

TRANSMITTAL

To: **THE COUNCIL**

Date: **11/25/19**

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

November 12, 2019

Council File: 15-0087-S5
Council District(s): Citywide
Contact Person(s):
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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 APPROVAL OF VARIOUS ACTIONS
RELATIVE TO THE CITY'S APPLICATION PROCESS FOR THE 2019 ROUND 5 FUNDING
OPPORTUNITY OF THE STRATEGIC GROWTH COUNCIL'S AFFORDABLE HOUSING
AND SUSTAINABLE COMMUNITIES 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 list of proposed co-applicants for the Affordable Housing and Sustainable Communities (AHSC) Round 5, prepare and execute Joint Application Agreements, authorize the General Manager of HCIDLA to continue to lead the AHSC coordination with the City team, and instruct the Chief Legislative Analyst (CLA) to prepare a Resolution for the City Council and Mayor.

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. On November 1, 2019, the California Strategic Growth Council (SGC) released its fifth Notice of Funding Availability (NOFA) in the amount of \$550 million. The application submission deadline for this new funding round is February 11, 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 recommended list of potential co-applicants as outlined in Table 1;
 - B. Instruct the City Attorney to prepare the appropriate AHSC Round 5 Joint Application Agreements, including appropriate indemnification provisions for all City of Los Angeles AHSC Round 5 co-applicants;
 - C. Authorize the HCIDLA General Manager, or designee, to execute, on behalf of the City, a Joint Application Agreement for each of the projects selected for a co-application with the City for the AHSC Round 5 application process;
 - D. Authorize the HCIDLA General Manager, or designee, subject to the execution of a Joint Application Agreement, to sign, on behalf of the City of Los Angeles, all required AHSC Round 5 application legal documents for each of the projects selected by the AHSC City team as competitive AHSC co-applications that meet the AHSC program thresholds and adopted City criteria (CF 15-0087-S4), subject to the City Attorney approval as to form and legality;
 - E. Direct the General Manager of HCIDLA, or designee, in coordination with the Department of Transportation (LADOT) and Department of Public Works Bureaus of Engineering (BOE), Street Lighting (BSL), Street Services (BSS), and other City Departments, as necessary, to report back on the acceptance of AHSC Sustainable Transit Infrastructure (STI) and/or Transit Related Amenities (TRA) AHSC grant funding soon after the issuance of awards in June 2020. The report back shall include, but not be limited to, the following: recommended administration and distribution of funds processed, framework implementation of STI/TRA projects as awarded and approved by the SGC, completion timelines, and recommended agreements among the appropriate City departments for the successful coordination, process and completion of AHSC STI/TRA grant funded projects;
 - F. Authorize the General Manager of HCIDLA, or designee, to prepare Controller instructions and any technical adjustments consistent with the Mayor and City Council actions related to this matter, subject to the approval of the City Administrative Officer (CAO), and request the Controller to implement these instructions; and
 - G. Instruct the Chief Legislative Analyst (CLA) to prepare a Resolution for City Council approval in support of the final AHSC Round 5 recommended projects that the City will partner with as a joint applicant.

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

greenhouse gas (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.

Project Evaluation Process and Selected Projects

As detailed in the previous transmittal dated September 25, 2019 (CF: 15-0087-S5), HCIDLA has implemented a local review process to select and prepare potential AHSC applications. 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.

The City of L.A. held its Developer's Kick-Off Meeting on August 2, 2019. This event was attended by over 70 developers and stakeholders. The City's AHSC team and other representatives provided presentations on key issues including an overview of threshold requirements, application process and timeline, Round 4 impact and outcomes, and Round 5 project selection criteria. Developers were encouraged to submit a City of Los Angeles Call for Projects online form, intended to gather preliminary information about each potential project. HCIDLA received 26 interested applicants. The City's AHSC team has evaluated all potential projects based on the AHSC threshold and the City's adopted criteria. Based on the review by the AHSC City team, 15 projects were invited to attend one-on-one Developer's Clinics that were held at City Hall. During the Developer's Clinics, the City's AHSC team discussed project elements, application components and potential transportation and infrastructure improvements. The Developer's Clinics were attended by the AHSC City's team, developers, technical consultants, and office representatives of City Council Districts.

Soon after the conclusion of the Developer's Clinics, the AHSC City team evaluated the results of the clinics based on the approved project selection criteria and program threshold requirements. These threshold requirements include meeting the 90 percent enforceable funding commitment at the time of the application, possession of full site control, granting of all necessary land use approvals and the completion of all necessary environmental clearances, as well as other key threshold requirements as outlined in the final AHSC Round 5 Final Guidelines adopted on October 31, 2019.

Based on evaluation, vetting and screening process, the AHSC City team is recommending ten projects for an AHSC co-application with the City for the upcoming AHSC Round 5 application.

Table 1 below lists the recommended ten co-applicant projects:

Table 1

No.	Project Name	Address	Developer	City Funding/Other	Council District
1	Grandview Apartments	714 S. Grand View Street	Abode Communities	HHH	1
2	Jordan Downs Area G	E 97th St & Laurel Street	Bridge Housing	HACLA owned site	15
3	619 Westlake	619 S. Westlake Avenue	Cesar Chavez/Meta	HHH, NPLH, City owned Land	1
4	Corazon Del Valle	14545 Lanark Street	Clifford Beers Housing Inc.	County of Los Angeles owned site	6
5	Santa Monica & Vermont	4718 W. Santa Monica Blvd.	LTSC Community Corporation	HHH, METRO owned site	13
6	Washington Arts Collective	4600 4601 W. Washington Blvd.	Meta/Related	HHH, NPLH, City owned Land	10
7	Rose Hill Court	4466 Florizel Street	Related California	HACLA owned site	14
8	Thatcher Yard	3233 S. Thatcher Avenue	Thomas Safran & Associates	HHH, City owned Land	11
9	Miramar Gold	1434 Miramar Street	West Hollywood Community Housing Corp	None	13
10	Parkview	4020 Compton Ave	Thomas Safran & Associates	None	9

The above ten recommended projects would potentially consist of approximately 1,213 family, senior and affordable housing units, located within eight City Council Districts. In addition, the proposed Round 5 AHSC application request would consist of approximately \$220 million of the estimated \$550 million NOFA.

Joint Application Agreement

In preparation for the February 2020 application deadline, the City is required to self-certify its role as a joint applicant and its intention to enter into an agreement that clarifies the responsibility borne for specific portions of the award. Thereafter, the City and the related City departments will work with each project developer to develop contractually binding indemnification agreements that address joint and several liability as well as funding administration and overall responsibilities. 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. For the fifth round of funding, the City will be electing to assume the acceptance of STI/TRA grant funds, administration, implementation and completion of STI/TRA projects, and comply with new job reporting requirements. The joint development agreements to be executed before the application deadline will clearly outline the City’s role for the STI/TRA application component. It is important to note, however, that all parties will remain jointly and severally liable for the overall successful completion of the entire project, including the housing and transportation

infrastructure components. The joint development agreements and all necessary legal documents must be completed and executed before the AHSC application deadline and before the final applications are submitted to the state by February 11, 2020.

For this round of funding, some of the projects may require that the City work in collaboration with L.A. County and the Housing Authority of the City of Los Angeles (HACLA) to implement any awarded funds. For example, the Corazon Del Valle project spans both City and County land and the Rose Hill Court project is owned by HACLA, however, the STI/TRA projects will be located within the City’s jurisdiction.

The City Transmittal Timeline for AHSC Round 5 Funding Cycle

Name	Date	Purpose	Status
Transmittal 1	September 2019	Propose City of L.A. Selection Criteria for AHSC Round 5 program	Completed
Transmittal 2	November 2019	Issue recommendations for co-applicant list and related instructions and authorities for AHSC Round 5	In process and expected completion by December 2019
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, or designee, to execute state mandated application documents and other related authorities to successfully submit an AHSC Round 5 application, due on February 11, 2020.	Expected completion by January 2020

CONCLUSION

The City AHSC team will continue to coordinate and collaborate with the recommended developers on all aspects of the application process, specifically on the STI and TRA components. It is important to note that the recommended project list is subject to change prior to the final application deadline, as some projects may not meet all of the AHSC threshold requirements before the final deadline of February 11, 2020. A detailed schedule timeline for the AHSC Round 5 program is outlined in Attachment A – 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:



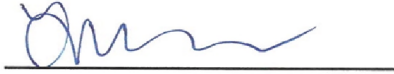
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Reviewed By:



LAURA K. GUGLIELMO
Executive Officer

Approved By:



RUSHMORE D. CERVANTES
General Manager

ATTACHMENT:

Attachment A - AHSC Round 5 Program Schedule

Appendix A
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
Final AHSC Round 5 Guidelines Adopted	October 31, 2019
Release of FY 2018-2019 Notice of Funding Availability	October 31, 2019
Full Applications Due	February 11, 2020
Round 5 Awards Adopted by Council	June 2020