

MOTION

HOUSING

The City continues to address the need for affordable housing through a number of policies, initiatives, and measures to secure additional resources for the development of housing. On October 2, 2017, California’s Strategic Growth Council and Department of Housing and Community Development released a Notice of Funding Availability (NOFA) for the Affordable Housing and Sustainable Communities Program (AHSC Program). The AHSC Program funds projects that support infill and compact development in effort to reduce greenhouse gas emissions through monies secured under what is commonly known as Cap-and-Trade program. During the AHSC Program’s first program year, FY 2014-15, the SGC awarded approximately \$154 million statewide, including funding for nine (9) projects in the City with a combined total of \$30 million. 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.

The current NOFA, AHSC Round 3 is expected to distribute up to \$255 million for the development of Transit-Oriented Development (TODs) and Inter-Connectivity Projects (ICPs) via a statewide competitive process. In the previous two rounds, the City has supported or co-applied with applicants seeking funding under the ASHC Program. The Housing and Community and Investment Department (HCID) has facilitated the AHSC working group, comprised of several City departments, coordinating planning efforts and AHSC applications throughout the City.

The City reaffirms its support for the AHSC Program objectives and remains committed to furthering sustainable communities. It is in the best interest of the City of Los Angeles to support projects for funding and co-apply with other project applicants, as needed. HCID has prepared the attached proposed criteria for evaluating a project and making a recommendation to support or co-apply for AHSC funding. Following a determination to co-apply, the City would need to prepare any necessary documents to minimize its risk, as joint application status makes the City jointly and severally liable for the completion of the project. The AHSC Program application deadline is January 16, 2018.

I THEREFORE MOVE that Council instruct the Housing and Community Investment Department (HCID) to continue to lead the coordination, partnership, and engagement with the Department of Transportation, Department of City Planning, Department of Public Works and any other City departments, as necessary, in joint planning efforts and assessment of individual projects to increase each AHSC applicant’s readiness and competitiveness for current and future funding rounds.

I FURTHER MOVE that Council approve the attached 2017 City AHSC Strategy and Criteria as proposed by HCID.

I FURTHER MOVE that HCID be directed to report at the next Housing Committee with recommendations on projects the City could co-apply with or support under the AHSC Program, and program considerations, including timeline.

PRESENTED BY:

  
GILBERT CEDILLO  
Councilmember, 1<sup>st</sup> District

SECONDED BY:



OCT 20 2017

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## **2017 AHSC PROPOSED STRATEGY AND CRITERIA**

### **3<sup>rd</sup> Round AHSC NOFA Approach**

In anticipation of the new funding round, HCIDLA has led the City's AHSC planning efforts and worked collaboratively with the Mayor's Office, the City Council, the CLA's Office, LADOT, DCP, DPW, LACMTA, and Enterprise to discuss the AHSC program requirements and coordinate applications within the City of Los Angeles. In order to support these efforts, HCIDLA and Enterprise entered into a Memorandum of Understanding whereby Enterprise agreed to provide technical assistance and expertise to build internal capacity, help facilitate joint planning efforts and increase the City's AHSC competitiveness in order to help it achieve its policy goals. Since AHSC is a relatively new program, the City sought external support to help ramp up and meet the demand for the current and subsequent rounds of AHSC funding.

The revised AHSC Program structure creates a strong incentive for meaningful coordination between affordable housing developers and public agencies with authority over public transit or transportation infrastructure. AHSC requires project applications with multiple components that include affordable housing, transportation infrastructure, transportation amenities, transportation programming, urban greening and other investments. In some cases, affordable housing developers are ineligible to apply unless they can incorporate significant transportation related infrastructure into their project scopes. Thus, to maximize the number of competitive applications, City staff need to actively integrate, coordinate, and engage in deep joint planning efforts across multiple departments for the current and future AHSC funding rounds.

### **Proposed City AHSC Strategy Components**

- I. Proposed Criteria for General AHSC Support** – The City's goal is to provide assistance and general support to all AHSC applicants developing projects in the City of Los Angeles who approach the City consistent with the City's working group and AHSC's timetable. General support includes an evaluation of project readiness in order to determine the project's likelihood for meeting minimum AHSC threshold requirements. The City's evaluation includes a collaborative joint planning session between the developer and staff representatives from the HCIDLA, the LADOT, the DCP and other City staff as necessary. Once the City's working group determines that a project meets all of the AHSC program requirements, an official City of Los Angeles resolution that provides general support for the AHSC application will be provided.
- II. Proposed Criteria for AHSC Co-Application** - AHSC project greatly benefit from a joint application with a local jurisdiction. Typically the lead AHSC applicants are affordable housing developers with little to no expertise in developing transit infrastructure plans. Due to the fact that AHSC is designed to reduce GHGs, a highly competitive project must integrate affordable housing projects with significant transit and green infrastructure improvements. LADOT and BOE staff are well equipped and experienced to help develop these transit infrastructure scopes and budgets

for AHSC. In 2016, only projects that jointly applied with the City of LA were awarded funding. This effort led to the successful awarding of nearly \$65 Million in AHSC funding for affordable housing and sustainable transportation infrastructure. Lastly, while the 2017 criteria did change, 70% of the application scoring criteria for 2017 is positively impacted by a joint application with a jurisdiction or locality. Simply stated, a joint application with the City of Los Angeles will increase the competitiveness of AHSC application for this third round of funding.

Given the City's limited staff resources, the City will prioritize the 2017 AHSC applications that meet following City established criteria:

***Co-Applicant Criteria:***

Each Co-Applicant must be project ready and must meet the AHSC minimum threshold requirements. In addition, a Co-Applicant must satisfy at least one of the following criteria:

- A. Have been admitted into the City's Affordable Housing Trust Fund Managed Pipeline, have received or will be leveraging Proposition HHH funding, or is a city-owned site.
- B. Advance the HCIDLA's prioritized planning efforts and policy objectives to produce and preserve affordable housing near transit.
- C. Advance and promote sustainable transit infrastructure and amenities that implement prioritized LADOT and LACMTA planning efforts and policy objectives.

Evaluating all potential AHSC applications in a collaborative planning session and prioritizing those that meet minimum threshold and advance the Mayor and City Council's planning and policy objectives increases the City's AHSC competitiveness. Developing and preserving quality affordable housing that integrates carbon-reducing measures through sustainable transit infrastructure and amenities in the City is directly in alignment with the City's Sustainability pLAN and other City priorities to help alleviate the affordable housing crisis.

- III. **Legal Co-Application Requirements** - In preparation for the January 16, 2018 application deadline, the City is required to self-certify their role as a Co-Applicant and intention to enter into an agreement that clarifies the responsibility borne for specific portions of the award. Thereafter, the City and the pertinent City departments will work with each project to develop contractually binding indemnification agreements that address joint and several liability as well as funding administration and overall responsibility. Because each project's structure is unique there is no template for this type of agreement; the City has the flexibility to develop agreements that do not include broader liability. The joint development agreements and all necessary legal documents must be completed and executed by the AHSC application deadline of January 16, 2018.
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