



CALIFORNIA STRATEGIC  
GROWTH COUNCIL



August 30, 2019

# AHSC Draft Round 5 Guidelines: Summary of Changes

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## Summary

Affordable Housing and Sustainable Communities (AHSC) Program staff are proposing updates to the AHSC Draft Round 5 Guidelines to address stakeholder feedback, address state priorities, align with other state programs, and ensure AHSC projects continue to advance sustainable development best practices across the state's many communities.

AHSC Program Staff solicited feedback from the public and consulted with state, local, nonprofit, and applicant groups over the past several months in order to update the AHSC Draft Round 5 Guidelines. Over 24 groups submitted written comments on the AHSC guidelines while many provided informal feedback. Program staff consulted with staff from multiple state departments and agencies.

The following is a summary of proposed updates to the AHSC Draft Round 5 Guidelines:

- Greenhouse Gas (GHG) scoring – Rebalance GHG scoring to include GHG reductions captured in the Quantification Methodology (up to 20 points) and additional GHG reduction and climate benefits not currently captured in the QM, including climate resilience. These additional climate benefits include:
  - Pro housing scoring – Adding 6 points for jurisdictions with pro housing policies
  - Resident anti-displacement – Increasing points from 3 to 6 and update strategies lists to maintain a high bar
  - Climate adaptation scoring – Increasing points from 3 to 4 with additional guidance provided, including Climate Adaptation Assessment Matrix
- Active transportation scoring – Increasing emphasis on addressing characteristics that will maximize reduction in vehicle miles traveled (VMT), including network connectivity and barriers to access
- Tribal Funding Target – Funding one eligible tribal project from any Project Area type
- Maximum award – Increasing maximum award from \$20 million to \$30 million to establish consistency with other state housing funding programs.
- Transportation funding cap – Establishing cap on transportation funding at the lesser of 40% or \$10m to maintain housing focus as maximum award increases
- Transit Operations – Eligibility for up to 2 years of operations related expenses for service expansion



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- Developer maximum – Increasing the maximum award to developers from \$40m to \$60m to match increase in maximum award

Additional proposed guidelines updates clarify or strengthen existing criteria or language, but are not included in this list. Please see AHSC Draft Round 5 Guidelines for all proposed changes. If you would like a tracked changes version of the AHSC Draft Round 5 Guidelines, please email [AHSC@sgc.ca.gov](mailto:AHSC@sgc.ca.gov).

The sections below highlight considerations for some of the more substantial changes.

## Topics

### *GHG Scoring*

The draft guidelines rebalance the points allocated for estimated GHG emissions reductions to account for strategies included in the GHG calculator tool (up to 20 points) and climate benefits gained through other strategies. VMT and GHG reduction are at the heart of the AHSC Program and remain the largest determinant of award.

The majority of the 10 points reallocated from GHG scoring now incentivize categories that have VMT reduction impacts and climate co-benefits not quantified in the GHG Quantification Methodology. These include:

- Prohousing policies lead to increased density of housing beyond what AHSC projects are able to influence. This increased density in infill sites provides more opportunity for walkable neighborhoods and future transit expansion.
- Low-income resident anti-displacement keeps low-income individuals within their neighborhoods of choice. As low-income residents have higher transit ridership rates and displacement often results in relocation to neighborhoods with long commutes, maintaining their place of residence has a co-benefit of reduced VMT.
- Climate resiliency, or ensuring investments result in infrastructure and communities that are able to withstand future climate stressors and extreme events, is an essential consideration in all long-term investments. AHSC is constantly considering how to best incentivize and direct applicants to incorporate climate adaptive design in their projects, increasing their effectiveness and ability to withstand disruptions due to climate change. Further incentivizing this action protects communities from inevitable climate impacts while ensuring these projects are built to last.
- Active transportation scoring criteria were adjusted to increase emphasis on network connectivity and eliminating barriers to riding. This alteration of scoring criteria increases the emphasis on bikeable and walkable networks and neighborhoods,



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increasing the accessibility of destinations through these modes of transportation and reducing VMT.

AHSC will continue to emphasize the necessity of VMT reduction through eligibility and scoring criteria. Future funding rounds will focus on projects located in areas that are below local or regional VMT levels.

### *Prohousing Scoring*

The draft guidelines include six points for prohousing policies. As required in the 2019 Housing Trailer Bill (SB 102, 2019), the AHSC Program is required to award additional points or preference for jurisdictions that adopt prohousing local policies by 2021. The Transformative Climate Communities and Infill Infrastructure Grant Programs are required to do the same. In aligning with the Governor's objectives to reward jurisdictions that are acting in good faith to meet their regional housing needs allocation, these three programs are all integrating this scoring category immediately. The intent of these prohousing policies are to spur housing production in the local jurisdiction.

### *Resident Anti-Displacement Scoring*

Equally important to increasing housing production is ensuring housing is accessible to all people, including those that currently reside in the neighborhood where new housing will occur. The draft guidelines promote this thinking by increasing resident anti-displacement scoring from three points to six, matching the points available for prohousing policies.

Additionally, the draft guidelines refine the strategies eligible for points from previous rounds of the AHSC guidelines. This new list of strategies focuses on the best practices for resident anti-displacement and removed policies that were difficult to verify or considered less impactful on resident anti-displacement.

### *Active Transportation Scoring*

The draft guidelines propose adjusting the current scoring for bikeway and walkway improvements, shifting emphasis towards network connectivity and eliminating barriers to access. Points for connectivity to key destinations were not effective and incentivizing connectivity as the list of key destinations expanded and earning these points became redundant with other active transportation scoring criteria. Likewise, key gap closures became redundant with other active transportation scoring criteria as intersection improvements became commonplace for achieving linear distance points.

The replacement point for connecting bicycle improvements to existing bicycle networks incentivizes AHSC investments in bike lane expansions that are not isolated and instead connected to a greater network of amenities. The replacement point for linking two isolated



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pedestrian networks likewise increases connectivity between walkable environments and accessible amenities by incentivizing closures over pedestrian obstructions such as major roadways and rivers. This point also rewards more expensive projects such as pedestrian overpasses or underpasses that otherwise received no additional benefit in AHSC beyond linear distance.

### *Climate Resiliency Scoring*

The draft guidelines add an additional point to climate resiliency scoring, increasing the total points available from three to four. This increase in points available is to recognize the necessity of climate-smart investments that increase community resiliency to climate impacts and are able to withstand changing climate conditions and extreme events. Realizing that many AHSC applicants are not familiar with considering climate change in their projects, program staff developed a new tool to increase transparency in scoring and clearly link climate impacts to adaptive approaches. This tool uses existing state guidance and allows applicants to visualize their range of climate impacts and options to mitigate them.

### *Maximum Award*

The maximum award available in AHSC increases from \$20 million to \$30 million in the draft guidelines. This increase is intended to align AHSC with other Department of Housing and Community Development (HCD) funding sources, as HCD programs are increasing their maximum loan amounts to \$20m. AHSC incentivizes a combined funding request of housing and transportation components. Increasing the maximum award to \$30m allows for \$20m Affordable Housing Development (AHD) loan requests in combination with major transportation funding requests.

### *Transportation Funding Cap*

The draft guidelines propose a maximum amount allowable for transportation funding requests at the lesser of 40 percent of the total application funds request or \$10 million. As AHSC scores transit expansion projects highly within the AHSC Quantification Methodology and associated GHG scoring, this funding cap ensures projects AHSC remains a housing first program.

The state is in the midst of a housing affordability crisis and Governor Newsom has repeatedly stated the importance of housing assistance funding. This funding “ceiling” would ensure AHSC continues to primarily fund housing developments when transportation represents an increasing share of funds requested in recent rounds. With over \$500 million available next year, AHSC is the State’s single largest source of housing grant or loan funds if allocated



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primarily towards housing. By comparison, transportation had a statewide budget of \$12.1 billion in FY2018-19, with transit projects receiving at least \$1.2 billion.<sup>1</sup>

Capping transportation funds at the lessor of 40% or \$10 million would ensure AHSC continues to meet its statutory requirement of at least 50% of funds invested in housing. This would account for the historic 10% of funds for the Sustainable Agricultural Land Conservation Program, up to \$500,000 for program funding in each application, and state operations funding.

### *Tribal Project Funding Target*

The draft guidelines propose a funding target of at least one project per funding cycle for “a Federally Recognized Indian Tribe, an eligible entity having co-ownership with a Federally Recognized Indian Tribe, or an eligible entity established by a Federally Recognized Indian Tribe to undertake Tribal housing projects.” This project must still classify as either a TOD, ICP, or RIPA Project Area type and will contribute to their respective funding targets.

Multiple stakeholders requested a tribal funding set aside, citing the high cost of applying to AHSC with a perceived small likelihood of success as a barrier to application. By designating a Tribal funding target, these applicants will have a higher likelihood of receiving funding, which could justify the investment needed to submit an application. Funding a tribal project would align strongly with AHSC’s mission to invest in priority population communities. California tribal communities have faced historic discrimination and under-investment. This funding target paired with AHSC’s technical assistance efforts will ensure access to AHSC funds and sustainable developments for at least one Tribal Community in California.

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<sup>1</sup> <https://lao.ca.gov/Publications/Report/3860>



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## Round 5 Timeline

The release of the Round 5 Draft AHSC Guidelines marks the beginning of a 30 day public comment period. The schedule for the remainder of Round 5 is as follows:

<b>AHSC Round 5 – Tentative Schedule</b>	
<b>Release of Round 5 Draft Program Guidelines</b>	August 30
<b>30 Day Public Comment Period</b>	August 30 - September 30
<b>Draft Guidelines Workshops</b>	September 10-16
<b>Oakland</b>	September 10
<b>Los Angeles</b>	September 11
<b>Fresno</b>	September 12
<b>Webinar</b>	September 16
<b>Final Draft Guidelines Posted</b>	October 21
<b>Final Guidelines Adoption and Application Release</b>	October 31
<b>Application Due Date</b>	February 2020
<b>Round 5 Awards Adopted by Council</b>	June 2020

Table 1: AHSC Round 5 Schedule