

## TRANSMITTAL

To: **THE COUNCIL**

Date: **10/04/19**

From: **THE MAYOR**

TRANSMITTED FOR YOUR CONSIDERATION. PLEASE SEE ATTACHED.

A handwritten signature in blue ink, appearing to be 'Eric Garcetti', is written over the printed name.

(Ana Guerrero) for

**ERIC GARCETTI**  
Mayor



Eric Garcetti, Mayor  
Rushmore D. Cervantes, General Manager

September 25, 2019

Council File: 15-0087-S5  
Council District(s): Citywide  
Contact Person(s):  
Claudia Monterrosa (213) 808-8650  
Alina Tishchenko (213) 808-8866

Honorable Eric Garcetti  
Mayor, City of Los Angeles  
Room 303, City Hall  
200 N. Spring Street  
Los Angeles, CA 90012

Attention: Heleen Ramirez, Legislative Coordinator

**COUNCIL TRANSMITTAL: REQUEST FOR AUTHORITY TO APPROVE THE CITY'S CRITERIA AND APPLICATION STRATEGY FOR THE 2019 ROUND 5 FUNDING OPPORTUNITY OF THE STRATEGIC GROWTH COUNCIL'S (SGC) AFFORDABLE HOUSING AND SUSTAINABLE COMMUNITIES (AHSC) PROGRAM**

**SUMMARY**

In accordance with Executive Directive No. 3, The General Manager of the Los Angeles Housing + Community Investment Department (HCIDLA) requests that your office review and approve this transmittal and forward it to the City Council for further consideration. Through this transmittal, HCIDLA seeks approval, and requests authority to approve the project selection criteria and authorize the General Manager of HCIDLA to continue to lead the Affordable Housing and Sustainable Communities (AHSC) coordination with the City Team.

The AHSC program is one of thirty programs funded through the state's Greenhouse Gas Reduction Fund (GGRF) auction proceeds from California's Cap-and-Trade program. To further the state's climate goals, the AHSC program aims to reduce greenhouse gas (GHG) emissions through reduced vehicle miles traveled by providing grant and loan opportunities to strategically fund affordable housing developments with sustainable transportation infrastructure (STI) and urban greening components primarily in Disadvantaged Communities (DACs) and Low-Income Communities. The California Strategic Growth Council (SGC) will release its fifth Notice of Funding Availability (NOFA) in the amount of approximately \$550 million by October 2019. The application submission deadline for this new funding round will be in February 2020.

## **RECOMMENDATIONS**

- I. That the Mayor review this transmittal and forward it to the City Council for further action;
- II. That the City Council, subject to the approval of the Mayor:
  - A. Approve the City’s selection criteria for the upcoming Affordable Housing and Sustainable Communities Round 5 NOFA as outlined under the Proposed City of LA AHSC Project Selection Criteria section of this report;
  - B. Authorize the General Manager of HCIDLA, or designee, to continue to lead the coordination, partnership and engagement with the Los Angeles Department of Transportation (LADOT), Department of City Planning (DCP), Bureau of Engineering (BOE), Bureau of Street Lighting (BSL), Bureau of Street Services (BSS), and other City departments as necessary, in joint planning efforts in the development of the required Sustainable Transit Infrastructure (STI) and Transportation-Related Amenities (TRA) scope of work and assessment of individual affordable housing projects to increase each AHSC applicant’s readiness and competitiveness per the AHSC revised funding guidelines.

## **BACKGROUND**

### ***AHSC Program***

The AHSC program is a competitive state funding program (administered by the SGC and the California Department of Housing and Community Development (HCD)) with the primary objective to reduce GHG emissions by providing funding for affordable housing development, sustainable transportation improvements, and programs that encourage residents to walk, bike, and use public transit.

Successful projects are defined as those that substantially reduce GHG emissions by increasing access to affordable housing, employment centers, and key destinations through sustainable transportation infrastructure projects. As a result, projects must include both an affordable housing component and a sustainable transportation scope of work. Projects are competitively scored based on established scoring criteria (See Appendix A- AHSC Application Scoring Elements and Criteria).

### ***City of Los Angeles AHSC Funding Awards Summary***

The following is a summary of AHSC funding awards to the City of Los Angeles over the past four rounds of funding:

<b>AHSC Round</b>	<b>Number of Projects</b>	<b>Number of Units</b>	<b>Award Amount</b>
Round 1 Awards	8	688	\$28 million
Round 2 Awards	6	553	\$64 million
Round 3 Awards	2	153	\$21 million
Round 4 Awards	5	824	\$85 million
<b>TOTAL</b>	<b>21</b>	<b>2,218</b>	<b>\$198 million</b>

### ***Impact in the City of Los Angeles***

On June 21, 2019, the SGC awarded the City of Los Angeles a total of \$84,965,400 for the fourth round of AHSC. As a successful joint applicant with five affordable housing developers, the City will be responsible for the administration, implementation, construction, and completion of the grant-funded transportation-related improvements, and the developer will be responsible for the development components of the affordable housing project.

Given the AHSC program's commitment to increasing access to affordable housing and sustainable transportation infrastructure, the City has the opportunity to further leverage and maximize future AHSC funding to advance the City's priorities related to housing, mobility and sustainability. Over the past four rounds, Los Angeles has been awarded nearly \$200 million in AHSC funding for affordable housing, transportation and infrastructure projects in the city, contributing to the creation of over 2,218 units across eight Council Districts. In Round 4 alone, over \$25 million in grant funding will be implemented and invested in Los Angeles for sustainable transportation infrastructure related improvements, including 8.89 miles of bike facilities, 2.84 miles of a specific infrastructure, crosswalks, bike share stations, transit shelters and street trees. These improvements were developed in alignment with the City's Sustainable City pLAN, Mobility Plan 2035, Safe Route to Schools, Measure M Local Return Program, as well as the Vision Zero initiative to enhance mobility, safety, and sustainability and through the concerted efforts of the City's AHSC Team.

The combined investment in housing and infrastructure are forming Los Angeles as a more livable and environmentally sustainable city. The SGC estimates that the combined AHSC investments in Los Angeles since Round 1 have resulted in a reduction of over 338,000 tons of GHG emissions.

### **AHSC ROUND 5**

#### ***AHSC Round 5 Funding Opportunity***

By October 2019, the SGC will approve the AHSC Round 5 final guidelines and release the Notice of Funding Opportunity (NOFA) and application. The SGC expects to release approximately \$550 million in funding to be available for AHSC Round 5, with an application deadline of February 2020 (See Appendix B for program timeline). At least 50% of the AHSC Program awards shall fund projects located within disadvantaged communities or low-income communities. The SGC plans to announce funding recommendations for Round 5 in June 2020. Most significantly, the SGC expects to maintain the same October-February application cycle for every year until approximately 2030. This established funding cycle will now allow the City's AHSC Team to engage in long-term planning to identify and support both competitive affordable housing and transportation related infrastructure projects over the next decade.

Further, the draft AHSC regulations for Round 5 propose increasing the total maximum application request from \$20 million to \$30 million. As per the draft regulations, the new maximum loan amount is proposed at \$20 million and up to \$10 million in grant funding for sustainable transportation infrastructure projects to directly help fund the City's mobility and active transportation priorities. These newly increased limits in effect will allow the City to prepare more comprehensive and holistic transportation improvements in location efficient affordable housing developments.

### ***City of Los Angeles as Recipient of Transportation-Related Grant Funding***

The City of Los Angeles as in prior rounds will be the recipient of STI and TRA grant funding upon any successful AHSC funding awards for Round 5. As such, HCIDLA, as the grant administrator, will pass through grant funding to other City departments to implement the STI/TRA grant funds. Up to 10% of STI/TRA project funds can be allocated for administration and staff overhead costs. Up to 30% of the total AHSC award can be allocated for soft costs for STI projects, while up to 10% of the total AHSC award can be allocated for soft costs for TRA projects. Eligible soft costs include staff salaries and related costs. As the AHSC program increasingly incentivizes larger, more complex non-housing-related elements, the STI/TRA components are likely to exceed the capacity of housing developers. Therefore, the City's delivery of STI/TRA grant implementation is paramount to the overall competitiveness and success of these projects.

In Round 5, AHSC will allow up to 2% of total funding request to be used for employment benefits and outcomes reporting. The additional funds are not included within the soft costs cap and are intended to support awardees with meeting the additional employment reporting requirements. The City will include the necessary budget line items in the AHSC application to reflect the 2% allotment per the eventual final AHSC guidelines.

### **DISCUSSION**

#### ***The City AHSC Team***

The City AHSC Team provides critical support for the development of competitive AHSC applications. Given the far-reaching goals of the AHSC Program, applications require a multidepartment effort in reviewing affordable housing requirements and scoping sustainable transportation infrastructure improvements that help create safer and healthier communities. The City AHSC Team consists of staff from HCIDLA (lead coordinating agency), LADOT, BOE, DCP, BSL, and BSS, Los Angeles County, and the Housing Authority of the City of Los Angeles (HACLA). The City AHSC Team's work is also supported through leadership of both the Mayor's Office and City Council offices.

Since AHSC is an ongoing cyclical grant program until 2030, it is critical that HCIDLA and the other City departments continue to sustain dedicated, skilled, and fully funded staff to prepare, implement, monitor projects, and administer any awarded grant funds. A Round 5 NOFA of approximately \$550 million is expected in October 2019, and the AHSC Team will need to continue to add and retain staff in order to prepare successful applications while also implementing and administering previously awarded projects from AHSC Rounds 1, 2, 3 and 4. Having dedicated staff for the AHSC Team will ensure that the operational infrastructure developed by HCIDLA and other City departments over the past four rounds of funding remains sustainable and competitive for years to come. HCIDLA and all of the implementing departments may continue to seek new staff and funding authorities through the annual budget process to ensure the successful implementation of awarded AHSC funding.

#### ***Proposed City of LA AHSC Project Selection Criteria***

In August 2019, HCIDLA issued an AHSC Round 5 Call for Projects to request all potential AHSC applicants that are interested in pursuing a co-application with the City, to register their project with the department. In response to the Call for Projects, HCIDLA received 26 interested applicants, which are

currently being evaluated by the City’s AHSC Team based on the AHSC threshold criteria, as well as the City criteria outlined below. The project selection criteria remains consistent with those adopted last year by the City Council and Mayor (Council File No. 15-0087-S2) for AHSC’s Round 4 program. Each project must be shovel ready and meet the minimum AHSC program guidelines threshold requirements. In addition, each project must satisfy at least one of the following City criteria:

- Admitted into the City’s Affordable Housing Trust Fund Managed Pipeline, received or will be leveraging the City’s Prop HHH funding, or is a City-owned site.
- Advance HCIDLA’s prioritized planning efforts and policy objectives to produce and preserve affordable housing near transit.
- Advance and promote sustainable transit infrastructure and amenities that implement prioritized LADOT and LADCP planning and policy objectives, including Vision Zero, and Mobility Plan 2035.

To maximize the AHSC program’s impact in the City, the City Team will (1) evaluate all potential AHSC applications; (2) prioritize projects that leverage City resources, and (3) advance the Mayor and City Council’s planning and policy objectives. The City’s AHSC Team will be conducting the evaluation of interested applicants and will select and issue the list of recommended potential co-applicants with the City to the City Council by November 2019.

***The City Transmittal Timeline for AHSC Round 5 Funding Cycle***

<b>Name</b>	<b>Date</b>	<b>Purpose</b>
Transmittal 1	September 2019	Propose City of LA Selection Criteria for AHSC Round 5 program
Transmittal 2	November 2019	Issue recommendations for co-applicant list and related instructions and authorities for AHSC Round 5
City Council Resolution	December/January 2019	Introduce and adopt City Council Resolution approving the list of recommended Round 5 co-applicant list, authority to execute Joint Application Agreements with co-applicant developers, authorize the HCIDLA General Manager to execute State mandated application documents and other related authorities to successfully submit AHSC application for Round 5 due in February 2020.

**CONCLUSION**

The AHSC Round 5 project selection criteria prioritizes applications that both meet program eligibility and align with the City’s priorities related to housing, mobility, and sustainability. Contingent upon the City’s capacity to pursue AHSC Round 5 funding, HCIDLA will report back in October with the list of selected AHSC projects based on the above project selection criteria, and request authority to submit applications on behalf of the City for AHSC Round 5. A detailed program schedule timeline for the AHSC Round 5 is outlined in Attachment B – AHSC Round 5 Program Schedule.

**FISCAL IMPACT STATEMENT**

Approval of the recommendations in this report will have no impact on the General Fund.



Prepared By:



ALINA TISHCHENKO  
Housing Planning & Economic Analyst

Reviewed By:



CLAUDIA MONTERROSA  
Director Public Policy & Research Unit

Reviewed By:



LAURA K. GUGLIELMO  
Executive Officer

Approved By:



RUSHMORE D. CERVANTES  
General Manager

ATTACHMENTS:

- AHSC R5 Project Criteria Transmittal 9\_16\_2019\_FINAL Appendix A
- AHSC R5 Project Criteria Transmittal 9\_16\_2019\_FINAL Appendix B



**Appendix A**  
**AHSC Draft Round 5 Application Scoring Elements and Criteria\***

<b>AHSC Scoring Elements and Criteria</b>	
<b>Criteria</b>	<b>Points</b>
<b>GHG Quantification Methodology Scoring</b>	
GHG Efficiency	20
<i>Total</i>	<u>20</u>
<b>Quantitative Policy Scoring</b>	
Active Transportation Improvements	10
Green Buildings and Renewable Energy	8
Housing and Transportation Collaboration	10
Location Efficiency and Access to Destinations	6
Funds Leveraged	5
Anti-Displacement Strategies - <i>Updated</i>	8
Prohousing Local Policies - <i>New</i>	6
Local Workforce Development and Hiring Practices	2
Housing Affordability	5
Programs	2
Urban Greening	2
<i>Total Quantitative Policy Scoring</i>	<u>64</u>
<b>Narrative-Based Policy Scoring</b>	
Collaboration and Planning	4
Community Benefit and Engagement	6
Community Climate Resiliency	4
Community Air Pollution Exposure Mitigation	2
<i>Total Narrative-Based Policy Scoring</i>	<u>16</u>
<b>Total Scoring</b>	<b>100</b>

\*SGC issued draft guidelines on 8/30/2019

**Appendix B**  
AHSC Round 5 Program Schedule

Release of Round 5 draft program Guidelines	August 2019
SGC Draft Guidelines Workshops and Comment Period	August-September 2019
City of LA outreach and projects selection	September - October 2019
Release of Round 5 Final Guidelines and Application	Late October-Early November 2019
Release of FY 2018-2019 Notice of Funding Availability	November 2019
Full Applications Due	February 2020
Round 5 Awards Adopted by Council	June 2020