

TRANSMITTAL

To:

THE COUNCIL

Date: 12/27/2018

From:

THE MAYOR

TRANSMITTED FOR YOUR CONSIDERATION. PLEASE SEE ATTACHED.

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

(Ana Guerrero) for

ERIC GARCEITI
Mayor



Eric Garcetti, Mayor
Rushmore D. Cervantes, General Manager

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December 21, 2018

Council Files: 15-0087-S2
Council District(s): Citywide
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The Honorable Eric Garcetti
Mayor, City of Los Angeles
Room 303, City Hall
200 N. Spring Street
Los Angeles, CA 90012

Attention: Mandy Morales, Legislative Coordinator

REQUEST FOR APPROVAL OF VARIOUS ACTIONS RELATIVE TO THE CITY'S APPLICATION STRATEGY FOR THE 2018 ROUND 4 FUNDING OPPORTUNITY OF THE STRATEGIC GROWTH COUNCIL'S AFFORDABLE HOUSING AND SUSTAINABLE COMMUNITIES PROGRAM

SUMMARY

The Affordable Housing and Sustainable Communities (AHSC) Program is one of 29 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 and urban greening components primarily in Disadvantaged Communities (DACs) and Low-Income Communities. On October 31, 2018, the State of California Strategic Growth Council (SGC) released the fourth Notice of Funding Availability (NOFA) for \$400 million. The application deadline is February 11, 2019.

The General Manager of the Los Angeles Housing + Community Investment Department (HCIDLA) respectfully 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 submit joint applications to the SGC to compete in Round 4 of the AHSC Program.

RECOMMENDATIONS

The General Manager of HCIDLA respectfully requests that the Mayor and City Council:

- A. Authorize the HCIDLA General Manager, or designee, to execute on behalf of the City a Joint Applicants Agreement for each of the projects listed in Appendix B that meet the adopted criteria established by the City Council (CF 15-0087-S2);
- B. Authorize the HCIDLA General Manager, or designee, subject to the execution of a Joint Applicants Agreement, to sign on behalf of the City of Los Angeles all required AHSC Round 4 application legal documents for each of the projects listed in Appendix B that meet the adopted criteria, subject to the City Attorney approval as to form and legality;
- C. Direct 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), Bureaus of Engineering (BOE), Street Lighting (BSL), 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;
- D. Direct the General Manager of HCIDLA, or designee, in coordination with LADOT, BOE, BSL, 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 2019. The report back shall include but not be limited to the following: recommended administration and distribution of funds process, 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;
- E. Authorize the General Manager of HCIDLA, or designee, to prepare Controller's instructions and any technical adjustments consistent with 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;
- F. Request the City Attorney to prepare the appropriate AHSC Round 4 Joint Applicants Agreement, including appropriate indemnification provisions, for projects which the City is a joint applicant; and
- G. Instruct the Chief Legislative Analyst (CLA) to prepare a Resolution for Council approval in support of the AHSC Round 4 projects that the City will partner with as a joint applicant.

BACKGROUND

AHSC Program

The AHSC Program is a competitive state funding program 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 transit. The AHSC Program awards funding to create holistic communities with affordable housing and transportation options near jobs and other key destinations. Established in 2014, AHSC is administered by the SGC and implemented by the California Department of Housing and Community Development (HCD). The AHSC Program receives an annual statutory allocation (per SB 862) of 20% of the GGFR auction proceeds through 2030. Most recently, the SGC has established an annual cycle of AHSC award rounds, with applications due in February and awards announced in June.

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 options. As a result, projects 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). In Round 4, the maximum funding request per project is \$20 million to fund both the affordable housing development and the transportation-related improvements. Funding comes in the form of a loan for the Affordable Housing Development (AHD) and grants for the Sustainable Transportation Infrastructure (STI), Transportation Related Amenities (TRA), and Programs (PGM).

Impact in the City of Los Angeles

AHSC has provided much needed state funding for transformational housing and mobility programs in the City of Los Angeles. Over the past three rounds of AHSC funding, the City of Los Angeles has received over \$88 million for affordable housing and \$28 million for sustainable transportation-related improvements, including bike facilities, sidewalk repair, crosswalks, bikeshare stations, transit shelters and street trees. Integrating housing and transportation projects has reduced the City's GHG emissions by over 289,000 tons and further supported the Sustainable City pLAn, Mobility Plan 2035, Measure M Local Return Program, and Vision Zero initiative.

AHSC Round 4 Opportunity

On October 31, 2018, the SGC approved the AHSC Round 4 final guidelines and released the application. As outlined in the NOFA, \$395 million in funding is available for AHSC Round 4, with an application deadline of February 11, 2019. At least 50% of AHSC Program awards shall fund projects located within DACs or Low-Income Communities. It is expected that the SGC will announce funding recommendations in June 2019.

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 multidepartmental effort in reviewing affordable housing requirements and scoping sustainable transportation improvements that help create safer and healthier communities. The City AHSC Team consists of staff from HCIDLA (lead coordinating agency), Department of Transportation (LADOT), Bureau of Engineering (BOE), Department of City Planning (DCP), Bureau of Street Lighting (BSL), and Bureau of Street Services (BSS), Los Angeles County, and the Housing Authority of the City of Los Angeles (HACLA). The City AHSC Team also receives extensive support and leadership from the Mayor's Office and Council offices.

Because AHSC is an ongoing cyclical grant program until 2030, it is critical that HCIDLA and the other City departments have dedicated and fully funded staff to prepare, implement, monitor projects and administer any awarded grant funds. A Round 5 NOFA of over \$400 million is expected in October 2019 and the AHSC team will need to have staff in place in order to prepare successful applications while also implementing and administering previously awarded projects from AHSC Rounds 1, 2, and 3. Having dedicated staff for the AHSC team will ensure that the operational infrastructure developed by HCIDLA and other City Departments over the past three rounds of funding remains sustainable and competitive for years to come. HCIDLA and all of the implementing departments are seeking staff and funding authority through the annual budget process.

Project Evaluation Process and Selected Projects

As detailed in the previous transmittal dated November 20, 2018 (CF 15-0087-S2), HCIDLA has implemented a local review process to select and prepare potential AHSC applications. Of the 20 projects that expressed interest in applying for AHSC funding, HCIDLA selected five to move forward. These five projects were selected based upon their readiness and feasibility, ability to leverage other City resources (e.g. Prop HHH, Affordable Housing Trust Fund Managed Pipeline, City-owned properties), competitiveness, and congruity with the City's existing planning and policy objectives.

The final list of five projects which are detailed in Appendix B include:

Project Name	Address	City Council District
Weingart Tower	555 ½ S. Crocker St	14
Hollywood Arts Collective	1637 N Wilcox	13
Vermont and Manchester	NE Corner of Vermont and Manchester	8
Jordan Downs S3	2101 E 101 st St	15
Manchester Urban Homes	8757 Broadway Ave	8

Joint Application Agreement

In preparation for the February 11, 2019 application deadline, the City is required to self-certify their role as a Joint 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. For the fourth 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. The joint development agreements executed before the application deadline will clearly outline the City's role for the STI/TRA application component. However, all parties will remain jointly and severally liable for the overall successful completion of the entire project, including the housing and transportation components. The joint development agreements and all necessary legal documents must be completed and executed by the AHSC application deadline.

Some of the projects in this round may also require that the City work closely with the County and the Housing Authority (HACLA) to implement and allocate funds if the projects are awarded. The Vermont and Manchester project spans both City and County land and the Jordan Downs project will be on HACLA land but include a STI/TRA plan that extends beyond the project area.

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

As in AHSC Round 3, the City of Los Angeles will be the recipient of STI/TRA grant funding upon successful AHSC funding awards. As such, HCIDLA will pass through grant funding to other City departments to administer and 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 benefits. 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 success of these projects.

Beginning in Round 4, AHSC will also allow for up to 2% of total funding to be used for Employment Benefits and Outcomes Reporting. The additional funds are not included within the soft costs cap and intended to support awardees with meeting the additional reporting requirements introduced in Round 4.


CONCLUSION

Positioning the City to maximize its AHSC competitiveness and successfully secure capital loans and grants advances the City's policy goals of developing strategies that address climate change impacts to Los Angeles neighborhoods as outlined in Mayor Garcetti's Sustainable City pLAn. The AHSC program helps the City achieve its policy objectives of producing and preserving strategic affordable housing coupled with sustainable transit and greening infrastructure improvements to reduce greenhouse gas emissions.

FISCAL IMPACT

While there is no fiscal impact associated with the report at this time, these recommendations will allow the City to compete for up to \$395 million in AHSC funding.

Prepared by:


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Housing, Planning and Economic Analyst

Reviewed by:


CLAUDIA MONTERROSA
Director, Public Policy and Research Unit

Reviewed by:


LAURA K. GUGLIELMO
Executive Officer

Approved by:


RUSHMORE D. CERVANTES
General Manager

APPENDICES

- Appendix A AHSC Round 4 Application Scoring Elements and Criteria
- Appendix B City of Los Angeles Joint AHSC Applications

Appendix A
AHSC Round 4 Application Scoring Elements and Criteria

AHSC Scoring Elements and Criteria	
Criteria	Points
GHG Quantification Methodology Scoring	
GHG Efficiency	15
GHG Total	15
Quantitative Policy Scoring	
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	5
Local Workforce Development and Hiring Practices	2
Housing Affordability	5
Programs	2
Urban Greening	2
Narrative-Based Policy Scoring	
Collaboration and Planning	4
Community Benefit and Engagement	6
Community Climate Resiliency	3
Community Air Pollution Exposure Mitigation	2
Total Scoring	100

Appendix B

City of Los Angeles Joint AHSC Applications						
No.	Leverage	Project	Developer	Project Address	Council District	Units
1	HHH, City land	Weingart Tower	Chelsea	555 1/2 S. Crocker St., Los Angeles 90013	14	278
2	AHTF Managed Pipeline, City land	Hollywood Arts Collective	Thomas Safran & Associates	1637 N. Wilcox Ave., Los Angeles 90028	13	154
3	HHH	Vermont and Manchester	BRIDGE Housing	8400 & 8500 blocks of S. Vermont Ave., Los Angeles 90044	8	180
5	AHTF Managed Pipeline	Jordan Downs S3	Development Company	2101 E 101 st St, Los Angeles, CA 90002	15	92
5		Manchester Urban Homes	NHS	8757 Broadway	8	124

**The AAT will work with the above 5 projects to produce the necessary STI/TRA project scopes of work and ensure overall continued competitiveness of entire project application. Final list of submitted projects contingent on applicant's ability to meet all required application threshold requirements.*