria, Maaza C., Peter G. Furth, and Hilary Nixon. "Low-Stress Bicycling and Network Connectivity." Mineta Transportation Institute (MTI) Report 11-19 (2012): 1-3, 5, 14, 51 and 56

Reference Section:

Section 107. Scoring Criteria: Qualitative Policy Scoring (c) Housing and Transportation Collaboration (1), p25.

Comment:

We are concerned that the expectation for housing developers to be able to implement capital transportation infrastructure projects at this scale is much greater than their actual ability to do so. Based on our previous experience with AHSC Rounds 1 & 2 and overall AHSC recent awardees, we raise concerns regarding the ability and/or capacity of developers in taking on such large-scale capital transportation infrastructure projects that account for over 40% of total AHSC fund requests as currently drafted. For instance, if a developer requests \$10 million in AHSC funds in order to be awarded the maximum amount of points (6 points), they will be required to design a capital transportation infrastructure project of \$4 million. Given a housing developers specialization in housing projects and lack of expertise in large scale transportation-related infrastructure projects, the successful implementation of a \$4 million project is most in many instances largely beyond a developer’s capacity. Moreover, of the 25 AHSC Round 2 successful projects statewide, only one development would receive maximum points in AHSC Round 3 based on the current scoring criteria. Another four would receive 4 points, and just two would receive 2 points; leaving a total of eighteen projects with 0 points following this new draft criteria. Furthermore, the 7th & Witmer Apartments, which will be implementing an extensive walking and biking infrastructure project that includes pedestrian improvements, repairing and replacing street trees and sidewalks, building curb extensions to calm traffic, creating bus zones, and creating a bike share station along with two years of startup operations and maintenance, would only receive 4 points out of a maximum of 6 points under this new scoring criteria.

We strongly urge the SGC to substantially revise the proposed scoring criteria and total percentage of funding per total AHSC funding request to more accurately reflect the reality and results in terms of STI and TRA funding awards. Furthermore, we urge the SGC to stay focused to on the core elements of the AHSC program, which is to develop and preserve affordable housing development in location efficient areas to reduce GHG and VMTs. The AHSC funding program is not an Active Transportation or Transportation Infrastructure funding program. Both STI and TRA elements are meant to be complimentary to the development of affordable housing to be available for low-income households and disadvantaged communities’ residents.

Recommendation:

- 1. Reduce the STI Funds Requested as percentage of Total AHSC Request scoring criteria by 10% at each threshold as outlined below (see Table 2.):

Table 2.

STI Funds Request as percentage of Total AHSC Request	Points	City Recommended Reduction	City Recommended Percentage
40%	6	-10%	30%
30%	4	-10%	20%
20%	2	-10%	10%

Reference Section:

Section 107. Scoring Criteria: Narrative-Based Policy Scoring, p22, p28 and pgs 28 to 31.

Comment:

The point allocation in the newly created Narrative-Based Policy category should be reduced and reallocated to the Housing Affordability criteria. Based on the 2015-2016 ASHC Scoring Criteria, the 20-point Narrative-Based Policy category was partially formed at the expense of the Housing Affordability criteria. The point allocation for the Housing Affordability criteria decreased from **10 points to 4 points**, with much of the points transferred to the Collaboration & Planning and Community benefit Engagement criteria, which now accounts for 7 points each. While we support awarding deeper affordability through the provision of units to Extremely Low Income households, this reallocation of points away from the Housing Affordability criteria contradicts the very core of the AHSC program, which is reduce GHG and VMT by locating affordable housing in location efficient areas. This reduction of Housing Affordability criteria points essentially undervalues the provision of affordable housing and does not align with the AHSC program's purpose of increasing the availability and accessibility of affordable housing in TOD, ICP and RIPA project type areas.

Recommendation:

1. Reduce Collaboration & Planning, Community Benefit and Engagement, and Creating Sustainable Communities by 2 points each and increase the Housing Affordability criteria to 10 points (see Table 1.).

Table 1.

2016-2017 AHSC Scoring Criteria		City Recommended Point Change	City Recommended Scoring Criteria
Criteria	Points	Points	Points
GHG Quantification Methodology Scoring	30	-	30
GHG Efficiency	15	-	15
GHG Total	15	-	15
Qualitative Policy Scoring	50	+6	56
Active Transportation Improvements	10	-	10
Green Buildings and Renewable Energy	10	-	10
Housing and Transportation Collaboration	10	-	10
Location Efficiency and Access to Destination	5	-	5
Funds Leveraged	3	-	3
Programs	2	-	2
Anti-Displacement Strategies	4	-	4
Local Workforce Development and Hiring Practices	2	-	2
Housing Affordability	4	+6	10
Narrative-Based Policy Scoring	20	-6	14
Collaboration & Planning	7	-2	5
Community Benefit and Engagement	7	-2	5
Creating Sustainable Communities	6	-2	4
Total Scoring	100		100

Reference Section:

Section 107. Scoring Criteria: Quantitative Policy Scoring (b) Active Transportation Improvements (1) Context Sensitive Bikeways, p24

Comment:

The points awarded for Context Sensitive Bikeways over one mile appears to contradict eligible costs for capital projects that extend beyond the Project Area, as defined under Section 102(a)(3)(A) (which defines a project areas to be no more than an mile from the proposed project development). In addition, bicycle facilities of over 1 mile would seems unrealistic and beyond the scope of what a single AHSC application can feasibly deliver.

The definition of “Context Sensitive Bikeways” in Appendix A: Definitions (n), p43 overly constrains project design that would achieve intended outcomes of volume and speed control of a street, and contradicts NACTO Guidance.⁶ The definition of “Context Sensitive Bikeways” should not prescribe the design of a bikeway facility to match pre-project conditions but instead should encourage applicants to select design controls to achieve a targeted volume and speed objectives. For instance, a local street may exceed 2,000 average daily trips (ADT), though has inadequate width to add a Class II bicycle facility. Traffic calming features could be introduced that further limit vehicle throughput or access to provide a greater comfort level for bicyclists to use the road with the need of a Class II bicycle lane. The Mobility Plan 2035 recently unlinked volume targets with street classifications for this reason, as the City did not want to constrain design options based on existing traffic conditions. Construing the definition as such artificially constrains design outcomes.

The criteria (a) that at least 75 percent of the street blocks are no more than 500 feet in length under definition of “Safe and Accessible Walkways” in Appendix A: Definitions (zz), p48 overly constrains eligible pedestrian improvements. Many blocks in Los Angeles are over 500 feet in length. Requiring this qualification under the definition of “Safe and Accessible Walkway” is not feasible to change in a built out city, and effectively discourages opportunities for meaningful improvements along block fronts longer than 500 feet. The scope of improvement under AHSC would have no recourse to introduce smaller block lengths, and would severely limit the ability to make valuable improvements to the pedestrian experience in the City of Los Angeles.

Recommendation:

1. Use the same mileage point system for Context Sensitive Bikeways as “Safe and Accessible Walkways”
2. Remove street block length requirement under “Safe and Accessible Walkways” definition
3. Edit the last bullet under Section 107(b)(3) to read “Safe and Accessible Walkways” instead of “Context Sensitive Walkways”

⁶ NACTO. “Urban Bikeway Design Guide: Volume Management.” <http://nacto.org/publication/urban-bikeway-design-guide/bicycle-boulevards/volume-management/>

Reference Section:

Section 107. Scoring Criteria: Quantitative Policy Scoring (d) Location Efficiency and Access to Destinations (1) Walk Score, p26

Comment:

If AHSC funding is designed to reduce GHGs by investing in housing and transit infrastructure, it seems counter intuitive to require that pedestrian infrastructure pre-exist to such an advanced degree (90-100 score for full points) in order for an application to be competitive. We do, however, recognize and commend the SGC in removing the bike share portion of the criteria.

In addition, the City is concerned that SGC is placing a heavy reliance on a single third party website to evaluate pedestrian accessibility. We urge the SGC to allow applicants to submit their own case studies, under newly developed guidelines, that would sufficiently demonstrate the walkability of the immediate area surrounding a project if points are going to continue to be awarded to areas that already facilitate an advanced degree of walkability.

Recommendation:

1. Allow applicants to conduct their own case study to counter or complement Walkscore.com.

Appendices**Reference Section:**

Appendix A. Definitions (t) "Enforceable Funding Commitment" (1) Low-income housing tax credit, p44

Comment:

Pursuant to the California Tax Credit Allocation Committee (CTCAC) Regulations, there are only two single- jurisdiction regional competitions. In order to manage the competition within these geographic apportionment, CTCAC has set a tie-break that allows the two single-jurisdictions to manage the winning projects by requiring formal letters of support from only the respective Housing Departments. Thereby, ensuring that the Housing Department of the single- jurisdiction be able to manage and control the 9% tax credit apportionment, nearly guaranteeing that projects which are given the support letter will win the tax credit allocation.

Recommended Language:

1. Amend (t) (1) as follows: Low-income housing tax credit equity contributions (without the necessity of a tax credit reservation letter or within single-jurisdiction regional competitions accompanied by a formal letter of support pursuant to the California Tax Credit Allocation Committee Regulations) and tax-exempt bonds in connections with four (4) percent low-income housing tax credits, AHSC Program funds, will be considered committed in this calculation.

Reference Section:

Appendix A. Definitions

Comment:

There are three project area types but only two are included in Appendix A definitions, ICP and RIPA. Including the TOD project area would avoid confusion and create consistency in definitions.

Recommended Language:

1. Include definition for Transit Oriented District project area.

General Changes

Broad Issues

Issue:

Ensure parity between housing and transportation portions of an AHSC project

Comment:

Consider involving State transportation counterparts to the California Department of Housing and Community Development (HCD) in the development of the application requirements to ensure for parity and synchronicity between the housing and transit related components of an AHSC project. The City's experience has demonstrated a need for the more direct involvement of a State transportation agency that closely mirrors the level of guidance from the HCD regarding AHSC applications. This will be especially needed, given the greater emphasis in larger STI and TRA projects that will require more prescriptive guidance from a State transportation entity to ensure compliance and understanding of the complexities of matching housing and transportation projects in a single application.

Suggested Change:

1. Involve Caltrans or other State transportation agencies in the development of the AHSC Guidelines to ensure there's parity between transportation and housing components of an AHSC application.