



Board Report

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Agenda Number:

AD HOC SUSTAINABILITY COMMITTEE JANUARY 20, 2016

**SUBJECT: CAP-AND-TRADE AFFORDABLE HOUSING AND SUSTAINABLE COMMUNITIES
PROGRAM STRATEGY**

ACTION: APPROVE ADOPTION OF PROGRAM STRATEGY

RECOMMENDATION

Approve Proposed Strategy for Affordable Housing and Sustainable Communities Program, including:

- policy framework prompting local resolutions as a prerequisite for all partnership and support;
- authorization for staff to include Metro-specific components as described in individual project applications;
- direction to staff on various activities supporting capacity building and planning for AHSC competitiveness.

ISSUE

One of eleven programs in the California Cap-and-Trade portfolio, the Affordable Housing and Sustainable Communities (AHSC) program provides opportunities to fund affordable housing along with mobility and urban greening improvements intended to reduce greenhouse gas emissions. The 2016 program will allocate \$400 million statewide. The program seeks to incentivize the inclusion of active transportation and transit access investments in multi-component collaborative projects. The creation of a cohesive Metro framework and strategy will prompt project applications consistent with Metro's priorities and will allow for Los Angeles County projects to compete more successfully for funding.

DISCUSSION

The AHSC program is one of 11 programs funded through cap-and-trade revenues. It was created by the Legislature (SB 862- 2014), and receives an on-going allocation of 20% of cap-and-trade funds (\$400 million for 2016). As administered by the California Strategic Growth Council, the program is intended to fund affordable housing along with transportation infrastructure, amenities and programming with the intent of reducing vehicle miles traveled and greenhouse gas emissions from passenger vehicles. The program is also intended to implement regional Sustainable Communities Strategies, and as such, has been of on-going interest to the Ad Hoc Sustainability Committee.

Metro has worked extensively on positioning the agency and Los Angeles County for the AHSC program since its inception in 2014. The Sustainability Committee has received regular updates on these activities. The first year of the program (2014-15) funded 8 housing-focused projects in Los Angeles County. Active transportation improvements were focused on relatively easy to implement additions to housing, such as on-site bicycle parking.

At the October meeting of the Ad Hoc Sustainability Committee staff provided a status report and preliminary strategy for Metro's participation in the AHSC program, and was directed to return to the committee with a fully elaborated strategy informed by updated program guidelines.

Recent Guidelines changes/Metro comments

As of December 17, 2015, the Strategic Growth Council will have adopted revised AHSC program guidelines. The current set of draft guidelines, released September 17, 2015, seek to address issues observed in the first year of the program, including comments raised at various junctures by Metro. Of note the new program guidelines:

- Favor projects that align with the program's policy objectives and show consistency with established policy at the regional level;
- Include point-based incentives for meaningful collaboration between the housing and transportation sectors;
- Incentivize the inclusion of active transportation infrastructure in program applications;
- Incentivize the inclusion of water, energy and urban greening components.

Metro submitted comments on the most recent draft guidelines in October 2015. Those comments are attached.

Objectives

The purpose of this strategy is to further Metro's objectives for this important new state funding source. Those objectives, as proposed here, are:

- Assure competitiveness of applications from Los Angeles County and increasing the county's share of funding awards;
- Promote high quality projects that invest in Metro's priorities including first/last mile connectivity, active transportation, affordable housing near stations, and urban greening;
- Improve the overall capacity within the County to plan, seek funding, and deliver projects;
- Reinforce the State's program goals calling for meaningful collaboration across sectors.

AHSC strategy components

- Policy framework

The revised program guidelines provide competitive points for projects that align themselves

with established policies and plans intended to reduce transportation related greenhouse gasses and vehicle miles traveled. While Metro has a substantial body of such policies, including the Countywide Sustainability Planning Policy, it will be more clear and efficient for applicants for Metro to create a specific policy framework for the AHSC program. The purpose of Metro policy for AHSC is to clearly communicate Metro's preferences for development and local transportation infrastructure in areas surrounding Metro transit stations, to prompt project applications with the greatest regional benefit, and to allow communities a clear way to position projects for competitive advantage. To that end, staff is proposing adopting a policy statement as follows:

AHSC requires multi-component project applications that include affordable housing, transportation infrastructure, transportation amenities, transportation programming, urban greening and other investments. Metro supports project applications in Los Angeles County that:

- Increase the supply of affordable housing near transit particularly at the lowest income levels feasible;
- Implement Metro's First/Last Mile Strategic Plan and Planning Guidelines, improving accessibility and safety for transit passengers;
- Include transportation infrastructure improvements in the public right-of-way;
- Utilize Metro's Urban Greening Plan and Toolkit;
- Include creative partnerships to achieve community development objectives identified through a community engagement process;
- Where feasible, fund implementation of Metro Bikeshare stations, Metro Bike Hubs, or other Metro infrastructure;
- Where feasible, provide Metro Transit Passes to housing project residents .

In order to provide support letters for individual projects, or for Metro to be involved as a partner applicant or participating entity, Metro will require a resolution from the local agency where any given project is located acknowledging and supporting these priorities.

It should be noted that this policy framework is closely related to the Metro's emerging work on Transit Oriented Communities. To that end, the Metro Board may wish to review and revise this policy periodically for consistency.

- Metro role in individual projects - The competitive framework established by the current guidelines creates a strong incentive for transportation agencies to be included as partner applicants. Metro generally views this program as an appropriate funding source for local transit supportive projects such as first/last mile improvements. In some cases Metro may be a direct partner/funding recipient, especially where bike share stations and bike hubs are appropriate. In all cases, Metro is seeking to catalyze partnerships that include transportation infrastructure investments with broad public benefits. Each potential project will be considered separately, with options to include:

1. Metro as a partner/co-applicant (where Metro receives funds for bike share, bike hubs,

or other Metro-specific activities such as stop or station improvements).

2. Metro as a participating entity, facilitating transportation infrastructure investment with a local city or the County of Los Angeles (e.g. first/last mile or active transportation project in a local right-of-way).
 3. As a supporter based on consistency with the policy framework proposed here.
- Outreach/training/technical assistance - Metro will collaborate with various entities in Los Angeles County to provide broad based capacity building, training and outreach for local agencies. Metro's activities will include communication on program basics (timelines, eligible projects, etc.) to all interested jurisdictions, presentations to subregional Council of Governments meetings, and coordination with other entities including SCAG to provide a basic level of knowledge about the program. Additionally, Metro is initiating a training program for local agencies around First/Last Mile. The purpose of the training is to orient local staff to the first/last mile planning methodology, and to prompt the creation of concept plans that are ready to compete for funding. Metro is currently working with partners and stakeholders to in Los Angeles County to establish a collaborative process that will address a broad range of technical assistance and capacity building needs for both the public sector and for private housing developers. These partners, convened by the LA THRIVES collaborative, include philanthropic foundations, local government agencies, housing, public health, transportation, and environmental experts, and community development financial institutions. The goals of this TA effort are to accelerate public-private partnerships and support high quality competitive applications - particularly integrated projects with both affordable housing and transportation infrastructure elements. Metro's aim leverage available resources in its targeted partnerships described above.
 - Plan development - The AHSC program requires that planning for projects be complete, or near complete, in order to compete for funding. That being the case, Metro will work with partners to introduce AHSC requirements and this policy framework into on-going planning programs (e.g. TOD Planning Grants if this program is continued by the Board, and the Joint Development TOC demonstration project.). Similarly, Metro will work with SCAG, as a function of the Joint Work Program to align SCAG Sustainability Program grants to creating funding-ready projects in Los Angeles County. Finally, a number of Metro's standalone planning efforts, such as an upcoming plan for First/Last Mile implementation for the Blue Line will be completed with AHSC implementation funding in mind.
 - Municipal level partnership/ pipeline development - As part of this overall strategy Metro is proposing to partner with a limited number of interested jurisdictions (6-8) in order to pilot planning and project delivery techniques geared to AHSC. This effort will involve a mapping exercise that will overlay potential housing projects, planned transportation improvements, and green infrastructure needs. Additionally, Metro will work with cities to compile lists of planned transportation infrastructure improvements (or improvements that can proceed with minimal planning and discretionary process) that can be readily attached to partnership applications. To this end, Metro has applied for a Caltrans Sustainable Communities Planning Grant in partnership with the City of Los Angeles. If we are successful, the grant will support

developing and refining planning techniques in Los Angeles and allow for the process to be replicated in other jurisdictions. Metro will select jurisdictions with which to work based on the following criteria (we are currently working with subregional COGs to identify potential partners):

- Interest;
 - Policy alignment (e.g. adoption of local resolution as described above), as well as other policies required by the AHSC program such as, but not limited to, local land use and transportation plans, anti-displacement policies, and climate action plans;
 - Presence of at least one Disadvantaged Communities census tract;
 - Ability to catalogue housing, transportation and greening projects, within the jurisdiction that are eligible to compete for funding;
 - Staff time and capacity to participate in strategy development, mapping exercise, and subsequent planning;
 - Active affordable housing programs
- Menu of Metro components- Metro's primary objective in any given project application is roadway improvements for first/last mile and active transportation. The program also creates opportunities for lower cost, less process-intensive investments such as bike hubs, bike share stations, and improvements to Metro stops and stations. Metro staff will develop a concise menu describing how each of these components can be included in project applications. Preliminary versions of these component menus are attached.

Support for projects - given SGC's new emphasis on policy consistency, we believe that Metro support for projects will be valuable in the competitive process. That being the case, we propose to establish clear criteria for Metro support for applications, including: a local resolution as described above, the inclusion of a priority component (transportation infrastructure in the public right of way, implementation of first/last mile, implementation of urban greening, inclusion of affordable housing in accordance with Metro policies), and where appropriate the funding of Metro-specific facilities as part of the project.

DETERMINATION OF SAFETY IMPACT

The recommended action will not have a negative impact on safety. The activities associated with this report may result in successful grant applications addressing first/last mile connectivity to transit as well as other improvements for active transportation. These projects would tend to improve safety for Metro customers along with other cyclists and pedestrians in Los Angeles County.

FINANCIAL IMPACT

Adoption of the proposed AHSC Strategy would not have direct financial impact to the agency. The strategy directs staff activity consistent with previously adopted policies, including the Countywide Sustainability Planning Policy and the First/Last Mile Strategic Plan. Indirect positive financial impact could result from successful grant applications through the AHSC program.

Impact to Budget

Staff activity related to the recommended action is currently accommodated within the Metro budget for FY 15-16 at project 450005 task 01.01 (Countywide Sustainability Plan). Activity for future years is subject to budget approval.

ALTERNATIVES CONSIDERED

The Board may consider no action. Under this scenario, applicants may proceed without an established Metro policy framework, but would encounter substantial additional difficulty in compiling competitive applications with full points awarded for collaboration, policy consistency, and inclusion of active transportation components.

The Board may further consider adopting a policy framework, but without describing specific Metro components (bike share stations, bike hubs, bus station or stop amenities). As per above, this course of action would make it more difficult to craft competitive applications.

NEXT STEPS

Pending consideration of this item by the Committee and the Metro Board, staff will:

- Provide broad outreach to jurisdictions regarding the policy framework and opportunities for collaboration;
- Select pilot jurisdictions with which to work on pre-planning and application development;
- Collaborate with other regional entities on technical assistance efforts;
- Participate at varying levels as described on individual applications;
- Provide on-going updates to the Committee.

ATTACHMENTS

Attachment A - October 30, 2015 comment letter on draft 2015-16 program guidelines

Attachment B - Preliminary component menus

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