



Board Report

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REVISED
AD HOC SUSTAINABILITY COMMITTEE
FEBRUARY 15, 2017

**SUBJECT: AFFORDABLE HOUSING AND SUSTAINABLE COMMUNITIES PROGRAM
STRATEGY AND POLICY FRAMEWORK**

**ACTION: APPROVE UPDATES TO THE AFFORDABLE HOUSING AND SUSTAINABLE
COMMUNITIES PROGRAM STRATEGY AND POLICY FRAMEWORK**

RECOMMENDATION

**APPROVE updates to the Affordable Housing and Sustainable Communities (AHSC) Program
Strategy and Policy Framework, as shown in Attachment A**

ISSUE

Metro has actively participated in the first two program years for the AHSC funding program, part of the larger portfolio of “cap-and-trade” programs made available by the State of California. The recommended action would better align Metro’s efforts and resources with objectives for the program, while continuing to support projects that advance Metro and locally identified priorities.

DISCUSSION

In January 2016, the Metro Board of Directors approved the AHSC Program Strategy and Policy Framework. That strategy was intended to align and direct Metro’s efforts around the AHSC Cap-and-Trade funding program, and to achieve the following objectives:

- Improve competitive standing of Los Angeles County projects;
- Inspire high quality, high impact project applications; and
- Secure funding for Metro Board programs, notably First/Last mile

Current Results

As reported to the Ad Hoc Sustainability Committee, Metro staff has worked extensively to position successful projects from Los Angeles County for the AHSC program through the 2015 and 2016 program years. These efforts have resulted in 17 successful project applicants from the county, including two projects with sub-awards coming to Metro to augment the downtown Los Angeles bike share pilot. These successful projects equate to 30% of total projects awarded.

As a whole, the program is still a work in progress, especially in terms of Metro's key objective of seeking meaningful, strategic investment in transportation infrastructure. The Strategic Growth Council made several adjustments to the program guidelines between year one and year two, which incentivized and enabled many projects to fund improvements to transportation infrastructure with a broad public benefit.

Nevertheless, substantial issues remain with the program, notably the continued complexity and time commitment of structuring competitive projects and forming partnerships. To that end, Metro continues to be concerned that only large jurisdictions are able to successfully compete for AHSC dollars. Of the 17 awards in Los Angeles County, 16 have been within the City of Los Angeles (the other to Signal Hill). At the same time, implementation of Metro's AHSC Policy and Strategy Framework also requires substantial ongoing effort to help achieve these results.

The current status of the AHSC program is somewhat up in the air. The schedule for 2017 has been delayed and is pending both a potential round of guideline revisions as well as further certainty on the overall status of the cap-and-trade portfolio and fund availability. We do expect that the program will proceed with an application process in the summer of 2017, subject to future updates.

Key Policy Provisions

The Metro AHSC Strategy and Policy Framework contains the following key provisions:

Menu of transportation components. Metro publishes a listing of potential Metro infrastructure investments that can be included in project applications, as conditions permit

Technical Assistance and Capacity Building. Metro collaborates with other entities in Los Angeles County, including LA Thrives, LA n Sync, Enterprise Community Partners, and SCAG to provide technical assistance to jurisdictions and developer applicants.

Ability to Partner/Requirement for local resolution showing policy consistency. Metro has made itself available to partner with applicants/developers, as well as to participate or provide material support to applications in a broad range of circumstances. As noted, developing project applications is a labor intensive process, with success often determined by factors beyond Metro's control. The current policy requires the local jurisdiction where a project is located to adopt a resolution supporting and acknowledging Metro's priorities. In 2016, only the City of Los Angeles adopted a resolution.

Suggested Adjustments

At this time Metro remains committed to facilitating success of the program within Los Angeles County. At the same time, we have dedicated substantial staff resources to other initiatives including implementing Measure M projects and pursuing first/last mile activities directed by the Board. As such, staff recommends recasting our AHSC activities as follows:

- Consider partnership/participation in project applications with a clear benefit to Metro (policies, i.e., First/Last Mile, Complete Streets, Transit Oriented Communities) but do not broadly commit participation to multiple projects. Metro staff will direct its efforts toward proposals with

clear Board policy alignment, local commitment and engagement, and viability within the AHSC Guidelines;

- Strongly encourage the adoption of a local resolution prior to Metro participation, but do not require it as this may create an additional barrier for participation among smaller jurisdictions;
- Continue to participate in technical assistance efforts along with partnering entities as described. Collaborative technical assistance for AHSC efforts are augmented by Metro's newly available capacity building and technical assistance programs, notably First/Last Mile Training begun in January 2017 and Complete Streets Training begun in December 2016. These trainings are geared to local agencies and prompt the development of local plans consistent with Metro policies and that align with AHSC eligible components. Further, Metro's on-going grant technical assistance efforts will be augmented by recent Board direction on First/Last Mile Implementation (Motion 14.1 - May 2016). These resources can also be directed toward AHSC project applications particularly, noting that substantial AHSC related grant technical assistance is already provided through other entities; and
- Other updates and adjustments to reflect current activities.

Attachment A shows recommended revisions to the AHSC Strategy and Policy Framework in a markup format.

FINANCIAL IMPACT

Staff time for participation in the AHSC program is included in the FY17 adopted budget in Cost Center 4340, Sustainability Policy and Programs, Project 450009, Sustainability Transportation Demo. Budgeted staff time has not been adequate to cover actual participation in prior years. The recommended adjustment would bring our activities more in line with budgeted and available resources.

Impact to Budget

The sources of funds are Propositions A, C and TDA Administration which is not eligible for bus and rail operating and capital expenses.

ALTERNATIVES CONSIDERED

Metro may decide to continue with its previously adopted strategy without adjustments. This is not recommended due to available resources to adequately participate in the program, as well as the potential for smaller jurisdictions to benefit from Metro's efforts.

NEXT STEPS


As noted, the schedule for the 2017 program year is to be determined by the state. Metro will provide further updates to the Committee as the program is finalized and will proceed with activities to facilitate Los Angeles County projects as described.

ATTACHMENTS

Attachment A - Strategy and Policy Framework Proposed Revisions - February 2017

Prepared by: Jacob Lieb, Sr. Manager, Transportation Planning, (213) 922-4132
Diego Cardoso, EO, Countywide Planning & Development, (213) 922-3076
Cal Hollis, SEO, Countywide Planning & Development, (213) 922-7319

Reviewed by: Therese W. McMillan, Chief Planning Officer, (213) 922-7077



Phillip A. Washington
Chief Executive Officer

STRATEGY AND POLICY FRAMEWORK PROPOSED REVISIONS -

February 2017

- Policy framework

The ~~revised~~ program guidelines as adopted by the Strategic Growth Council in 2016 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 Affordable Housing and Sustainable Communities (AHSC) program.

The purpose of an AHSC Metro policy 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.

The AHSC program 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 Bike Share stations, Metro Bike Hubs, or other Metro infrastructure; and
- Where feasible, provide Metro Transit Passes to housing project residents.

In order to provide support letters for individual projects or be involved as a partner applicant or participating entity, Metro ~~will require~~ strongly encourages 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.

Any level of Metro participation in any given project will be considered on a case-by-case basis subject to the policy considerations laid out in this framework, assessment of the competitive viability of the project, the level of benefit and risk for Metro, and other factors.

- Outreach/training/technical assistance - Metro ~~will~~ collaborates 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~~ currently offering a training programs for local agencies around First/Last Mile and Complete Streets. 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~~ is with partners and stakeholders

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 private housing developers. These partners, convened by the LA THRIVES collaborative, include philanthropic foundations, local government agencies, housing, public health, transportation, 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 TOG 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. Metro is engaged in a variety of efforts to facilitate plan development that can lead to high quality, competitive AHSC projects. This includes Metro-led planning for first/last mile improvements countywide, future rounds of transit-oriented development and related planning grants, and coordination on planning funding made available through SCAG.~~
- Municipal level partnership/pipeline development - As part of this overall strategy Metro ~~is proposing to partner~~ has initiated activities with a limited number of interested jurisdictions (6-8) in order to pilot planning and project delivery techniques geared to AHSC. Metro will continue these efforts subject to on-going involvement and interest from the technical assistance collaborative described above, and resource availability. ~~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~~ has developed a concise menu describing how each of these components can be included in project applications. ~~Preliminary versions of these component menus are attached. The menu is available online at~~ <https://www.metro.net/projects/countywide-planning/ahsc/>, noting that inclusion of any Metro component in any project will be considered on a case-by-case basis.