

OFFICE OF THE CITY ADMINISTRATIVE OFFICER

Date: February 22, 2021

CAO File No. 0220-00540-1521

Council File No. 15-0087-S4

Council District: Citywide

To: The Mayor
The Council

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

Reference: Housing and Community Investment Department transmittal dated January 21, 2021; Received by the City Administrative Officer on February 10, 2021; Additional Information Received through February 18, 2021

Subject: **REQUEST FOR AUTHORITY TO ACCEPT \$42,217,282 IN TRANSPORTATION RELATED GRANT AWARDS FROM THE STRATEGIC GROWTH COUNCIL'S AFFORDABLE HOUSING AND SUSTAINABLE COMMUNITIES (AHSC) PROGRAM, ROUND 5**

RECOMMENDATIONS

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

1. Adopt Recommendations II. A and B of the Housing and Community Investment Department (HCID) transmittal dated January 21, 2021 relative to the request for authority to accept grant awards totaling \$42,217,282 from the California Department of Housing and Community Development (State) to implement Round 5 of the Strategic Growth Council's Affordable Housing and Sustainable Communities (AHSC) Program;
2. Authorize the General Manager of the HCID, or designee, to 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, and request the Controller to implement the instructions; and,
3. Instruct the HCID to submit reimbursement requests to the State as soon as the Standard Agreements for AHSC Rounds 3, 4, and 5 projects are executed.

SUMMARY

The Housing and Community Investment Department (HCID) requests authority to accept seven transportation-related grant awards totaling \$42,217,282 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 5. 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 \$131,383,325 in AHSC Program funds during Round 5 for seven affordable housing projects. Of the total award amount, \$42.2 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 HCID, Department of City Planning, Los Angeles Department of Transportation, and Department of Public Works Bureaus of Engineering (BOE), Street Lighting, and Street Services. The AHSC Round 5 housing development projects and transportation-related work must be completed by December of 2026. Additional information regarding the AHSC Program, a breakdown of the AHSC Round 5 awards, and the scopes of work for the five projects can be found in the HCID transmittal dated January 21, 2021 (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) used by the City. Currently, all City staff working on AHSC are front-funded by the General Fund with the expectation that AHSC funds would reimburse the General Fund for eligible staff costs. Subsequent to the release of its Report, the HCID indicated that the State is amending the AHSC Round 5 Guidelines to allow grantees to incur costs eligible for reimbursement for any work completed on an AHSC project since the award date instead of waiting until the City, developer co-applicants, and the State have executed a Standard Agreement for each project. The City will then be able to submit requests for reimbursement once the Standard Agreement for the projects are executed. None of the Standard Agreements for Round 5 have been executed to date.

The HCID reports that it is working with the other AHSC implementing departments to finalize the City's AHSC reimbursement or drawdown request process, and will submit a report under separate cover requesting authority to create the accounts needed to disburse the AHSC funds to City departments for Round 3 through 5. The City did not receive AHSC funds for Rounds 1 and 2 since the AHSC awards went directly to the developer co-applicants who were responsible for both the affordable housing development, and the STI and TRA scopes of work for the AHSC projects. The HCID notes that both HCID and BOE have been tracking their AHSC charges related to implementation and project design costs, but the dollar amounts are not available at this time. A breakdown of costs incurred and amounts that will be submitted for reimbursement will be available once the implementing departments finalize the reimbursement request process. The HCID anticipates submitting the first reimbursement request in March of 2021. This Office concurs with the HCID's recommendations as amended to include: 1) a recommendation authorizing the HCID to prepare Controller instructions and technical adjustments consistent with the Mayor and Council action on this matter, subject to the approval of the City Administrative Officer, and 2) an instruction for the HCID to submit reimbursement requests as soon as the Standard Agreements for Rounds 3, 4, and 5 are executed.

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 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.

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