AGN. NO.

MOTION BY SUPERVISOR HOLLY J. MITCHELL April 9, 2024

Leveraging Climate Resilience Districts to Build the Green Economy and Transit Infrastructure of the Future

The expansion of public transit near housing, employment, and destination centers, is one of the most effective ways urban communities can reduce greenhouse gases (GHG) and mitigate the impacts of climate change. The Our County Sustainability Plan[1] encourages the development of a convenient, safe, clean, and affordable transportation system to enhance mobility while reducing car dependency and encourages the placement of housing near transit to reduce GHG emissions.

In the lead-up to the LA28 Olympic Games, notable progress has been made to advance the Inglewood Transit Connector (ITC or Project), a 1.6-mile automated transit system that will address a significant first-last mile gap[2] in our regional transit system by connecting the Metro K Line[3] to the variety of sports, entertainment, commercial and housing developments in and around the Los Angeles Stadium and Entertainment District at Hollywood Park (LASED). The LASED, which includes the Kia Forum, SoFi Stadium, Hollywood Park, and Intuit Dome is expected to host over 400 events per year, making it one of the most heavily trafficked employment and visitor centers in the South Bay, across

[1] https://ourcountyla.lacounty.gov/plan
[2] https://www.metro.net/about/first-last/
[3] https://kline.metro.net/

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the region and nation at-large.

The housing population density surrounding the ITC station is over six times higher than the corresponding rates across Los Angeles County (County) where the average housing density is 1.13 (units/acre) and the average population density is 3.38 (people/acre) as noted in the Southern California Association of Governments 2020–2045 Regional Transportation Plan/Sustainable Communities Strategy[4], with a predicted household growth rate of 44% by 2045. Collectively, this projected housing and economic growth supports the potential for the ITC Station Areas to become some of the most robust and dynamic transit-oriented communities in the County.

The ITC is anticipated to generate approximately 9.7 million annual boardings on the regional transportation system in its first year of operation, and ridership is anticipated to increase to approximately 19.9 million annual boardings within the first 50 years of operation. This will significantly improve traffic safety and mobility across the communities of Inglewood, Hawthorne, and Lennox, which have been heavily burdened by environmental hazards and pollution; according to CalEnviroScreen, 99.8% of the area within a half-mile distance from the ITC stations fall within disadvantaged or low-income communities that have experienced disproportionate health and quality of life impacts[5]. Based on both event and non-event day ridership, the ITC is anticipated to reduce vehicle miles traveled (VMT) by approximately 1.47 billion over its first 50 years of operation, yielding an anticipated reduction in GHG emissions by over 1.2 million metric tons of carbon dioxide equivalent, thereby serving as a significant climate change mitigation strategy[6].

Over the past year, the ITC team has worked with the Federal Transit Authority (FTA) to set a base Project budget of $2.05 billion which consists of initial planning,

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[4] https://scag.ca.gov/read-plan-adopted-final-connect-socal-2020

[5] https://oehha.ca.gov/calenviroscreen/report/calenviroscreen-40

[6] Technical Memorandum drafted by Raju Associates, Inc., in support of the Project's Transit and Intercity Rail Capital Program Cycle 6 Grant Application. The ITC EIR analysis concluded that when considering the GHG construction emissions (amortized over 30 years), the removal of existing uses, and the reduction in vehicle emissions associated with Project operation, the Project would result in a net reduction of 73,898 $MTCO_2e$ annually in 2027, and 74,038 $MTCO_2e$ annually in 2045.

environmental and procurement costs, project right-of-way acquisitions, Automated People Mover (APM) infrastructure construction (guideways, stations and maintenance facility), APM systems costs (cars and operating system technology), and owner costs for the right of way acquisitions, utility relocations, a fare collection system, construction oversight and commissioning. The City of Inglewood and the Los Angeles County Metropolitan Transportation Authority have established a Joint Powers Authority (JPA) to oversee the ITC project. The FTA has also required the JPA to have a backstop budget in place of an additional $200 million for unforeseen conditions that may exceed the contingencies within the base project budget. Based on the Project's environmental and community benefits, the City of Inglewood has secured commitments of $1.866 billion in local, State, and federal funds to date.

While the majority of funds needed to advance the Project have been committed, the City of Inglewood and JPA must secure the remaining 15% to fully fund the Project. Securing the remaining required funding commitments in a timely manner is critical to ensuring that the procurement process can advance, and to facilitating a Full Funding Grant Agreement with the FTA.

To resolve the funding gap, the ITC team has studied the possibility of leveraging tax increment financing. In 2022, Governor Newsom signed Senate Bill (SB) 852 (SB 852) authored by Senator Dodd, which authorized the creation of Climate Resilience Districts (CRD), a form of Enhanced Infrastructure Financing District (EIFD) that enables local jurisdictions to pledge tax increments (and a variety of other financial tools) towards the design and implementation of projects that mitigate the impacts of climate change. SB 852 states that CRDs may only finance eligible projects described in Gov. Code section 53398.52(b), which includes transit facilities, projects that implement a Sustainable Communities Strategy as outlined in SB 375 (Chapter 728, Stats. 2008)[4], and projects that enable communities to adapt to the impacts of climate change.

CRDs fill a significant gap in the State of California's ability to address climate change by giving communities and regions the ability to dedicate resources to strategies that mitigate the effects of climate change, as determined locally. Given the overwhelming demand to expand the County's regional rail system in a manner that meets the mobility needs of residents and visitors to the region as well as broad equity and sustainability

goals, it is incumbent upon local jurisdictions to look at creative financial tools, such as CRDs to accomplish this objective.

Moreover, CRDs can be used to fund the ongoing operations and maintenance of any infrastructure financed through the CRD's Infrastructure Financing Plan, which is not currently an eligible use for tax increment generated from an EIFD. Transit improvements often lack funding for these critical, ongoing operations costs, which is an exciting innovation of the CRD. The establishment of a CRD, in partnership with the City of Inglewood around the ITC Station Areas, should be further studied as a tool to fully fund the Project, which would deliver significant climate benefits and unlock long-term housing and economic benefits within the surrounding disadvantaged and low-income communities while benefitting the greater interest in regional connectivity.

Consistent with its past partnerships with local jurisdictions to establish EIFDs (La Verne, Carson, Palmdale), the County should take the next steps to analyze the creation of a CRD with the City of Inglewood, with tax increment allocated to the CRD being utilized to implement the ITC. Funds could be used to cover ITC construction costs and to support operations, maintenance, and renewal costs of the system. It is expected that even with participation in the CRD, there will still be a positive net impact on the County's General Fund due to the increased assessed property values in the proposed CRD area. Consistent with Board policy on EIFDs, a detailed fiscal analysis should be performed prior to the County joining with the City of Inglewood in the formation of a CRD.

By establishing the CRD, the County can be a leader in deploying this new tool to effectuate much-needed mobility improvements, promote economic development, and help achieve our climate resiliency goals.

I THEREFORE MOVE THAT THE BOARD OF SUPERVISORS:

1. Instruct the Chief Executive Officer (CEO), in coordination with the Director of the Department of Economic Opportunity (DEO), the Chief Sustainability Officer, and the Department of Public Works, to review the Climate Resilience District (CRD) feasibility study performed by the City of Inglewood within 60 days. The review should include an assessment of the potential CRD's alignment with the County's

Enhanced Infrastructure Financing District (EIFD) policy[7].

2. Direct the CEO and DEO, in coordination with the City of Inglewood, to, report back to the Board in writing within 60 days, with a recommendation as to whether to establish a CRD around the Inglewood Transit Connector (ITC) that prioritizes funding the development, operation and maintenance of the ITC Project, and in a manner that is consistent with the County Policy on EIFDs. The proposal should include the dedication of at least 20% of revenue generated to deed restricted affordable housing within the boundaries of the proposed CRD.

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[7] https://file.lacounty.gov/SDSInter/bos/supdocs/115680.pdf