

REPORT FROM

OFFICE OF THE CITY ADMINISTRATIVE OFFICER

Date: September 9, 2022

CAO File No. 0220-00540-1611
Council File No. 15-0087-S8
Council District: Citywide

To: The Mayor
The Council

From: *Yolanda Chavez*
for Matthew W. Szabo, City Administrative Officer

Reference: Los Angeles Housing Department transmittal dated May 17, 2022; Received by the City Administrative Officer on June 7, 2022; Additional Information Received through September 8, 2022

Subject: **REQUEST FOR AUTHORITY TO ACCEPT \$54,782,000 IN TRANSPORTATION RELATED GRANT AWARDS FROM THE STRATEGIC GROWTH COUNCIL'S AFFORDABLE HOUSING AND SUSTAINABLE COMMUNITIES (AHSC) PROGRAM, ROUND 6**

RECOMMENDATIONS

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

1. Authorize the General Manager of the Los Angeles Housing Department (LAHD), or designee, to execute Standard Agreements with the California Department of Housing and Community Development for the seven projects awarded (see table below) in Round 6 of the Affordable Housing and Sustainable Communities (AHSC) Grant Program, subject to the review and approval of the City Attorney as to form and legality, and accept the AHSC, Round 6 grant awards totaling \$54,782,000;
2. Authorize the Controller to:
 - a. Recognize receivables from the State in the amount of \$54,782,000 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 No.	Account Name	Amount
TBD	87th and Western TOD	\$ 9,621,800
TBD	Grandview TOD	4,630,800
TBD	Jordan Downs Area 2B ICP	4,632,600
TBD	Locke Village TOD	9,530,000

(Table continued on next page)

TBD	Menlo Ave Apartments ICP	7,260,000
TBD	Umeya Apartments TOD	9,488,600
TBD	Vista Terrace ICP	9,618,200
	TOTAL	\$ 54,782,000

- c. Transfer funds for eligible expenses incurred for work completed, or to be completed, for AHSC Rounds 3 through 6, from Fund 60V in amounts not to exceed the AHSC allocations for each round/project, to the following departments as follows:
 - i. Department of Public Works (PW) Bureau of Engineering (BOE) – Fund No. 100, Department No. 78, Revenue Source Code (RSC) No. 5301, Reimbursement From Other Funds;
 - ii. PW Bureau of Street Lighting (BSL) – Street Lighting Maintenance Assessment Fund No. 347, Department No. 50, RSC No. 5301, Reimbursement From Other Funds;
 - iii. PW Bureau of Street Services (BSS) – Fund and account information to be determined;
 - iv. Department of Transportation (DOT) – Fund No. 100, Department No. 94, RSC No. 5301, Reimbursement From Other Funds;
- 3. Instruct the LAHD to identify the funding required to offset the AHSC unfunded costs identified in this report, and revisit the City’s application strategy for AHSC, prior to initiating the application process for AHSC, Round 7; and,
- 4. Authorize the General Managers of the LAHD, BOE, BSL, BSS, and DOT, or designees, to prepare Controller instructions and any technical corrections as necessary to the transactions included in this report, including the funds and accounts for AHSC reimbursements, to implement the intent of those transactions, subject to the approval of the City Administrative Office (CAO).

SUMMARY

The Los Angeles Housing Department (LAHD) requests authority to accept seven, transportation-related grant awards totaling \$54,782,000 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 6. The AHSC Program aims to reduce greenhouse gas emissions by funding affordable housing developments in conjunction with sustainable transportation infrastructure. The State awarded the LAHD and its seven developer co-applicants a total of \$166,123,600 in AHSC Program funds during Round 6 for seven, affordable housing projects. Of the total award amount, \$54.78 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 seven, awarded projects. The City team consists of the LAHD, Department of City Planning (DCP), Los Angeles Department of Transportation (DOT), and Department of Public Works Bureaus of Engineering (BOE), Street Lighting (BSL), and Street

Services (BSS). The AHSC Round 6 housing development projects and transportation-related work must be completed by February 2028. Additional information relative to the AHSC Program, a breakdown of the AHSC Round 6 awards, and the scope of work for each of the seven projects can be found in the LAHD transmittal dated May 17, 2022 (Report). Subsequent to the release of its Report, the LAHD confirmed that there was an inadvertent error in Table 2 of the LAHD Report for the Capital Costs amount listed for the Umeya Apartments TOD project. The correct amount should be \$5,810,486, and not \$5,339,576, the amount listed. The LAHD also provided a revised Umeya Apartments detailed budget breakdown, which is attached to this report, for reference.

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 LAHD 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. Costs for implementing the STI and TRA improvements that are found to be ineligible for AHSC Program fund reimbursement may be absorbed by the funding source(s) used to front-fund these projects. Currently, the majority of City staff working on the AHSC Program are front-funded by the General Fund with the expectation that AHSC funds would reimburse the General Fund for eligible staff costs. The 2022-23 Adopted Budget also includes the front-funding required for contractor costs, which will be administered by the City Administrative Officer (CAO), in consultation with BOE and DOT. A total of \$826,636 in reimbursement requests has been submitted to the State for work completed on Rounds 3 through 5, for which \$507,978 have been reimbursed to date.

Subsequent to the release of the LAHD Report, the CAO was alerted that there are AHSC costs for Rounds 3 through 6 that are not fully grant-funded and will require additional funding commitments from the City in order to implement the STI and TRA scopes of work, which this Office reviewed and verified. The BOE estimates a potential funding gap totaling \$14.67 million for the AHSC program. Of this amount, \$11.58 million is the gap for prior AHSC rounds (Round 3 through 5). An additional \$3.09 million is the estimated gap for AHSC Round 6. The total funding gap is specific to the soft costs category of AHSC projects, which includes costs that are incidentally, but not directly, related to construction or project plans, specifications and estimates, which include, planning, engineering, construction management, architectural, and other design work. Based on the AHSC Guidelines, soft costs shall not exceed 30 percent of costs associated with the AHSC capital projects. Soft costs for the work performed by City departments total approximately 40 percent, resulting in a funding gap associated with the AHSC projects. The Attachment of this report summarizes the funding need or gap for the AHSC Program.

This Office notes that the funding gap is specific to the soft costs category and is not inclusive of any capital or construction cost increases that may arise by the time the AHSC projects begin construction. The potential funding gap related to construction is not known at this time since the projects for Rounds 3 through 5 are still in the design or pre-design stage. This Office recommends that the LAHD identify the funding needed to offset the AHSC unfunded costs described in this report prior to initiating the application process for AHSC Round 7. If special funds are not available to mitigate the unfunded costs, the only other potential funding source is the General Fund. The LAHD may also consider revising the City's application strategy for AHSC and discontinue serving

as the lead applicant for the AHSC Program. The City did not receive AHSC funds for Rounds 1 and 2 since the AHSC awards went directly to the developer co-applicants that were responsible for both the affordable housing development and the STI and TRA scopes of work for the AHSC projects. The City may explore returning to the prior AHSC structure in Rounds 1 and 2 in order to mitigate the potential impact to the General Fund.

This Office concurs with the LAHD'S recommendations related to executing standard agreements with the State and accepting the grant awards, as well as establishing the appropriation accounts for the grant funds, with the following amendments: 1) revised accounting information for the reimbursable costs transfer to ensure the correct funding source(s) used to front-fund costs are reimbursed; and, 2) an instruction for the LAHD to identify the funding sources and amounts that may be used to offset the AHSC unfunded costs described in this report, and revisit the City's application strategy for AHSC, prior to initiating the application process for AHSC Round 7.

FISCAL IMPACT STATEMENT

There is a potential future impact on the General Fund if the Los Angeles Housing Department (LAHD) is unable to identify the funding needed to offset the unfunded Affordable Housing and Sustainable Communities (AHSC) costs in the amount of \$14.67 million identified in this report. The City must also 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.

MWS:MOF:02230016c

Attachment

Attachment: Breakdown of AHSC Awards and Funding Gap

AHSC Project	Soft Costs Budget (A)	Capital Costs Budget (B)	Admin Costs Budget (C)	Reporting or Transit Purchase Budget (D)	Total AHSC Award Amount (E = A+B+C+D)	Total Soft Costs (F)	Funding Gap (G = A-E)
Round 3							
Elden Elms	\$ 1,140,268	\$ 3,800,893	\$ 410,986	\$ -	\$ 5,352,147	\$ 1,730,927	\$ (590,658)
Path Villas	\$ 635,688	\$ 2,419,166	\$ 242,153	\$ -	\$ 3,297,006	\$ 1,121,525	\$ (485,838)
<i>Round 3 Subtotal</i>	<i>\$ 1,775,956</i>	<i>\$ 6,220,059</i>	<i>\$ 653,139</i>	<i>\$ -</i>	<i>\$ 8,649,153</i>	<i>\$ 2,852,452</i>	<i>\$ (1,076,496)</i>
Round 4							
Hollywood Arts Collective	\$ 1,014,844	\$ 2,797,656	\$ 387,500	\$ -	\$ 4,200,000	\$ 1,408,060	\$ (393,216)
Jordan Downs S3	\$ 887,412	\$ 2,136,588	\$ 336,000	\$ -	\$ 3,360,000	\$ 1,182,174	\$ (294,762)
Manchester Urban Homes	\$ 1,465,061	\$ 3,936,419	\$ 598,520	\$ -	\$ 6,000,000	\$ 2,178,021	\$ (712,960)
Vermont and Manchester	\$ 1,588,893	\$ 3,811,107	\$ 600,000	\$ -	\$ 6,000,000	\$ 1,918,130	\$ (329,237)
Weingart Tower	\$ 1,588,674	\$ 3,811,326	\$ 600,000	\$ -	\$ 6,000,000	\$ 2,299,373	\$ (710,699)
<i>Round 4 Subtotal</i>	<i>\$ 6,544,884</i>	<i>\$ 16,493,096</i>	<i>\$ 2,522,020</i>	<i>\$ -</i>	<i>\$ 25,560,000</i>	<i>\$ 8,985,758</i>	<i>\$ (2,440,874)</i>
Round 5							
619 Westlake	\$ 653,538	\$ 3,047,583	\$ 256,758	\$ 60,952	\$ 4,018,831	\$ 1,245,547	\$ (592,009)
Corazon Del Valle	\$ 917,746	\$ 5,640,007	\$ 372,001	\$ 112,801	\$ 7,042,555	\$ 2,412,231	\$ (1,494,485)
Parkview	\$ 1,168,621	\$ 5,523,474	\$ 456,347	\$ 110,470	\$ 7,258,912	\$ 2,638,564	\$ (1,469,943)
Rose Hill Court	\$ 1,086,231	\$ 6,320,649	\$ 440,065	\$ 126,413	\$ 7,973,358	\$ 2,583,249	\$ (1,497,018)
Santa Monica & Vermont	\$ 1,618,308	\$ 7,248,479	\$ 628,848	\$ 144,970	\$ 9,640,605	\$ 3,100,174	\$ (1,481,866)
Thatcher Yard	\$ 499,480	\$ 3,236,279	\$ 203,628	\$ 64,726	\$ 4,004,113	\$ 1,545,970	\$ (1,046,490)
Washington Arts Collective	\$ 275,045	\$ 1,853,449	\$ 113,345	\$ 37,069	\$ 2,278,908	\$ 757,505	\$ (482,460)
<i>Round 5 Subtotal</i>	<i>\$ 6,218,969</i>	<i>\$ 32,869,920</i>	<i>\$ 2,470,992</i>	<i>\$ 657,401</i>	<i>\$ 42,217,282</i>	<i>\$ 14,283,241</i>	<i>\$ (8,064,272)</i>
Round 6							
87th and Western TOD	\$ 812,905	\$ 3,388,714	\$ 370,181	\$ 5,050,000	\$ 9,621,800	\$ 1,243,658	\$ (430,753)
Grandview TOD	\$ 544,984	\$ 2,276,973	\$ 271,343	\$ 1,537,500	\$ 4,630,800	\$ 835,649	\$ (290,665)
Jordan Downs Area 2B ICP	\$ 569,486	\$ 2,228,167	\$ 234,947	\$ 1,600,000	\$ 4,632,600	\$ 817,737	\$ (248,251)
Locke Village TOD	\$ 1,371,664	\$ 5,842,720	\$ 778,116	\$ 1,537,500	\$ 9,530,000	\$ 2,144,278	\$ (772,614)
Menlo Ave Apartments ICP	\$ 1,104,058	\$ 4,175,352	\$ 443,090	\$ 1,537,500	\$ 7,260,000	\$ 1,532,354	\$ (428,296)
Umeya Apartments TOD	\$ 1,440,011	\$ 5,810,486	\$ 700,603	\$ 1,537,500	\$ 9,488,600	\$ 1,959,624	\$ (519,613)
Vista Terrace ICP	\$ 837,010	\$ 3,370,482	\$ 360,708	\$ 5,050,000	\$ 9,618,200	\$ 1,236,967	\$ (399,957)
<i>Round 6 Subtotal</i>	<i>\$ 6,680,118</i>	<i>\$ 27,092,894</i>	<i>\$ 3,158,988</i>	<i>\$ 17,850,000</i>	<i>\$ 54,782,000</i>	<i>\$ 9,770,268</i>	<i>\$ (3,090,150)</i>
AHSC Rounds 3 - 6 Total	\$ 21,219,927	\$ 82,675,969	\$ 8,805,139	\$ 18,507,401	\$ 131,208,435	\$ 35,891,719	\$ (14,671,792)

Round 6 Detailed Budgets

Umeya Apartments TOD						
Improvement	Type	Department	Unit	Quantity	Unit Price (w/ Escalation and Contingency)	Capital Costs
Sidewalk (includes removal and construction, 10% for driveways and 30% for curb and gutter)	STI	BOE	LF	357	\$980	\$350,000
Alley Apron	STI	BOE	EA	3	\$34,329	\$102,987
Curb Extension (half corner or midblock)	STI	BOE	EA	1	\$200,000	\$200,000
Curb Extension (full corner)	STI	BOE	EA	1	\$340,000	\$340,000
Fire Hydrant Relocation under C.E.	STI	BOE	EA	1	\$19,910	\$19,910
Street Light Relocation under C.E.	STI	BOE	EA	1	\$11,124	\$11,124
ADA Curb Ramp (BCR to ECR removal and construction, see BEO detailed estimate)	STI	BOE	EA	12	\$43,333	\$520,000
7th St Transit Platform/Corner Islands	STI	BOE	LF	1,740	\$689	\$1,200,000
7th St Protected Bike Lane with Landscape	STI	BOE	LF	1,740	\$297	\$516,780
7th St Signing	STI	BOE	LF	1,740	\$66	\$114,840
7th St Traffic Signal Modifications	STI	BOE	LF	1,740	\$179	\$312,679
Crosswalk (upgrade to continental type with high visibility paint)	STI	DOT	EA	7	\$3,950	\$27,650
Class III Bike Route (includes pavement markings and signs on both sides of the street)	STI	DOT	FT	1,840	\$27	\$49,680
Bike Box	STI	DOT	EA	2	\$790	\$1,580
Leading Pedestrian Interval	STI	DOT	EA	2	\$34,034	\$68,068
Rapid Rectangular Flashing Beacon (RRFB)	STI	DOT	EA	1	\$118,512	\$118,512
Pedestrian HAWK Beacon (T-intersection)	STI	DOT	EA	1	\$158,016	\$158,016
Pedestrian HAWK Beacon (4 lane road)	STI	DOT	EA	2	\$237,024	\$474,048

Bus Stop Lighting	TRA	BSL	EA	9	\$67,789	\$610,101
Street Light	TRA	BSL	EA	7	\$27,811	\$194,677
Upgrade ex. Light	TRA	BSL	EA	34	\$973	\$33,082
7th St Bus Pad	TRA	BOE	EA	2	\$110,000	\$220,000
Street Tree Installation & Maintenance	TRA	UFD	EA	18	\$9,264	\$166,752
					<i>Sum</i>	\$5,810,486
					<i>Soft Costs</i>	\$1,440,011
					<i>Admin Costs</i>	\$700,603
					<i>Bus Purchase</i>	\$1,537,500
					<i>Total Award</i>	\$9,488,600