



Board Report

File #: 2025-0449, File Type: Agreement

Agenda Number: 7.

PLANNING AND PROGRAMMING COMMITTEE JULY 16, 2025

SUBJECT: ENVIRONMENTAL REMEDIATION HOUSING ACCELERATION FUND

ACTION: APPROVE RECOMMENDATIONS

RECOMMENDATION

CONSIDER:

- A. ADOPTING a resolution of the Board of Directors ("Board") of the Los Angeles County Metropolitan Transportation Authority ("Metro") approving the execution of a Memorandum of Understanding ("MOU") to receive funding from the Southern California Association of Governments ("SCAG") for the Regional Early Action Planning Grant Program of 2021 (Attachment A);
- B. AUTHORIZING the Chief Executive Officer (CEO), or designee, to negotiate and execute an MOU between SCAG and Metro in an amount not to exceed \$5,000,000 to create an Environmental Remediation Housing Acceleration Fund; and
- C. AUTHORIZING the CEO, or designee, to commit \$1,000,000 as a local match requirement for the Environmental Remediation Housing Acceleration Fund.

ISSUE

Metro has a plan to deliver 10,000 housing units (5,000 of which will be income-restricted) on Metro-owned property by 2031. Some of the properties available for housing development may be impacted by environmental contamination, the assessment and remediation of which must be completed before a project can break ground. To accelerate the delivery of housing on Metro-owned land, staff are seeking Board authority to negotiate and execute an MOU with SCAG to receive a grant of \$5 million which will allow Metro to create an Environmental Remediation Housing Acceleration Fund ("Fund") that would be used to complete environmental assessments and remediation on future housing sites. SCAG requires an official action from Metro's governing body in the form of an authorizing resolution to award the funds.

BACKGROUND

In 2023, the California Department of Housing and Community Development awarded SCAG a total

of \$246 million to develop programs that further Regional Early Action Planning (REAP) 2.0 objectives. All projects funded by REAP 2.0 must meet its primary objectives, which are to accelerate infill housing development, reduce vehicle miles traveled (VMT), increase housing supply at all affordability levels, affirmatively further fair housing, and facilitate the implementation of adopted regional and local plans to achieve these goals.

Metro submitted a proposal for funding under SCAG's Notice of Funds Available for the Lasting Affordability Program which supports innovative finance strategies for projects that support existing and new housing trusts, land trusts and catalyst funds. Metro received a conditional notice of award in September 2023, and the commencement of funding agreements began in early 2024. In the interim staff have been finalizing key components of the Environmental Remediation Housing Acceleration Fund and identifying sites in which funds may be utilized.

DISCUSSION

Conducting environmental analysis and clean-up early in the process can significantly shorten the total time required to deliver affordable and mixed-income housing. In the interest of accelerating housing delivery to meet the Board's 10,000-unit goal. Work under the proposed MOU would create a dedicated funding platform to carry out site assessments and pre-development cleanup, with the effect of expediting affordable/mixed-income housing projects by approximately six months. By remediating contaminated land, the Fund will unlock otherwise unusable property of up to approximately 22 acres for infill housing and increase housing availability, including permanent, affordable housing. The cleaned properties would generate additional ground lease revenue, which in turn could be reinvested in the clean-up of other joint development sites, thereby supporting equitable transit-oriented communities well beyond the term of the grant.

As an example, the Venice Division 6 site requires the removal of asbestos containing materials and related environmental hazards in the decommissioned administration office building on the site before being offered for development. Advanced remediation would help Metro secure a stronger commitment from a private developer.

In furtherance of this goal, the Fund will be established to expedite the buildout of affordable housing at Metro's transit stations. This will be done by conducting environmental reviews and selected cleanup activities during the predevelopment stage. Fund proceeds will be invested in projects upfront and returned to Metro over time through ground lease revenues. Tracking of Fund proceeds will occur at the time of initial investment through the point they are returned in the form of ground lease payments. The proceeds will then be used for future Metro affordable housing goals and objectives. SCAG is not requiring a financial return nor is it asking for Fund proceeds to be returned to their organization.

Scope of Work

An MOU is required to authorize the formal partnership and scope of work between SCAG and Metro and to facilitate the transfer of Fund proceeds. Metro and SCAG staff have developed a scope of work aimed at facilitating and expediting key elements of the Joint Development 10K Program. This focuses on preparing plans and studies and completing remediation work targeting certain sites at

the earliest stages of the predevelopment process. This work is to be done in-house, utilizing Joint Development staff and existing third-party environmental consulting contracts managed by the Environmental Services Division (ESD). The Fund will be used to complete the following scope of work activities:

- Project Management and Coordination to include an interface between Metro and SCAG during the period of the MOU. The Project Management Team will prepare and implement the Project Management Plan. A clearly defined path for finalizing grant responsibilities and closeout procedures, consistent with Metro's best practices for grants management, will be included. The content and delivery of Fund progress reports will also be delineated.
- Fund Planning and Formation that describes the ability to leverage Fund proceeds to be eventually returned in the form of ground lease revenues and revolve them to benefit future projects. A description of the types of remediation that will generally occur will also be provided to include site investigations, along with actual remediation work to be completed by licensed building contractors.
- Fund Setup which describes Metro's organizational and accounting infrastructure in place to administer Fund proceeds and ensure proper oversight in advance of any Fund resources being invested into specific projects. Consideration is given to prioritizing those sites in the portfolio that can be expedited by access to the Fund. A process to establish the scope of work for all technical studies and site remediation is provided.
- Ongoing Fund Administration ("Funding the Fund") that details Metro's commitment to matching funds of \$1,000,000 and intent to continue to revolve Fund proceeds into future eligible projects that accelerate housing production on Grantee controlled land.

Fund activities and overall management will be overseen by Joint Development staff in close coordination with Metro Accounting. The MOU with SCAG requires monthly reporting along with a project close-out report.

Initial project activities will include completion of detailed environmental studies and technical reports, as well as remediation of existing project sites. Further drawdown of Fund proceeds will occur as project remediation requirements are identified and used until the initial Fund proceeds are exhausted and fully invested into housing projects. Metro's ESD will work in conjunction with Joint Development staff to identify, scope, and complete the environmental cleanup work utilizing existing third-party consultants previously procured by Metro. While a significant portion of the Fund proceeds are anticipated to be invested in Joint Development projects by the end of the compliance period, it is anticipated that the remaining Fund proceeds will be drawn down over time as individual project needs are identified which would occur after June 30, 2026, which is permissible under the grant.

Consistent with the Board approved Joint Development Policy, the Fund will prioritize sites that support more affordable units in their developments. Underwriting assumptions for these housing developments will include rigorous feasibility evaluation, long-term sustainability, and affordability requirements to ensure lasting benefits to low-income communities. Fund outcomes will include remediated sites ready for development. The Joint Development sites for potential remediation are

mapped and labeled in Attachment B.

DETERMINATION OF SAFETY IMPACT

This Board action will not have an impact on safety standards for Metro. The execution of the proposed project will assist in increased safety in that it will assist with clearing environmentally contaminated land owned by Metro.

FINANCIAL IMPACT

Administrative funding for this project is included in the cost center 2210, under project number 401300. The grant will provide \$5,000,000 of REAP 2.0 funding for environmental remediation for up to 21 Metro-owned Joint Development sites, along with additional sites that may become available through future analysis and Metro Board designation. Through prior budget action, \$1,000,000 has been designated in the Joint Development FY26 budget and is available as matching funds for the REAP 2.0 Grant.

Impact to Budget

The matching funds of \$1,000,000 are JD proceeds that are reinvested in TOC activities according to the June 2021 Board-adopted JD policy. Given the JD Policy restricts use of JD proceeds, these funds are not eligible for Metro Bus and Rail Operations or Capital.

EQUITY PLATFORM

Metro seeks to build as much quality housing on underutilized Metro-owned land near transit as quickly as possible, for those who need it most. As part of this plan, Metro has identified sites that are suitable for housing development, provided they can be cleared of environmental contamination, entitled, and financed for development. Each of these sites will be geared towards mixed-use housing, either as projects with 100% income restricted units or, if greater than 300 units, at least 25% of the units would be covered by an income restriction. The REAP 2.0 grant will help Metro accelerate the development of housing by providing funding to carry out environmental remediation on these sites.

VEHICLE MILES TRAVELED OUTCOME

VMT and VMT per capita in Los Angeles County are lower than national averages, the lowest in the SCAG region, and on the lower end of VMT per capita statewide, with these declining VMT trends due in part to Metro's significant investment in rail and bus transit.* Metro's Board-adopted VMT reduction targets align with California's statewide climate goals, including achieving carbon neutrality by 2045. To ensure continued progress, all Board items are assessed for their potential impact on VMT.

As part of these ongoing efforts, this item is expected to contribute to further reductions in VMT. This item supports Metro's systemwide strategy to reduce VMT through investment activities that will benefit transit-oriented communities and further encourage public transit ridership, ridesharing, and active transportation.

The grant will support residents of the developed sites with opportunities to reduce VMT by living near and adjacent to public transit, reducing the need for a car. Metro's Board-adopted VMT reduction targets were designed to build on the success of existing investments, and this item aligns with those objectives.

*Based on population estimates from the United States Census and VMT estimates from Caltrans' Highway Performance Monitoring System (HPMS) data between 2001-2019.

IMPLEMENTATION OF STRATEGIC PLAN GOALS

Enhance communities and lives through mobility and access to opportunity, Initiative 3.2: Metro will leverage transit investments to catalyze transit-oriented communities and help stabilize neighborhoods where these investments are made.

ALTERNATIVES CONSIDERED

The Board could choose not to move forward with the REAP 2.0 grant opportunity. If Metro chooses to not engage with SCAG in finalizing and executing the terms and conditions of this award, Metro will effectively forfeit the grant and opportunity to further accelerate housing development for the 10,000-unit goal.

NEXT STEPS

Upon Board approval, staff will engage with SCAG to finalize non-material terms and conditions and execute the MOU and all ancillary documents. The receipt of grant funds will proceed and reside at Metro in a dedicated grant fund. All remaining Phase One and Phase Two environmental studies will be completed and Joint Development sites selected for remediation will begin cleanup activities, subject to availability of funding.

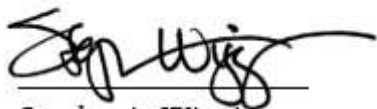
ATTACHMENTS

Attachment A - Authorizing Resolution

Attachment B - Potential Remediation Sites

Prepared by: Olivia Segura, Senior Manager, (213) 547-4203
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Nicole Ferrara, Deputy Chief Planning Officer, (213) 547-4322

Reviewed by: Ray Sosa, Chief Planning Officer, (213) 547-4274

A handwritten signature in black ink, appearing to read 'Step Wiggins', written over a horizontal line.

Stephanie Wiggins
Chief Executive Officer

ATTACHMENT A – AUTHORIZING RESOLUTION

RESOLUTION NO. ____

Los Angeles County Metropolitan Transportation Authority Resolution Authorizing the Chief Executive Officer to Execute Agreements with the Southern California Association of Governments to Approve the Execution of an Agreement to receive funding from The Regional Early Action Planning Grant of 2021 for the Following:

Los Angeles County Metropolitan Transportation REAP 2.0 Notice of Funds Availability for Lasting Affordability Program Grant - \$5,000,000

WHEREAS, the Regional Early Action Planning Grant Program of 2021 (“REAP 2.0”) program was established by AB 140 to confront the statewide housing affordability crisis by building and expanding on the success of the REAP 2019 program by integrating housing and climate goals and allowing for broader planning and implementation investments to facilitate housing supply, choice, and affordability;

WHEREAS, the Southern California Association of Governments (“SCAG”) issued a call for applications under the Projects to Accelerate Transitional Housing (“PATH”) Program;

WHEREAS, the Los Angeles County Metropolitan Transportation Authority (“LACMTA”) is eligible to receive Federal and/or State funding through the REAP 2.0 Grant Program;

WHEREAS, SCAG intends to award \$5,000,000 to LACMTA for the Los Angeles County Metropolitan Transportation REAP 2.0 Notice of Funds Availability for Lasting Affordability Program Grant (“The Project”);

WHEREAS, SCAG and the California Department of Housing and Community Development (“HCD”) has developed guidelines for the purpose of administering and distributing REAP 2.0 funds to eligible Awarded Recipients (“Local Agencies”);

WHEREAS, LACMTA wishes to delegate authorization to execute an agreement and any amendments thereto to the Chief Executive Officer (CEO), or designee; and

ATTACHMENT A – AUTHORIZING RESOLUTION

WHEREAS, LACMTA wishes to implement and seek payment of grant funds for the Los Angeles County Metropolitan Transportation REAP 2.0 Notice of Funds Availability for Lasting Affordability Program Grant Project.

NOW, THEREFORE, BE IT RESOLVED by the LACMTA Board of Directors that the fund recipient agrees to comply with all conditions and requirements set forth in the agreements and applicable statutes, laws, regulations, and guidelines for REAP 2.0 under the PATH Program.

NOW THEREFORE, BE IT FURTHER RESOLVED that the CEO or designee is authorized to execute all required documents under the PATH program and any Amendments thereto with SCAG.

NOW, THEREFORE, BE IT FURTHER RESOLVED by the LACMTA Board of Directors that it hereby authorizes actions as are necessary and appropriate to accept the grant award of REAP 2.0 funds in the amount of \$5,000,000 from SCAG.

CERTIFICATION

The undersigned, duly qualified and serving as Board Clerk of the Los Angeles County Metropolitan Transportation Authority, certifies that the foregoing is a true and correct representation of a Resolution adopted at a legally convened meeting of the Board of Directors of the Los Angeles County Metropolitan Transportation Authority held July 24, 2025.

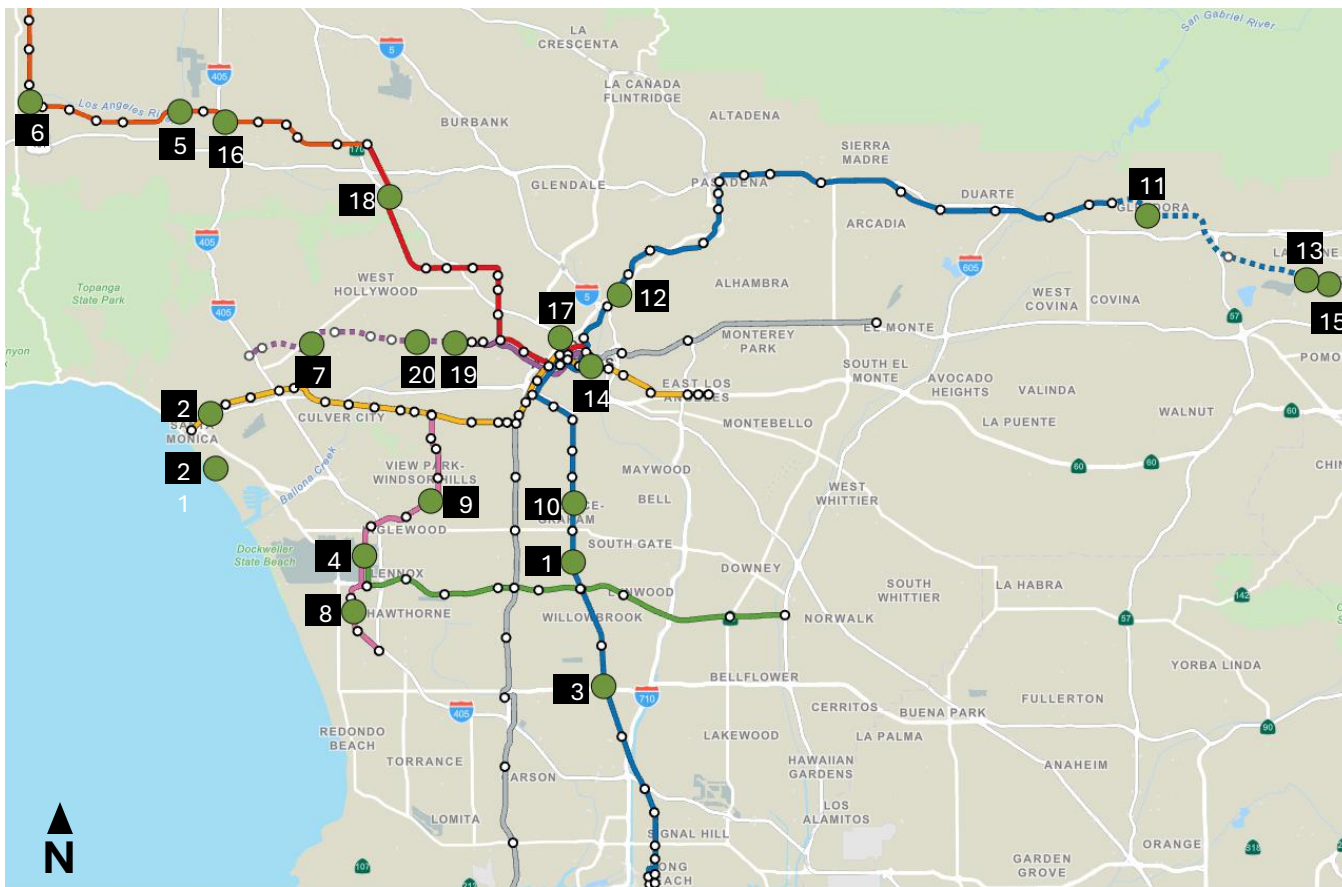
By: _____

Collette Langston, Board Clerk
Los Angeles County
Metropolitan Transportation Authority

Dated: _____

(SEAL)

ATTACHMENT B - Potential Remediation Sites



1. 103rd St/Watts Towers Station
2. 17th St/SMC Station
3. Artesia Station
4. Aviation/Century Station
5. Balboa Station
6. Canoga Station
7. Century City
8. El Segundo Station
9. Fairview Heights
10. Florence Station
11. Glendora
12. Heritage Square Station
13. La Verne
14. Pickle Works
15. Pomona
16. Sepulveda Station
17. Temple/Beaudry Bus Layover
18. Universal City/Studio City Station
19. Wilshire/Crenshaw
20. Wilshire/La Brea Station
21. Division 6



We're supporting thriving communities.

ENVIRONMENTAL REMEDIATION HOUSING ACCELERATION FUND

Planning & Programming Committee

Legistar File# 2025-0449 July 16, 2025



Metro

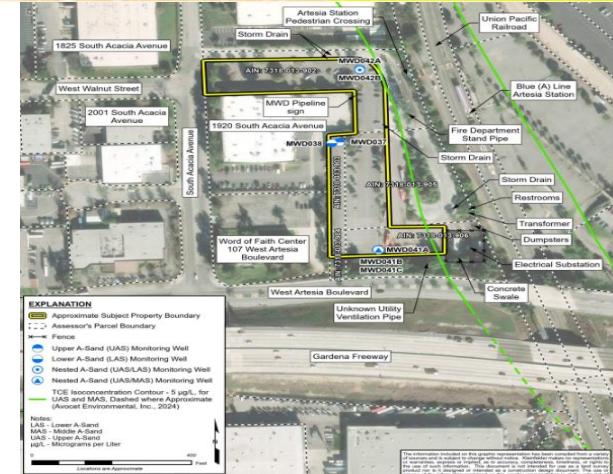
Recommendation

CONSIDER:

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SCAG – REAP (2.0) GRANT OVERVIEW

- > **Purpose:** Accelerate infill housing, increase the supply at all income levels, and reduce per capita vehicle miles travel (VMT)
- > **Source:** Administered by SCAG on behalf of the State California Department of Housing and Community Development
- > **Use:** Grant funds to be used to conduct environmental remediation planning and hazards removal in support of the JD 10K Program
- > **Outcome:** Environmentally remediated sites ready for development
- > **Timing:** Receipt of Funds with environmental work to be underway by June 30, 2026



Leveraging Grant Funds for JD 10K Projects

- > Accelerates housing development by identifying environmental issues at an early stage and remediating them generally during ENA period
- > Invested capital will return through future ground lease revenues once projects are complete and placed into service
- > Ground lease payments would be reinvested into additional projects, with similar environmental conditions
- > Other leveraging effects could enable additional affordable units, or deeper affordability levels for sites that have been remediated



Los Lirios Apartments

Next Steps

Upon Board Approval:

- > Execute the MOU and all ancillary documents, including template reports, procedures, and project monitoring tools
- > Receive REAP (2.0) proceeds and establish the fund at Metro
- > Inventory all Phase One and Phase Two environmental studies to be completed for JD 10K Program sites and initiate work
- > Complete the scoping of proposed environmental remediation work for JD sites with known environmental conditions and start the remediation process
- > Provide required reporting and progress reports to SCAG