

# Affordable Housing and Sustainable Communities

## Round 8 Guidelines:

### Summary of Key Changes

#### Summary

The California Strategic Growth Council (SGC), California Department of Housing and Community Development (HCD), and California Air Resources Board (CARB) are updating guidelines, supplementary materials, and the AHSC Benefits Calculator for Round 8 of the Affordable Housing and Sustainable Communities (AHSC) program. Materials will be available for public review at:

<https://sgc.ca.gov/programs/ahsc/resources/guidelines.html>

This document serves to summarize notable changes made from Round 7 Guidelines to Round 8 Guidelines. This document is an updated version of the Summary of Key Changes released with the Draft Guidelines. The Round 8 AHSC Final Guidelines will be released along with this document on December 4, 2023, and presented to the SGC Council for adoption at the December 14, 2023, SGC Council meeting. Meeting details and materials will be available at: <https://sgc.ca.gov/meetings/>. The Round 8 Notice of Funding Availability (NOFA) will be released in January 2024, with approximately \$650M available.

For additional information on the AHSC Program throughout the year, please sign up for the [AHSC Program Announcement list](#).

For ease of review, the most impactful changes are highlighted in yellow and have an asterisk (\*) symbol preceding it.

#### Topics

##### AHSC General Overview

- **Section 100(e)**: Included reference to Question and Answer Document for ease of all applicants.
- **Section 101**: Updated Disadvantaged Communities and Priority Population definitions to match CARB's definitions. Included target percentages for Priority Populations and included link to Priority Population map.

##### Eligible Projects and Eligible Costs

- **Section 102**: Overall clean up and streamlining. Requirements that applied to all Project Area Types were summarized at a higher level to avoid repetition. Differences in Project Area Types remain in Section 102(b).
- **\*Section 102**: Rural Projects (RIPA) can use a 2.0-mile radius for the Project Area to recognize the unique differences between rural and urban land uses. Project Area size remains at 1.0 mile for Transit Oriented Development (TOD) and Integrated Connectivity Project (ICP) Project Areas. This change is being proposed for Round 8 as a test, and staff may opt to restore to a standard Project Area size for all projects in future rounds.
- **\*Section 102**: High Quality Transit (HQT) definition is restored to Round 7 language, and Bus Rapid Transit (BRT) definition now refers to the Public Resource Code definition and provides a link to the Caltrans HQT map to identify if a project is near a BRT stop.



## AHSC Round 8 Guidelines: Summary of Key Changes

- **\*Section 102:** Expanded Rural Projects (RIPA) definition to allow for projects to meet definition simply by the proposed Affordable Housing Development being in a Rural Area, regardless of eligible transit type (Qualifying Transit or High Quality Transit).
- **Section 102:** Clarified that Transit Related Amenities (TRA) proposed must be wholly inside the Project Area.
- **Section 103:** Updated examples of eligible cost categories, including Factory-Built Housing components.
- **Section 103:** Modified description for when applicants should use alternate Net Density calculations.
- **Section 103:** Formatting changes: One section dedicated to requirements for each Capital Project. Includes eligibility for Affordable Housing Development (AHD) eligible costs and overall caps for the types of Capital Projects. Each of the Eligible Costs categories has a section. This reduced sub-categories for ease of legibility and references.
- **Section 103:** Updated references to Multifamily Housing Program (MHP)/CalHome/Negative Points.
- **Section 103(a):** Clarified AHD/HRI cap is \$35,000,000.
- **Section 103(a)(3):** Clarified that any publicly accessible Sustainable Transportation Infrastructure (STI) or TRA component must provide equal access to people with disabilities in compliance with existing law.
- **\*Section 103(c)(2):** Added deposits required to initiate Factory-Built Housing construction as an eligible HRI cost.
- **Section 103(f)(2):** Program (PGM) Costs are limited to \$600,000. In response to stakeholder feedback, this is *not* inclusive of the costs for required transit passes as described in Section 106(b)(2).

## Loan Limits and Threshold Items

- **\*Section 104:** Aligned loan limit language with SuperNOFA language. Minor clean-up to terms of AHD homeownership grants. Overall award limits and minimums will be listed in NOFA.
- **Section 106:** Threshold items have been restructured and reformatted for clarity and ease of review. The threshold section is now broken out into three distinct subcategories: 1) items needed before time of application; 2) items demonstrated through application submission (i.e., uploads); 3) items applicants must affirm.
- **Section 106:** Some threshold changes include: Change to SCS threshold item (allowing Alternative Planning Strategy), updated/confirmed references to MHP/CalHome/Negative Points; Separated out internet service requirement versus connectivity to increase ease of review and verification.
- **\*Section 106(a)(3):** Only CEQA is required at time of application. NEPA is required prior to construction loan closing. Exemptions from Round 7 restored: environmental clearances for STI/TRA components are not required until prior to disbursement of funds, and any necessary environmental clearances prompted exclusively by rental and/or operating subsidies are not required prior to application.
- **Section 106(a)(4):** Adopted language from SuperNOFA MHP guidelines with respect to non-discretionary, ministerial local approvals.
- **Section 106(b)(7):** Minor clarification that market studies that rental projects provide must meet the specified TCAC regulations, homeownerships may provide the equivalent.
- **Section 106(b)(7):** Clarified processes used to evaluate AHD Applicant experience and capacity; experience is only attributable to an entity. Clarification on what documentation is needed to demonstrate “functionally equivalent number of units” will be provided in the application workbook.



- **\*Section 106(b)(11):** The number of years of internet service the AHD must offer to each Restricted Unit was reduced. The service must be provided for a minimum of 3 years.

## Scoring Criteria

- **Section 107 GHG(a):** Minor language clarification. Updating to latest version of Clean Mobility Options (CMO) calculator. Added the eligible project component types to definitions. Minimal other changes planned for the GHG Quantification Manual and User Guide.
- **Section 107 QPS (a) Active Transportation and Transit Improvements:**
  - **\*Section 107 QPS(a)(1)** – Increased the lane miles needed for Context Sensitive Bikeway Points and increased the maximum points for the maximum lane miles.
  - **\*Section 107 QPS(a)(4)** – Clarified description of what is considered a ‘continuous’ improvement. Created tiered structure for points. Two points for 1,000 continuous feet and one point for 500 continuous feet based on stakeholder feedback.
  - Section 107 QPS(a)(5) – Updated language to reflect points are for bus improvements.
  - Section 107 QPS(a)(5) – Eliminated the requirement that the improvements be along one bus route, instead must be in the Project Area. Based on stakeholder feedback, restored the number to five bus stops for all projects.
  - Section 107 QPS(a)(5)(C) – Clarified strategy and terminology, included bus bulb-outs or transit boarding islands.
  - Section 107 QPS(a)(5) – Based on stakeholder feedback, removed the scoring option for installation of new off-board fare collection kiosk.
- **Section 107 QPS (c) Housing and Transportation Collaboration:**
  - Section 107 QPS(c)(1) – Reduced points and streamlined Sustainable Transportation Infrastructure (STI) as percentage of total project.
  - Section 107 QPS(c)(2) – Clarified TRA improvements location requirements to qualify for this point section.
  - Section 107 QPS(c)(3) – Increased points for section on collaboration with other state priorities (High Speed Rail, SGC programs, Excess and Surplus Land).
  - Section 107 QPS(c)(3)(A) - Clarified what distance the Affordable Housing Development must be near a High Speed Rail Station to qualify. A list of the eligible stations will be added to Question and Answer Document.
  - Section 107 QPS(c)(3)(C) – Created a tiered structure and clarified required documents for Surplus Lands section in alignment with other State programs.
- **Section 107 QPS(d) Location Efficiency:** No change to section, but minor edits to definition of some key destinations (see definition section).
- **\*Section 107 QPS (f) Prohousing Designation:** Points reduced from 3 to 2 points. Removed option to receive points for applying for Prohousing Designation. Prohousing designation can be certified after application due date, to allow applicants time to achieve designation.
- **Section 107 QPS (g) Anti-Displacement:** Removed requirement for an Anti-Displacement Assessment. Notes that the program will provide a template for the commitment letter. Added additional activity options.
- **Section 107 QPS (h)(1)(B) Local Workforce:** Added alternative way to meet existing scoring strategy. Applicants may provide a certification letter submitted to a local government pursuant to Article 4 in AB2011.
- **Section 107 QPS (i) Housing Affordability:** Intent of section remains the same, language edits streamline the description and clarifies intent.
- **Section 107 QPS (j) Programs:** Noted that the program will provide a template for the commitment letter. Specified that AHD Resident Support programs are for residents, including those with disabilities.



- **Section 107 Narrative (a)-(d):** Narrative Prompts will be streamlined. Additional information regarding how the project supports the regional vision for planning and reduces barriers for people with disabilities will be requested in narrative form.

## Application Process

- **Section 108 (e):** Updated reference to Negative Points Policy.
- **Section 108 (i):** Clarified the developer maximum cap is for AHD/HRI funds.
- **Section 108(j)(3):** Added reference to Alternative Planning Strategy. Formalized process for MPOs or regional agencies to request to participate in scoring.

## Section 109- Section114

- **Section 109:** Minor clean up changes (i.e., bolding and references updates).
- **Section 110:** Minor clean up changes (i.e., bolding and link updates).
- **Section 111(c):** Defined milestone expectations for STI and TRA components.
- **Section 111(f):** Updated reference to Negative Points Policy to clarify that all applicants, including jurisdictions, may be assessed Negative Points.
- **Section 113:** Minor language clarification and updated referenced statutes.
- **Section 114:** Created new section to include HCD policies related to Transition Reserves for AHD Rental Projects to harmonize with MHP SuperNOFA.

## Updated Definitions

- Deleted irrelevant/unused definitions throughout.
- Updated and clarified definitions as needed.
- Added the eligible project component types of the CMO calculator to definitions: Carshare, Carpool, Micromobility, and On-demand Transit Service.
- Added link to Priority Populations Map to the definition of all Priority Populations.
- “Active Transportation Program” – minor spelling correction.
- “Affordable Housing Development” – cleaned up definition, clarified average affordability required for rental and homeownership AHDs.
- **\*“Bus Rapid Transit”** – Bus Rapid Transit (BRT) definition now refers to Public Resource Code definition and can be identified using Caltrans HQT map.
- “Developer” – updated to reflect differences for homeownership projects.
- “Disadvantaged Communities” – minor cleanup to match CARB’s definition.
- **\*“Factory-Built Housing”** – added definition for factory-built housing.
- “Half mile buffer communities” – added formal definition for communities that are outside of, but within a half mile of Disadvantage Communities or Low-Income Communities.
- “Key Destinations” – update to definitions based on lessons learned from Round 7. The list of key destinations remains the same.
- “Low-Income Communities” – updated to match CARB’s definition.
- “MHP” – updated the MHP reference date.
- “Peak period” – minor update to time period description.
- **\*“Pedestrian Access Route”** – added formal definition for pedestrian access route based on stakeholder request.
- “Project Area” – updated definition to reflect that project areas for RIPA may be 2.0 miles.
- “Safe and Accessible Walkway” – update to clarify which Design Information Bulletin is referenced.
- “Qualifying Transit” – updated posted transit schedule date to 2024.
- **\*“Transit station/stop”** – clarified how reviewers measure distance from AHD if there are multiple entrances.
- “TCAC” – date reference was updated.



## Changes in Draft Guidelines Reverted to Previous Rounds:

- **\*Section 102:** In Round 7, Rural Innovation Project Areas (RIPA) projects could pass Threshold Review without Qualifying Transit operating at time of application. Staff recommended deleting this language for clarity and accountability, but stakeholders requested this be maintained. Previous round applicants rarely, if ever, used this exception. However, since some rural projects may not have transit operating at time of application, staff has reverted to Round 7 language to allow RIPA projects to pass threshold so long as the Qualifying Transit is in operation at time of Certificate of Occupancy, rather than application due date.
- **\*Section 106(a)(3):** Staff recommended removing exemption for environmental clearances for STI/TRA components in alignment with other State programs. Additionally, exemption for environmental clearances prompted exclusively by rental and/or operating subsidies prior to application deadline was removed. Based on stakeholder feedback, these exemptions have been reinstated.
- **\*“High Quality Transit” (HQT)** – In draft guidelines, staff proposed HQT refer to Public Resources Code. Based on further analysis and stakeholder feedback, the proposed changes would be too broad. Recognizing the concerns presented during this comment period, along with concerns around the definition of Bus Rapid Transit updated during Round 7, Staff is updating the BRT definition to align with PRC code. Caltrans provides a map of transit stops served by BRT and updates it monthly using GTFS data provided by transit agencies. If there are any questions of the stops listed on the map please see the [Caltrans ITP GitHub information](#).
- **Section 107 QPS(a)(5)** – Staff recommended removing the scoring option for the purchase of ZEV transit vehicle(s) to reduce headways to focus on permanent physical improvements in public realm. Based on stakeholder concern on how this could affect many key improvements, particularly for Rural projects, this point option has been reinstated.
- **Section 107 QPS(a)(5)** – Staff recommended increasing the number of bus shelters project must install for points. Recognizing the concerns presented, in conjunction with other changes to this scoring section, Staff has reverted to Round 7.
- **\*“Site Control”** – Definition reverted to Round 7 to maintain consistency between rounds.

## Additional Goals for Future Work:

- The AHSC team is exploring a requirement that all AHSC projects must be 100% affordable housing (mixed-use allowed) as a threshold item.
- The SGC AHSC team recognizes that the current structure of the program creates barriers for our tribal partners and is exploring ways for the program to be more responsive to the reality of tribal needs.
- Factory-Built Housing (FBH) has been identified as a key priority for sustainable, affordable housing by the Council. SGC staff will utilize AHSC funds for the development of a pilot pre-development grant program to support FBH manufacturers to expand, retrofit, and/or build new facilities that are energy efficient and will produce energy efficient housing.