

TRANSMITTAL

To:

THE COUNCIL

Date: 12/20/2018

From:

THE MAYOR

TRANSMITTED FOR YOUR CONSIDERATION. PLEASE SEE ATTACHED.

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

(Ana Guerrero) for

ERIC GARCEITI
Mayor



Eric Garcetti, Mayor
Rushmore D. Cervantes, General Manager

Executive Management Division
1200 West 7th Street, 9th Floor, Los Angeles, CA 90017
tel 213.928.9071 | fax 213.808.8999
hcidla.lacity.org

December 20, 2018

Council File: 15 – 0087
Council Districts: Citywide
Contact Persons: Rushmore Cervantes (213) 808-8405
Claudia Monterrosa (213) 808-8650

The Honorable Eric Garcetti
Mayor, City of Los Angeles
Room 300, City Hall
200 North Spring Street
Los Angeles, CA 90012

Attention: Mandy Morales, Legislative Coordinator

REQUEST FOR AUTHORITY TO ACCEPT \$8.4 MILLION IN TRANSPORTATION-RELATED GRANT AWARDS FROM THE STRATEGIC GROWTH COUNCIL'S AFFORDABLE HOUSING AND SUSTAINABLE COMMUNITIES (AHSC) PROGRAM, ROUND 3

SUMMARY

On June 28, 2018, the State of California's Strategic Growth Council (SGC) awarded the City of Los Angeles a total of \$25 million as part of the third round of funding of the Affordable Housing and Sustainable Communities (AHSC) Program. The AHSC Program aims to reduce greenhouse gas (GHG) emissions by funding compact affordable housing in conjunction with sustainable transportation improvements. As a successful joint applicant with two different affordable housing developers, the City of Los Angeles will be responsible for the administration, implementation, construction, and completion of the grant-funded transportation-related improvements. The City of Los Angeles has elected to be the recipient of the transportation-related grant portion of the total funding award, which amounts to \$8,463,773 (Council File: 15-0087-S2).

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 accept the \$8,463,773 grant award on behalf of the City and serve as the AHSC administrative and pass through agency to other City departments, including the Los Angeles Department of Transportation (LADOT), Bureau of Engineering (BOE), Bureau of Street Lighting (BSL), and Bureau of Street Services (BSS). The grant funding will be used for capital improvements, soft costs, and administration costs related to the awarded transportation infrastructure projects. In order to effectively administer the grant,

implement the transportation-related improvements, and coordinate the application process for the upcoming AHSC Round 4, HCIDLA, and the other implementing departments will request position authorities related to the AHSC Program through the Fiscal Year (FY) 19-20 budget.

RECOMMENDATION

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

- A. Authorize the General Manager of HCIDLA, or designee, to execute the standard agreement and accept the AHSC Program grant award of \$8,463,773;
- B. Authorize the City Controller to:
 1. Establish an interest-bearing fund entitled Affordable Housing and Sustainable Communities Grant Fund for the receipt and disbursement of the transportation-related portion of the State of California Affordable Housing and Sustainable Communities Program;
 2. Recognize a receivable from the State in the amount of \$8,463,773;
 3. Establish new accounts and appropriate funds within the new Affordable Housing and Sustainable Grant Fund as follows:

43R776 – Elden Elms	\$5,166,766
43R749 – Path Villas Hollywood	\$3,297,007
- C. 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.

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, transportation-related improvements, and programs that encourage residents to walk, bike, and use transit. Funded by Greenhouse Gas Reduction Fund (GGRF) auction proceeds from California's Cap-and-Trade program, AHSC 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 Strategic Growth Council (SGC) and implemented by the California Department of Housing and Community Development (HCD). More recently, the SGC has established an annual cycle of AHSC award rounds, with applications due every February and funding awards announced in June.

The AHSC Program receives an annual statutory allocation (per SB 862) of 20 percent of the GGRF auction proceeds through 2030. In FY16-17, the state generated over \$890 million in GGRF auction proceeds, amounting to an allocation of \$257 million for Round 3 of the AHSC Program. In FY17-18, the

state generated over \$2.9 billion in GGRF auction proceeds, maintaining the upward trend of total auction proceeds since 2012.

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, including GHG emissions reductions efficiency, length of active transportation improvements, and green building status. In Round 3, the maximum funding request per project was \$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 project and a grant for the transportation infrastructure component.

Impact to the City of Los Angeles

Given the AHSC Program's commitment to increasing access to affordable housing and sustainable transportation, the City of Los Angeles has the opportunity to leverage future AHSC funding to advance the City's priorities related to housing, mobility, and sustainability. Over the past three rounds, Los Angeles has been awarded over \$118 million in AHSC funding. The AHSC Program has awarded over \$88 million for affordable housing in Los Angeles, helping create over 1,400 affordable units across eight council districts, including 139 supportive housing units funded through Proposition HHH. Over \$28 million in grant funding has been invested in Los Angeles for sustainable transportation-related improvements, including bike lanes, sidewalk repair, crosswalks, bike share stations, transit shelters, and street trees. Overall, this has resulted in a reduction of over 289,000 tons of GHG emissions, which is equivalent to taking 62,000 cars off the road for a year. These improvements were developed in alignment with the Sustainable City pLAn, Mobility Plan 2035, Measure M Local Return Program, as well as the Vision Zero initiative to enhance mobility, safety, and sustainability.

AHSC Round 3 Application Process and Awards

In early 2017, HCIDLA notified all potential AHSC applicants interested in receiving assistance from the City of Los Angeles to register their project with HCIDLA. Over the next several months HCIDLA continued to reach out to interested developers and through the City's AHSC Team, comprised of staff from HCIDLA, LADOT, BOE, Department of City Planning (DCP), BSS, and BSL, collaborated to identify the most competitive AHSC applicants. Of the 35 projects that registered with HCIDLA in early 2017, a total of eight projects were evaluated by the City AHSC Team and deemed to be competitive for the AHSC Program. Following the release of the AHSC Round 3 Notice of Funding Availability (NOFA) on October 2, 2017, HCIDLA hosted eight individual AHSC clinics with each potential developer, appropriate Council Office and members of the City AHSC Team to discuss project eligibility and sustainable transportation priorities.

In sum, the City co-applied for \$107 million in AHSC funding, of which \$72.6 million was requested for affordable housing, \$32.2 million for transportation-related improvements, and \$2.2 million for program activities. On June 28, 2018, two applications were awarded a total of \$25 million in AHSC funding, comprising of \$16 million in affordable housing loans and grants, \$8.4 million in grants for transportation-related improvements, and \$543,508 in grants for program activities (see Table 1).

Table 1. City of Los Angeles AHSC Round 3 awarded projects and funding awards.

Project	Developer	Funding Awarded			Total AHSC Award
		Affordable Housing Development and Housing Related Infrastructure	Sustainable Transportation Infrastructure and Transportation Related Amenities	Program Cost	
Elden Elms	WHCHC	\$11,128,721	\$5,166,766	\$367,154	\$16,662,640
PATH Villas Hollywood	PATH Ventures	\$4,837,216	\$3,297,007	\$176,354	\$8,310,577
<i>Total</i>		<i>\$15,965,937</i>	<i>\$8,463,773</i>	<i>\$543,508</i>	<i>\$24,973,217</i>

ACCEPTANCE OF AHSC GRANT FUNDING

Allocation of Funding to the City of Los Angeles

As outlined in the Joint Application Agreement with each developer, the City of Los Angeles is the recipient of the grant funding related to Sustainable Transportation Improvements (STI) and Transportation Related Amenities (TRA) (see Attachment A). The City is therefore responsible for completing the proposed scope of work concurrent with the housing project, which must be completed within five years of the award. Of the \$8,463,773 total grant award for transportation-related improvements (STI + TRA), \$1,621,471 is reserved for soft costs and \$622,242 is reserved for administration costs (see Table 2). This funding will specifically be used for costs associated with design, engineering, staffing, and administration of the transportation project. The remainder of the total grant award (\$6,220,059) is reserved for capital costs directly related to the transportation project, including materials and construction work.

Table 2. Total capital, soft, and staff costs for the City of Los Angeles AHSC Round 3.

Project	Developer	Capital Costs	Soft Costs	Admin Costs	Total STI & TRA
Elden Elms	WHCHC	\$3,800,893	\$985,783	\$380,089	\$5,166,766
PATH Villas Hollywood	PATH Ventures	\$2,419,166	\$635,688	\$242,153	\$3,297,007
<i>Total</i>		<i>\$6,220,059</i>	<i>\$1,621,471</i>	<i>\$622,242</i>	<i>\$8,463,773</i>

Capital, Soft and Administration Costs

Capital costs include those that are directly related to the construction of the transportation project. Soft costs include those that are incidentally, but not directly related to project plans, specifications, and estimates including, but not limited to, planning, engineering, construction management, design work, and environmental impact reports. Administration costs are those incurred by the public agencies that are

directly related to implementing the transportation projects, including grant administration, inspections, and reporting.

RESOURCE NEEDS FOR IMPLEMENTATION AND FUTURE GRANT AWARDS

Given the longevity of the AHSC Program to at least the year 2030, it is now critical to have dedicated full-time staff persons to ensure the implementation of these grant funds and for the City of Los Angeles to remain competitive for future AHSC funding. Additional AHSC staffing is required by all departments to prepare applications and to carry out the required implementation responsibilities for current and future AHSC grant awards. HCIDLA, in coordination with the implementation departments, will report back with specific staffing needs for the FY19-20 budget. Thus, all departments are in the process of submitting their respective supplemental budget requests to identify and justify their staffing needs.

Administrative Need (HCIDLA)

Specifically for HCIDLA as the coordinating agency, the complexities of the AHSC application require a dedicated full-time staff member with policy analysis experience to oversee the grant management, implementation, and annual AHSC application process. Responsibilities include coordinating the disbursement process, organizing grant reporting requirements, and developing transportation scopes, budgets, and timelines with the City AHSC Team. As the grant administrator, HCIDLA must complete the reporting and monitoring requirements for the transportation-related funding. This includes submitting quarterly financial draw requests to include invoices and inspection reports, and annual performance reports on the construction and implementation of work to the SGC, as well as compiling and maintaining all financial statements, account records, and receipts. In addition, serving as the application management lead for the City of Los Angeles, HCIDLA ensures that all application components are not only complete but competitive for the AHSC award. Upon award, HCIDLA is also tasked with coordinating the implementation of transportation-related improvements with LADOT, BOE, DCP, and Council offices.

Expanding and Sustaining the City's AHSC Program

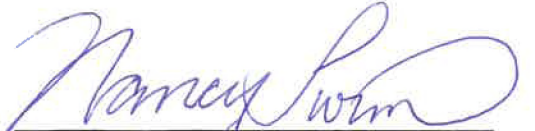
The AHSC Program will remain a significant source of funding through to at least the year 2030, presenting the City with an opportunity to secure funding to address our current affordable housing crisis. Over the past three AHSC funding rounds, the City Council, the Mayor's Office, and City staff have supported and invested in the AHSC Program since they recognize it as a critical source of funding for housing at all levels of affordability. With the additional staffing and administrative resources, the City will have the capacity to implement the necessary transportation improvements and apply for future rounds of funding for years to come. Based on the City's past AHSC successes, the City will continue to receive transportation grant funding for the foreseeable future. As a result, this resource request will help build a viable foundation for the City's AHSC Program by establishing staff positions dedicated to project implementation, application development, and grant administration. As more projects are awarded each successive AHSC round, additional funding will be allocated to the City and continue to fund the requested positions.

FISCAL IMPACT STATEMENT

There will be no impact to the General Fund in FY19 since HCIDLA is only requesting authority to accept the AHSC Round 3 grant award. HCIDLA, in coordination with the implementation departments, will

report back with specific staffing needs for the FY19-20 budget. Thus, all departments are submitting their respective supplemental budget requests to identify and justify their staffing needs to be funded by the AHSC grant on a reimbursement basis.

Prepared by:


NANCY TWUM-AKWABOAH
Housing, Planning & 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

Attachments:

- Attachment A – Scope of Work
- Attachment B – STI & TRA Budgets
- Attachment C – Award Letters

Attachment A

Exhibit A

Project Scope of Work

DEVELOPER SCOPE OF WORK:

Affordable Housing Development (AHD):

PATH Villas Hollywood - 5627 Fernwood Avenue

A 60 unit affordable housing development with the following mix:

- 49 studios
- 10 1-bedroom
- 1 2-bedroom management unit
- Total AHD Units: 60

Total AHD budget: **\$7,381,763**

Transportation Related Programs (TRP):

SCAG Go Human advertising campaign - \$32,354

Metro transit passes - \$144,000

Total TRP budget: **\$176,354**

CITY SCOPE OF WORK:

Sustainable Transportation Infrastructure (STI):

The Sustainable Transportation Infrastructure component is comprised of the following:

Pedestrian improvements:

- Sidewalk repair and replacement
- Construction of ADA curb ramps
- Adding new and upgrading existing crosswalks

Bicycle improvements:

- Bike friendly striping and signage
- Bike lanes
- Bike boxes

Total STI budget: **\$2,754,747**

Transportation Related Infrastructure (TRA):

The Transportation Related Infrastructure component is comprised of the following:

- Addition of street trees along parkways
- Street light installation and upgrades
- Addition of bus shelters and transit benches

Total TRA budget: **\$542,260**

Total AHSC Request (Loans and Grants): \$ 10,855,124

Attachment A

Exhibit A
Project Scope of Work

DEVELOPER SCOPE OF WORK:

Affordable Housing Development (AHD):

Elden Elms - 1255 Elden Ave

A 93 unit affordable housing development with the following mix:

- 48 1-bedroom
- 14 2-bedroom
- 30 3-bedroom
- 1 2-bedroom management unit
- Total AHD Units: 93

Total AHD budget: **\$7,894,593**

Total HRI budget: **\$4,600,000**

Transportation Related Programs (TRP):

SCAG Go Human advertising campaign: \$30,000

Metro transit passes: \$337,154

Total TRP budget: **\$367,154**

CITY SCOPE OF WORK:

Sustainable Transportation Infrastructure (STI):

The Sustainable Transportation Infrastructure component is comprised of the following:

Pedestrian improvements:

- Sidewalk repair and replacement
- Construction of ADA curb ramps
- Adding new and upgrading existing crosswalks

Total STI budget: **\$4,239,859**

Transportation Related Infrastructure (TRA):

The Transportation Related Infrastructure component is comprised of the following:

- Addition of street trees
- Street light installation and upgrades

Total TRA budget: **\$926,906**

Total AHSC Request (Loans and Grants): \$18,028,512

Attachment B

Elden Elms							
Improvement	Type	Department	Unit	Quantity	Unit Price	Capital Costs	Soft Costs
Sidewalk repair	STI	BOE	LF	5,557	\$434.40	\$2,413,960.80	\$724,188.24
Curb ramp	STI	BOE	EA	6	\$3,900.00	\$23,400.00	\$7,020.00
Curb extension (full)	STI	BOE	EA	6	\$48,100.00	\$288,600.00	\$86,580.00
Street trees	TRA	BSS	EA	46	\$8,957.00	\$412,022.00	\$41,202.20
Lighting (bus stop)	TRA	BSL	EA	5	\$30,000.00	\$150,000.00	\$15,000.00
Lighting installation	TRA	BSL	EA	13	\$15,000.00	\$195,000.00	\$19,500.00
Lighting upgrade	TRA	BSL	EA	22	\$700.00	\$15,400.00	\$1,540.00
Crosswalk (stop controlled)	STI	LADOT	EA	21	\$3,250.00	\$68,250.00	\$20,475.00
Crosswalk (signal controlled)	STI	LADOT	EA	14	\$3,250.00	\$45,500.00	\$13,650.00
Fire hydrant	STI	DWP	EA	2	\$16,380.00	\$32,760.00	\$9,828.00
Storm drain	STI	BOE	EA	2	\$78,000.00	\$156,000.00	\$46,800.00
<i>Sum</i>						\$3,800,892.80	\$985,783.44
<i>Admin Costs</i>						\$380,089.28	
<i>Total</i>						\$5,166,765.52	

PATH Villas Hollywood							
Improvement	Type	Department	Unit	Quantity	Unit Price	Capital Costs	Soft Costs
Sidewalk repair	STI	BOE	LF	2,631	\$434.40	\$1,142,906.40	\$342,871.92
Curb ramp	STI	BOE	EA	61	\$3,900.00	\$237,900.00	\$71,370.00
Curb extension (full)	STI	BOE	EA	2	\$48,100.00	\$96,200.00	\$28,860.00
Street trees	TRA	BSS	EA	20	\$8,957.00	\$179,140.00	\$18,150.00
Lighting (bus stop)	TRA	BSL	EA	4	\$30,000.00	\$120,000.00	\$12,000.00
Lighting installation	TRA	BSL	EA	3	\$15,000.00	\$45,000.00	\$4,500.00
Lighting upgrade	TRA	BSL	EA	15	\$700.00	\$10,500.00	\$1,050.00
Crosswalk (stop controlled)	STI	LADOT	EA	16	\$3,250.00	\$52,000.00	\$15,600.00
Crosswalk (signal controlled)	STI	LADOT	EA	4	\$3,250.00	\$13,000.00	\$3,900.00
Crosswalk (uncontrolled)	STI	LADOT	EA	2	\$3,250.00	\$6,500.00	\$1,950.00
Crosswalk (high viz)	STI	LADOT	EA	13	\$3,250.00	\$42,250.00	\$12,675.00
Crosswalk (minor street)	STI	LADOT	EA	1	\$3,250.00	\$3,250.00	\$975.00
Bus shelter	TRA	BSS	EA	2	\$45,500.00	\$91,000.00	\$9,100.00
Transit bench	TRA	BSS	EA	3	\$1,950.00	\$5,850.00	\$585.00
Bike box	STI	LADOT	EA	1	\$6,500.00	\$6,500.00	\$1,950.00
Bike lane	STI	LADOT	LF	2,441	\$12.35	\$30,146.35	\$9,043.91
Buffered bike lane	STI	LADOT	LF	100	\$12.35	\$1,235.00	\$370.50
Bike friendly striping and signage	STI	LADOT	LF	15,666	\$12.67	\$202,538.25	\$60,761.48
Pedestrian refuge island	STI	BOE	EA	1	\$65,000.00	\$65,000.00	\$19,500.00
Offset intersection	STI	BOE	EA	1	\$68,250.00	\$68,250.00	\$20,475.00
<i>Sum</i>						\$2,419,166.00	\$635,687.80
<i>Admin Costs</i>						\$242,152.60	
<i>Total</i>						\$3,297,006.40	

**DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT
DIVISION OF FINANCIAL ASSISTANCE**

2020 W. El Camino Avenue, Suite 500, 95833
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JUL 27 2018

July 20, 2018

LA Housing + Community Investment Dept.
Office of the GM

Robin Conerly, Executive Director
West Hollywood Community Housing
Corporation
7530 Santa Monica Blvd
West Hollywood, CA 90046

Rushmore D. Cervantes, General
Manager
City of Los Angeles
1200 West 7th Street, 9th Floor
Los Angeles, CA 90017

ATB #27994 1 of 2
SS/CM
w: 006.

Dear Robin Conerly and Rushmore D. Cervantes:

**RE: Award Announcement - AHSC Program FY 2016-17 NOFA, Round 3
PIN 41257 - Elden Elms**

The Department of Housing and Community Development (Department) and the Strategic Growth Council are pleased to announce West Hollywood Community Housing Corporation and City of Los Angeles have been awarded an Affordable Housing and Sustainable Communities (AHSC) program award in the amount of \$16,662,640. This letter constitutes notice of the award as approved by the Strategic Growth Council on June 28, 2018 of the following AHSC Program funds:

AHSC Program <i>Loan</i> Funds		AHSC Program <i>Grant</i> Funds	
Amount Awarded	\$7,894,593	Amount Awarded	\$8,768,047
Contract Number	17-AHSC-12144	Contract Number	17-AHSC-12143

West Hollywood Community Housing Corporation and City of Los Angeles will be able to draw down funds when the Standard Agreement is fully executed, and any general and special conditions have been cleared in writing by the Department. In addition, grant expenditures may not be incurred prior to the execution of the Standard Agreement.

Please be advised that this award is subject to the terms and conditions of the Standard Agreement, which must be fully executed within ninety days of the date of this award letter. Failure by West Hollywood Community Housing Corporation and City of Los Angeles to sign and return the Standard Agreement upon receipt from the Department within this timeframe may result in award cancellation.

Congratulations on your successful application. For further information, please contact Laura Bateman, Section Chief, at (916) 263-1302 or Laura.Bateman@hcd.ca.gov.

Sincerely,

Lisa Bates
Deputy Director

**DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT
DIVISION OF FINANCIAL ASSISTANCE**

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LA Housing + Community Investment Dept.
Office of the GM

AS # 21994 20F2

Rushmore D. Cervantes, General
Manager
City of Los Angeles
1200 West 7th Street, 9th Floor
Los Angeles, CA 90017

*SS/CM
W: EDG*

July 20, 2018

Amy Anderson, Executive Director
PATH Ventures
340 North Madison Avenue
Los Angeles, CA 90004

Dear Amy Anderson and Rushmore D. Cervantes:

**RE: Award Announcement - AHSC Program FY 2016-17 NOFA, Round 3
PIN 41052 – PATH Villas Hollywood**

The Department of Housing and Community Development (Department) and the Strategic Growth Council are pleased to announce PATH Ventures and City of Los Angeles have been awarded an Affordable Housing and Sustainable Communities (AHSC) program award in the amount of \$8,310,584. This letter constitutes notice of the award as approved by the Strategic Growth Council on June 28, 2018 of the following AHSC Program funds:

AHSC Program <i>Loan</i> Funds		AHSC Program <i>Grant</i> Funds	
Amount Awarded	\$4,837,217	Amount Awarded	\$3,473,367
Contract Number	17-AHSC-12154	Contract Number	17-AHSC-12153

PATH Ventures and City of Los Angeles will be able to draw down funds when the Standard Agreement is fully executed, and any general and special conditions have been cleared in writing by the Department. In addition, grant expenditures may not be incurred prior to the execution of the Standard Agreement.

Please be advised that this award is subject to the terms and conditions of the Standard Agreement, which must be fully executed within ninety days of the date of this award letter. Failure by PATH Ventures and City of Los Angeles to sign and return the Standard Agreement upon receipt from the Department within this timeframe may result in award cancellation.

Congratulations on your successful application. For further information, please contact Laura Bateman, Section Chief, at (916) 263-1302 or Laura.Bateman@hcd.ca.gov.

Sincerely,

Lisa Bates
Deputy Director