



## Board Report

File #: 2021-0496, File Type: Project

Agenda Number: 7.

### PLANNING AND PROGRAMMING COMMITTEE OCTOBER 20, 2021

**SUBJECT: JOINT DEVELOPMENT POLICY GOAL**

**ACTION: APPROVE RECOMMENDATIONS**

#### **RECOMMENDATION**

CONSIDER:

- A. APPROVING a ten-year Joint Development goal of completing 10,000 housing units, at least 5,000 of which will be income-restricted; and
- B. RECEIVING AND FILING the response to Motion 15.1 (Dupont-Walker and Solis) (Attachment B).

#### **ISSUE**

In order to strengthen Metro's response to the housing crisis, the Board adopted an updated Joint Development (JD) Policy in June 2021 (Attachment A) which was based on extensive research and community outreach and will support the equitable delivery of JD projects. The Board also adopted a Motion 15.1 by Directors Dupont-Walker and Solis (Attachment B) requesting that staff report back with additional detail on specific topics. That report back is contained herein.

#### **BACKGROUND**

The updated JD Policy adopted in June centered on equity and affordable housing for the JD projects moving forward. It included, among other updates, provisions that require all JD sites to be first pursued for 100% income-restricted housing, require that if a property cannot support a 100% income-restricted project, a minimum threshold of housing units be income-restricted, and adjust the existing land discounting policy to remove the percentage cap.

The Board requested that staff report back on the following topics: (1) establishing a portfolio-wide affordable housing goal; (2) the feasibility of parallel housing/transit delivery; (3) encouraging community-based development; (4) increasing small and medium-sized contractor participation; (5) inclusion of project labor agreements in JD projects; and (6) the potential for a JD Community Land Trust.

## **DISCUSSION**

### *Portfolio-Wide Goal*

The analysis performed for the JD Policy update included a financial model that evaluated 48 *potential*, but representative, JD sites to be developed in concert with upcoming transit projects. Through that modeling, and an assessment of completed and in-negotiation projects, JD recommends a **ten-year goal of completing 10,000 housing units, at least 5,000 of which will be income-restricted**. This is an aspirational yet achievable goal, the attainment of which will depend on market conditions, affordable housing funding, the delivery of pillar projects, and JD staff resources.

### *Parallel Housing/Transit Delivery*

Often the visioning and expectations for joint development arise in tandem with the earliest stages of planning for new mobility corridors. This presents an opportunity to partner with local jurisdictions early in the process and ensure that the appropriate land uses are in place for transit-supportive development. The Transit Oriented Communities (TOC) Implementation Plan, which was adopted by the Board in Fall 2020, outlines a process for working with local jurisdictions community stakeholders to realize equitable TOCs. The Implementation Plan also includes internal strategies for better integrating TOC planning, including identifying JD opportunity sites as part of the Measure M corridor delivery process. The Mobility Corridors and JD teams are working together to implement these strategies into an integrated process as follows:

- In the *Early Planning and Feasibility* stages of a corridor project, staff will review corridor alignments and station locations to ensure that remnant property that may result from the construction of the project would be suitable for joint development wherever possible.
- During the *Environmental Review and Conceptual Engineering* stages, staff may screen potential property acquisitions to ensure that the location, size and configuration of the potential parcels to be acquired are optimal for development. The updated JD Policy also allows revenues from joint development to be set aside to support strategic property acquisitions where additional funds may be needed to acquire properties that are more suitable for joint development.
- In the *Preliminary Engineering* phase, when property acquisition begins, staff will review engineering and acquisition drawings to ensure that the developability of JD opportunity sites is preserved and that subsequent engineering does not introduce structures, easements or access limitations that would compromise the ability to market the site to developers.
- In the *Final Design and Build* stage, staff may study the physical and market feasibility of potential JD sites, initiate community visioning, and solicit proposals to begin the JD negotiation and design process. Staff will coordinate with the construction team to see if early use of properties is feasible.
- Once the sites are no longer needed for transit construction (generally the *Operations* stage), development rights may be conferred, and the JD projects may begin construction.

In addition, the Housing Lab and the Housing Accelerator work which was approved as part of the JD Policy adoption in June 2021 and the SCAG Regional Early Action Planning (REAP) grant funding approved in July 2021, will continue to explore opportunities for concurrent planning activities.

### *Encouraging Community-Based Development*

The updated JD Policy adopted in June included specific policy provisions for Community Based Organizations (CBOs). Those provisions require, wherever feasible, that a) developers collaborate with CBOs, as development partners or community partners; b) Metro host “Building Partnerships” events to facilitate collaboration between organizations; and, c) reviewers award points to proposals that reflect robust engagement with CBOs and other community stakeholders.

A specific subset of CBOs are also land developers, known as Community Based Development Organizations (CBDOs). A small number of CBDOs have been development partners on JD sites, and still others have the potential to create community-centric projects that may serve as a long-term investment and stabilizing force in TOCs. In response to the Board motion, staff is exploring how to best partner with CBDOs and ensure that they have the opportunity to compete for and participate in JD projects. JD staff have distributed a survey to peer transit agencies, local municipal economic development staff, and TOD professionals nationwide to collect information on best practices on encouraging CBDOs and small- and medium-sized contractor participation. Responses were limited, as there is little precedent to this work, but led to valuable informal interviews with several developers and area experts.

Emerging themes in support of CBDO participation have emerged as a result of these surveys and interviews:

- Convening roundtables to identify barriers to CBDO participation
- CBDO participation must be meaningful to be successful
- Partnering with organizations to support or initiate CBDO capacity building
- Helping organizations and non-profit developers start advanced work on development concepts and other capacity building
- Providing resources to CBDOs to support predevelopment expenses and overcome barriers to entry

Going forward, staff will coordinate with the Office of Equity and Race to create specific CBDO definition/criteria, include CBDOs in the future CBO Database and invest in strengthening relationships with those CBDOs. Exploration of these potential tactics and additional best practices research will continue in the JD Housing Lab. The Housing Lab will also track metrics that facilitate the analysis of development partner attributes, including the extent to which development organizations are locally owned or controlled, and their history and partnerships with the community in which the projects are located.

### *Small and Medium-Sized Contractor Participation*

The JD Policy update included provisions to encourage and incentivize small business inclusion. Development teams must provide opportunities for Small Business Enterprises/ Disabled Business Enterprises/ Disabled Veteran Business Enterprises (SBE/DBE/DVBE) and Minority and Women Business enterprises to partner in the delivery of professional or construction services. Metro will host “Building Partnerships” events to connect small businesses with potential proposers. In addition,

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proposals that include SBE/DBE/DVBE and Minority and Women Business Enterprises will be awarded extra points in the evaluation of those proposals.

JD staff is coordinating with the Diversity and Economic Opportunity Department (DEOD) to determine how JD policies may align with existing DEOD policies and procedures for enforcement. In particular, the team is evaluating the definition of medium-sized business enterprises and the feasibility of adding this category to the policy. Key to this research is determining how and if such provisions could be integrated and enforced in development agreements. The Housing Lab will also continue research on how best to ensure greater participation with small- and medium-sized businesses.

### *Project Labor Agreements*

The JD Policy was updated in 2017 to include the Metro Project Labor Agreement and Construction Careers Policy (PLA/CCP) for projects greater than 60 units in size and the 2021 JD Policy update maintained this provision. The Metro PLA/CCP includes requirements that a minimum of 40% of all hours of project work shall be performed by community Targeted Workers, with priority given to Community Area Residents and a minimum of 10% of all hours of Project Work shall be performed by Disadvantaged Workers whose primary place of residence is within Los Angeles County, among other developer and contract requirements.

### *JD Community Land Trust*

A key goal of the Housing Lab is to realize a project with a Community Land Trust (CLT) model. Staff will work with the LA County CLT working group and other potential partners to create a collaborative transit-oriented land trust project. Potential models include partnerships with CBDOs or other local non-profits to ensure community members are able to maintain a long-term stake in the station area through the CLT.

## **EQUITY PLATFORM**

The work discussed in this report includes decisions that present an opportunity to engage marginalized communities through partnerships with community-based development organizations (CBDOs). Specific communities that could benefit from the work include Black, Indigenous and/or People of Color, through partnerships with CBDOs in these communities which will focus on profit sharing or other wealth building structures for development. In addition, Minority or Women Owned Businesses, Disadvantaged Business Enterprises, or Disabled Veterans Business Enterprises could benefit from the increased focus on contracting with these businesses.

The roundtable discussions, capacity building work and contracting incentives have the potential to exclude marginalized groups by engaging with only the most established CBDOs and businesses with community history and strong relationships. Therefore, additional efforts will be made to research, connect with, and build relationships in Equity Focus Communities. The JD Housing Lab will create specific tracking metrics in order to better analyze the communities who may be burdened or benefit from the JD Program and will seek to create equitable outcomes for all marginalized communities in future JD projects.

## **DETERMINATION OF SAFETY IMPACT**

This receive and file report will have no impact on safety.

### **FINANCIAL IMPACT**

The work proposed in this receive and file report may result in an increase of staff time necessary to complete projects or consultant contracts to conduct outreach. Some of this time will be reimbursed by grant funding. Staffing needs will be managed on a year-to-year basis.

#### **Impact to Budget**

This receive and file report will not impact the Fiscal Year 2022 Budget.

### **IMPLEMENTATION OF STRATEGIC PLAN GOALS**

This report is in support of the JD Policy which is fulfilling Strategic Plan Goal 3.2 by seeking to catalyze TOCs with affordable housing and stabilize neighborhoods, and Goal 3.4 by playing a leadership role in addressing homelessness.

### **NEXT STEPS**

The JD unit will track and report progress toward the 10,000-unit, 50% income-restricted portfolio goal as well as PLA agreements and CBO participation in future board reports. In addition, JD staff will continue to research and analyze tactics for encouraging and incentivizing CBDO participation and small- and medium-sized business participation in Metro JD projects. Staff will create a definition for CBDOs as well as a database of CBDOs. Staff will launch the Housing Accelerator which will include research and collaborative efforts for hosting CBDO roundtables, and ongoing surveying, interviewing and relationship building, and forging partnerships to advance a transit-oriented CLT. Staff will implement these new tactics in upcoming JD projects and report results on an ongoing basis.

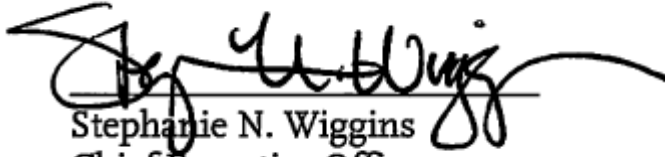
### **ATTACHMENTS**

Attachment A - Joint Development Policy

Attachment B - June 2021 Board Motion

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