

December 14, 2023

Subject: **Affordable Housing and Sustainable Communities (AHSC) Program Round 8 Guidelines Adoption**

Reporting Period: August 2023 – December 2023

Staff Lead: Marc Caswell, AHSC Program Manager, SGC

Recommended Action

Adopt Round 8 Final Guidelines for the Affordable Housing and Sustainable Communities (AHSC) Program.

Summary

Staff submits the Final Guidelines for Round 8 of the Affordable Housing and Sustainable Communities (AHSC) Program for adoption by the Council. The AHSC Round 8 Final Guidelines, along with a Summary of Key Changes, is included in this Staff Report.

Round 8 Guidelines build off the continued success of the AHSC program to date, streamlining and clarifying processes, focusing on refining identified priorities to reduce uncertainty between applicants and reviewers. The finalization of these guidelines incorporates a broad outreach effort: over 200 attendees at three public workshops; a dozen AHSC 101 and small group presentations to regional groups, advocacy organizations, and tribes; 40-plus comment letters during the Public Comment period, which included more than 300 action items to consider. The AHSC Program team wants to thank everyone for their engagement and feedback on this document. Following the adoption of the Guidelines, HCD will release the Notice of Funding Availability (NOFA) for approximately \$650 million in funding for Round 8 of the AHSC Program.

Background

About the AHSC Program

The AHSC Program, as part of California Climate Investments (CCI), provides competitive grants and loans to projects that will achieve Greenhouse Gas (GHG) emission reductions through the development of affordable housing and housing-related infrastructure, active transportation infrastructure, transit operations and capital improvements, and related social programming. Most of the funding provides direct and meaningful benefits within Disadvantaged and Low-Income Communities. AHSC is structured to encourage partnerships between local municipalities, transit agencies, and affordable housing developers to achieve the integration of affordable housing and transportation projects. As a large and consistent funding source for affordable housing developments, the AHSC Program aims to provide consistency in its funding cycle, with Round 8 following the same timeline as Round 7.

To date, the AHSC Program has awarded over \$3.1 billion in grant funds to more than 170 projects in communities across the state. Approximately \$650 million in funding will be available in the Round 8 AHSC Program funding cycle.

Background on the Guidelines Process

Round 8 Guidelines (Guidelines) are the culmination of broad outreach in the past four months. AHSC staff from the Strategic Growth Council (SGC) worked closely with partners from the California Air Resources Board (CARB) and the California Department of Housing and Community Development (HCD) to identify opportunities to update the Guidelines to streamline the application process, clarify policies, and incentivize communities to craft innovative projects. Throughout the last year, the team continuously identified issues and clarifications raised by Technical Assistance Providers, key stakeholders, and previous applicants through AHSC's Question and Answer document, non-awarded debrief calls, reviewer panels, and small group meetings. Staff then crafted a workplan and prioritized changes that could most improve the application and review process for stakeholders.

Staff released Draft Guidelines in late September for a 30-day public comment period. AHSC held three public workshops with over 200 attendees combined. In conjunction with AHSC's Technical Assistance team, the program has held over a dozen AHSC 101 and small group presentations to date and continues to meet with potential applicants and stakeholders. The program received over 40 public comment letters, with over 300 action items to consider. Overall, changes were received very favorably by stakeholders across the board. To respect the engagement process the team worked hard to not introduce new, significant changes between draft to final guidelines, and when changes received significant criticism, most of those changes were reverted to existing language from the prior round.

Staff have taken significant effort to respond to the comments posed by stakeholders while also working to ensure the program meets the State and Council's ambitious goals. Round 8 Guidelines build off the continued success of the AHSC program to date. The Guidelines streamline and clarify processes and priorities and refine identified priorities to reduce uncertainty between applicants and reviewers alike. Changes to Round 8 Guidelines are highlighted in *Attachment B: Summary of Key Changes*.

Next Steps

Adopt Round 8 Final Guidelines for the Affordable Housing and Sustainable Communities (AHSC) Program as drafted by staff. Following the adoption of the Guidelines, HCD will release the Notice of Funding Availability (NOFA) for approximately \$650 million in funding for Round 8 of the AHSC Program for a 60-day application window. Awards are expected to be presented to the Council for adoption in August 2024. Following the August 2024 Council meeting, staff will inform applicants of their award status in time to plan for the Spring deadlines of the California Tax Credit Allocation Committee.

Council Recommendation

Should the Council agree with Staff's recommendation, the following motion language is suggested:

"I move that the Council pass the consent calendar."

Attachments

Attachment A: Final Round 8 Guidelines for the Affordable Housing and Sustainable Communities (AHSC) Program

Attachment B: Summary of Key changes for Final Round 8 Guidelines for the Affordable Housing and Sustainable Communities (AHSC) Program