

REPORT FROM

OFFICE OF THE CITY ADMINISTRATIVE OFFICER

Date: August 10, 2020

CAO File No. 0220-00540-1467

Council File No. 15-0087-S2

Council District: Citywide

To: The Mayor
The Council

From: Richard H. Llewellyn, Jr., City Administrative Officer

Reference: Housing and Community Investment Department transmittal dated June 3, 2020; Received by the City Administrative Officer on June 16, 2020; Additional Information Received through August 3, 2020

Subject: **REQUEST FOR AUTHORITY TO ACCEPT \$25,560,000 IN TRANSPORTATION RELATED GRANT AWARDS FROM THE STRATEGIC GROWTH COUNCIL'S AFFORDABLE HOUSING AND SUSTAINABLE COMMUNITIES (AHSC) PROGRAM, ROUND 4**

RECOMMENDATIONS

That the Council, subject to the approval of the Mayor:

1. Authorize the General Manager of the Housing and Community Investment Department (HCID), or designee, to:
 - a. Accept grant awards in the amount of \$25,560,000 from the California Department of Housing and Community Development (State) to implement the Strategic Growth Council's Affordable Housing and Sustainable Communities (AHSC) Program, Round 4 transportation-related scope of work;
 - b. Prepare Controller instructions and make any necessary technical adjustments consistent with the Mayor and Council action on this matter, subject to the approval of the City Administrative Officer (CAO); and,
2. Authorize the Controller to:
 - a. Recognize a receivable from the State in the amount of \$25,560,000 to be recorded in the Affordable Housing and Sustainable Communities Grant Fund No. 60V;
 - b. Establish new accounts and appropriate funds within the Affordable Housing and Sustainable Communities Grant Fund No. 60V/43 as follows:

Account	Account Name	Amount
43T863	Hollywood Arts Collective	\$ 4,200,000
43T864	Jordan Downs S3	3,360,000
43T865	Manchester Urban Homes	6,000,000
43T870	Vermont and Manchester	6,000,000
43T877	Weingart Tower	6,000,000
Total		\$ 25,560,000

- Instruct the CAO to work with the implementing departments, including the HCID, Department of City Planning, Los Angeles Department of Transportation, and Department of Public Works Bureaus of Engineering, Street Lighting, and Street Services, to develop a cash flow mechanism to support the implementation of the transportation-related component of the AHSC Round 4 awards.

SUMMARY

The Housing and Community Investment Department (HCID) requests authority to accept five transportation-related grant awards totaling \$25,560,000 from the California Department of Housing and Community Development (State) as part of the Strategic Growth Council’s Affordable Housing and Sustainable Communities (AHSC) Program, Round 4. The AHSC Program aims to reduce greenhouse gas emissions by funding affordable housing developments in conjunction with sustainable transportation infrastructure. The State awarded the HCID and its five developer co-applicants a total of \$84,965,400 in AHSC Program funds during Round 4. Of the total award amount, \$25.5 million in grant funding will be used by the City to implement the Sustainable Transportation Infrastructure (STI) and Transportation-Related Amenities (TRA) improvements for the five awarded projects. The City team consists of the HCID, Department of City Planning, Los Angeles Department of Transportation, and Department of Public Works Bureaus of Engineering, Street Lighting, and Street Services. The AHSC Round 4 housing development projects and transportation-related work must be completed by July of 2024. Additional information regarding the AHSC Program, a breakdown of the AHSC Round 4 awards, and the scopes of work for the five projects can be found in the HCID transmittal dated June 3, 2020 (Report).

It should be noted that the AHSC Program grant funds are provided on a reimbursement basis and a cash flow strategy is required to successfully implement the grant funded STI and TRA scopes of work for all AHSC projects. The HCID Report includes the amounts of grant funding that may be allocated for transportation-related construction, administration, and other eligible costs. Eligible costs will be reimbursed by AHSC Program funds. Staff costs for implementing the STI and TRA improvements that are found to be ineligible for AHSC Program fund reimbursement may be absorbed by the front-funding source(s) to be identified by the City. Subsequent to the release of its Report, the HCID reported that it could submit requests for reimbursement for any work completed on a project since the award date once the City accepts the grant funds and the City, developer co-applicants, and the State have executed a Standard Agreement for the project. HCID reported that one out of the five Standard Agreements has been executed. Only administrative costs have been incurred to date, but HCID indicates that approximately \$750,000 will be needed

to front-fund the design work for all Round 4 projects.

This Office recommends that the Mayor and Council instruct the City Administrative Officer (CAO) to work with the implementing departments to develop a cash flow mechanism that addresses the front funding requirement for the AHSC Round 4 projects. The cash flow needs of the AHSC Program will be considered in context with the changes in the availability of City resources and the overall City Transportation Grant Program, which includes other transportation grant awards that the City has secured and will be administered on a reimbursement basis. The cash flow mechanism and implementation strategy will be submitted to the Mayor and Council under separate cover and may include the following: 1) the source(s) of front-funding and amounts needed; 2) project schedules; and, 3) individual project level decisions about the use of City forces or contractors. This Office concurs with the HCID's recommendations as amended to include an instruction for the CAO to work with the implementing departments to develop the cash flow mechanism and implementation strategy.

FISCAL IMPACT STATEMENT

There is no impact on the General Fund at this time. There is a potential future impact on the General Fund since the City will have to identify funding sources and amounts needed to front-fund the staffing and resources needed to implement the grant funded AHSC Sustainable Transit Infrastructure (STI) and Transportation-Related Amenities (TRA) improvements for awarded projects. Eligible costs will be reimbursed by AHSC Program funds. Staff costs for implementing the STI and TRA improvements that are found to be ineligible for AHSC Program fund reimbursement may ultimately have a General Fund impact.

FINANCIAL POLICIES STATEMENT

The recommendations in this report comply with the City's Financial Policies.