

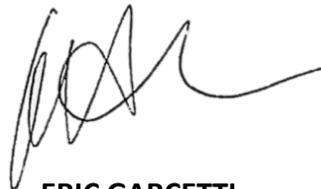
TRANSMITTAL

To: **THE COUNCIL**

Date: **08/30/22**

From: **THE MAYOR**

TRANSMITTED FOR YOUR CONSIDERATION. PLEASE SEE ATTACHED.

A handwritten signature in black ink, appearing to read 'Eric Garcetti', with a long horizontal flourish extending to the right.

(Andre Herndon) for

ERIC GARCETTI
Mayor

Ann Sewill, General Manager
Tricia Keane, Executive Officer

Daniel Huynh, Assistant General Manager
Anna E. Ortega, Assistant General Manager
Luz C. Santiago, Assistant General Manager

City of Los Angeles



LOS ANGELES HOUSING DEPARTMENT

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Eric Garcetti, Mayor

August 23, 2022

Council File: 15-0087-S9
Council Districts: Citywide
Contact Persons: Joel Montano: (213) 808-8423
Ann Sewill: (213) 808-8808

Honorable Eric Garcetti
Mayor, City of Los Angeles
Room 303, City Hall
200 N. Spring Street
Los Angeles, CA 90012

Attention: Heleen Ramirez, Legislative Coordinator

COUNCIL TRANSMITTAL: REQUEST FOR AUTHORITY TO APPROVE THE CITY'S CRITERIA AND APPLICATION PROCESS FOR THE 2023 ROUND 7 FUNDING OPPORTUNITY OF THE STRATEGIC GROWTH COUNCIL'S (SGC) AFFORDABLE HOUSING AND SUSTAINABLE COMMUNITIES (AHSC) PROGRAM

SUMMARY

The General Manager of the Los Angeles Housing Department (LAHD) requests that your office review and approve this transmittal and forward it to the City Council for further consideration. Through this transmittal, LAHD requests authority to approve the City's project selection criteria and application process for the 2023 Round 7 funding opportunity of the California Strategic Growth Council's (SCG) Affordable Housing and Sustainable Communities (AHSC) program. LAHD also requests authorization for the General Manager of LAHD to continue to lead the AHSC coordination with the City AHSC team.

The AHSC program is one of over forty major 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 (VMT) by providing grant and loan opportunities to strategically fund affordable housing developments with Sustainable Transportation Infrastructure (STI) and Transportation Related Amenities (TRA) primarily in Disadvantaged Communities (DACs) and Low-Income Communities. SGC will release its seventh Notice of Funding Availability (NOFA) in the amount of approximately \$750 million in January 2023, and the application submission deadline for this new funding round will be in March 2023.

RECOMMENDATIONS

- I. That the Mayor review this transmittal and forward to the City Council for further action;
- II. That the City Council, subject to the approval of the Mayor:
 - A. APPROVE the City's selection criteria for the upcoming Affordable Housing and Sustainable Communities (AHSC) Round 7 NOFA as outlined under the Proposed City of Los Angeles AHSC Project Selection Criteria section of this report;
 - B. AUTHORIZE the General Manager of LAHD, or designee, to continue to lead the coordination, partnership, and engagement with the Los Angeles Department of Transportation (LADOT), Department of City Planning (DCP), Bureau of Engineering (BOE), Bureau of Street Lighting (BSL), Bureau of 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; and
 - C. REQUEST the City Attorney to prepare the appropriate AHSC Round 7 Joint Application Agreements, including but not limited to, appropriate indemnification provisions, for projects in which the City is a joint applicant.

BACKGROUND

The AHSC program is a competitive state funding program (administered by the SGC, the California Air Resources Board (CARB), and the California Department of Housing and Community Development (HCD)) 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 public transit.

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 infrastructure projects. As a result, projects must include both an affordable housing component and a sustainable transportation scope of work. Projects are competitively scored based on established scoring criteria as outlined in the program guidelines. The scoring elements and criteria for Round 6 are included in this report as Attachment A for reference. The scoring criteria may be subject to change for Round 7. The SGC is expected to release draft guidelines in September/October and issue final Round 7 guidelines by December 2022.

AHSC Program Impact in the City of Los Angeles

On January 26, 2022, the SGC awarded the City of Los Angeles a total of \$163.3 million for the sixth round of AHSC. As a successful joint applicant with seven affordable housing developers, the City will be responsible for the administration, implementation, construction, and completion of the grant-funded STI and TRA

improvements, and the developer will be responsible for the development components of the affordable housing project.

Given the AHSC program's commitment to increasing access to affordable housing and sustainable transportation infrastructure, the City has the opportunity to further leverage and maximize future AHSC funding to advance the City's priorities related to affordable housing, mobility and sustainability. As Table 1 demonstrates, the City's efforts over the past six rounds of AHSC funding opportunities, have successfully secured the awarding of nearly \$500 million for affordable housing, transportation, and infrastructure projects in the City, contributing to the creation of 3,872 total units.

Table 1 - City of Los Angeles AHSC Funding Awards Summary

AHSC Round	Number of Projects	Number of Units	Award Amount
Round 1	8	688	\$28 million
Round 2	6	553	\$64 million
Round 3	2	153	\$21 million
Round 4	5	824	\$85 million
Round 5	7	725	\$131 million
Round 6	7	929	\$163 million
TOTAL	35	3,872	\$492 million

For Round 6 alone, over \$54 million in grant funding will be implemented and invested in Los Angeles for sustainable transportation infrastructure related improvements, including 7.23 miles of pedestrian and cycling improvements. These improvements were developed through the concerted efforts of the City's AHSC Team in alignment with the City's Green New Deal, Mobility Plan 2035, Safe Route to Schools, Measure M Local Return Program, Plan for a Healthy LA, LA Green Code, as well as the Vision Zero initiative to enhance mobility, safety, and sustainability in the City.

The combined investment in housing and infrastructure along with the collective AHSC investment in the City for all five rounds will result in a reduction of nearly 630,000 tons of GHG emissions making Los Angeles a more livable and environmentally sustainable city.

AHSC ROUND 7 FUNDING OPPORTUNITY

The SGC expected to maintain their routine application cycle for Round 7 with the Notice of Funding Opportunity (NOFA) released in October 2022 and a deadline for submission in February 2023. On August 8, 2022, the SGC announced changes to the timeline by delaying the release of Round 7 Guidelines and the NOFA to better align with the next HCD SuperNOFA. The AHSC Round 7 Final Guidelines are now scheduled to be released in December 2022 and the NOFA in January 2023—making available approximately \$750 million from four

quarterly Greenhouse Gas Reduction Fund (GGRF) auctions. The application deadline for submission will be in March 2023 (Please see Attachment B for the SGC's program timeline). Currently the program has a total maximum of \$30 million per application, which includes \$20 million for housing and \$10 million for infrastructure and programs.

For Round 7, potential changes might include but are not limited to: 1) requiring all electric building design; 2) restricting the project area to one mile; 3) standardizing transit ridership calculations; 4) changes to the STI bicycle points; and 5) streamlining the application submittal components such as the narrative component.

The SGC expects AHSC funding to be available every year until approximately 2030. This established funding cycle now allows the City's AHSC Team to engage in long-term planning to identify and support both competitive affordable housing and transportation related infrastructure projects over the next eight years.

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

As in prior rounds, the City will be required to self-certify its role as a joint applicant through a Joint Application Agreement (JAA) for each selected project that clarifies the responsibility borne for specific provisions of the award. As in prior rounds, the City will be the recipient and grant administrator only for the STI and TRA grant funding portions upon any successful AHSC funding awards for Round 7.

As such, LAHD, as the grant administrator, will pass through grant funding to other City departments to implement the STI/TRA grant funds as per current AHSC guidelines. 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 related costs. As the AHSC program continues to incentivize larger, more complex non-housing-related elements, the STI/TRA components will continue to exceed the current capacity of housing developers. As a result, applicants will continue to rely on localities and/or transportation agencies to meet the program requirements for the non-housing related elements. Therefore, the City's work to implement STI/TRA grants is critical to the overall competitiveness and success of these projects. The City has been awarded over \$130 million in STI/TRA project funds from the past four AHSC rounds.

For Round 6, AHSC allowed up to 2% of the total funding request to be used for employment benefits and outcomes reporting as per the previous round. These additional funds are not included within the soft costs cap and are intended to support awardees with meeting the additional employment reporting requirements. This funding was for staff directly involved with the implementation of Round 6. The City will include the necessary budget line items in each AHSC application to reflect the 2% allotment per the new final AHSC Round 7 guidelines.

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 multi-department effort in reviewing affordable housing requirements and scoping sustainable transportation infrastructure improvements that help create safer and healthier communities. The City AHSC Team consists of staff from LAHD (lead coordinating agency), LADOT, BOE, DCP, BSL, and BSS, Los Angeles County, and the Housing Authority of the City of Los Angeles (HACLA). The City AHSC Team's work is also supported through the leadership of both the Mayor's Office and City Council offices.

Since AHSC is an ongoing cyclical grant program until 2030, it is critical that LAHD and the other City departments continue to sustain dedicated, skilled, and fully funded staff to prepare, implement, monitor projects, and administer any awarded grant funds. The AHSC Team will need to continue to add and retain staff in order to prepare successful applications while also implementing and administering previously awarded projects from AHSC Rounds 1 through 6. Having dedicated staff for the AHSC Team will ensure that the operational infrastructure developed by LAHD and other City departments over the past six rounds of funding remains sustainable and competitive for years to come. LAHD and all of the implementing departments may continue to seek new staff and funding authorities through the annual budget process in the future to ensure the successful implementation of awards.

Proposed City of LA AHSC Project Selection Criteria

The project selection criteria remains consistent with those adopted last year by the City Council and Mayor (Council File No. 15-0087-S6) for AHSC's Round 6 program. As in prior rounds, each project must be shovel-ready and meet the minimum AHSC program guidelines threshold requirements. In addition, each project must satisfy at least one of the following City criteria, which have been reviewed by the AHSC Team and are consistent with the City's priorities:

- Admitted into the City's Affordable Housing Managed Pipeline, received or will be leveraging the City's Prop HHH funding, or is a City-owned site.
- Advance LAHD's prioritized planning efforts and policy objectives identified in the City's 2021-2029 Housing Element to produce and preserve affordable housing near transit while also affirmatively furthering fair housing.
- Advance and promote sustainable transit infrastructure and amenities that implement prioritized LADOT and LADCP planning and policy objectives, including the City's Green New Deal, Mobility Plan 2035, Safe Routes to School, Measure M Local Return Program, Plan for a Health LA, LA Green Code, and Vision Zero.

To maximize the AHSC program's impact on the City, the City Team will: (1) evaluate all potential AHSC project applications; (2) prioritize projects that leverage City resources; and (3) advance the Mayor and City Council's housing, transportation, and sustainability objectives. The City's AHSC Team will be conducting the evaluation of interested applicants in September 2022 and will select and issue the list of recommended co-applicants with the City to the City Council in the fall 2022. LAHD will follow the following transmittal and resolution timeline for Round 7 shown in Table 2.

Table 2 - The City Transmittal Timeline for AHSC Round 7 Funding Cycle

Name	Date	Purpose
Transmittal #1	August 2022	Propose City of LA selection criteria
Transmittal #2	Nov/Dec 2022	Issue recommendations for co-applicant list, related instruction, and authorities
City Council Resolution	January 2023	Introduce and adopt the City Council Resolution approving the recommended Round 7 co-applicant list, authority to execute Joint

		Application Agreements with co-applicant developers, authorize the General Manager of LAHD to execute State mandated application documents and other related authorities to successfully submit AHSC applications for Round 7 due in March 2023
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CONCLUSION

The AHSC Round 7 project selection criteria prioritizes applications that both meet program eligibility and align with the City's priorities related to housing, mobility, and sustainability. Contingent upon the City's capacity to pursue AHSC Round 7 funding, LAHD will report back in November/December 2022 with the list of selected AHSC projects based on the above project selection criteria, and request authority to submit applications on behalf of the City for AHSC Round 7. As noted above, a detailed program schedule timeline for the AHSC Round 7 is outlined in Attachment B.

FISCAL IMPACT

Approval of the recommendations in this report have no fiscal impact to the General Fund.

Approved By:



ANN SEWILL
General Manager
Los Angeles Housing Department

ATTACHMENT:

AHSC Round 7 Selection Criteria Attachments

ATTACHMENT A

Strategic Growth Council's AHSC Round 6 Application Scoring Elements and Criteria*

CRITERIA	POINTS
GHG Reductions Scoring	
GHG Transit	5
GHG Housing, Active Transportation, and Renewable Energy	10
GHG Efficiency	15
Quantitative Policy Scoring	
Active Transportation Improvements	10
Green Buildings and Renewable Energy	10
Housing and Transportation Collaboration	9
Location Efficiency and Access to Destinations	6
Funds Leveraged	4
Anti-Displacement Strategies	6
Local Workforce Development and Hiring Practices	3
Housing Affordability	5
Programs	2
Narrative-Based Policy Scoring	
Collaboration & Planning	4
Community Benefit & Engagement	6
Community Climate Resiliency	3
Community Air Pollution Exposure Mitigation	2
TOTAL SCORING	100

*SGC will be issuing draft guidelines for Round 7 in October 2022, therefore this scoring criteria is subject to change.

ATTACHMENT B

AHSC Round 7 Program Estimated Schedule*

ACTIVITY	MONTH-YEAR
Final Guidelines adopted	December 2022
NOFA Released	January 2023
AHSC Round 7 Applications Due	March 2023
AHSC Round 7 Awards Adopted by SGC	August 2023

*Timeline is subject to change.